

Japan as a “Power” Discarding a Legacy

Ingolf Kiesow
John Rydqvist

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Foreword

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Nacka, the 26th June, 2008

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Director, ISDP

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Key Abbreviations

ASAT – Anti-Satellite

BMD – Ballistic Missile Defense

DJP – Democratic Party of Japan

DPRK – Democratic People’s Republic of Korea

IMF – International Monetary Fund

JSP – Japan Socialist Party

LDP – Liberal Democratic Party

NDPG-05 – 2005 National Defense Program Guidelines

NDPO-96 – 1996 National Defense Program Outline

SCO – Shanghai Cooperation Organization

SDF – Self Defense Forces

SLOCS – Sea Lanes of Communication

TMD – Theater Missile Defense

UNCLOS – United Nations Convention of the Law of the Sea

WMD – Weapons of Mass Destruction

Executive Summary

Generation changes and communication problems have caused foreign observers to talk about an “identity problem” in Japan. On the whole, the younger generation seems to be remarkably focused on “self-realization,” making it unlikely that they can easily be enthused to militaristic nationalism. Declining economic growth rates and an increasing loan-burden affects the status of Japan in Asia. The burden of history also looms large in its relations with other Asian countries.

On the scene of domestic politics, the Japan Socialist Party has been dissolved because of both political mistakes and declining sympathy from voters for its North Korea-friendly attitude. Instead the “social democratic” Democratic Party of Japan (DJP) has become the greatest opposition party, and Japan in practice has become a country with a two party system. The traditional mainstream party, the Liberal Democratic Party (LDP), is no longer the sole decision-maker, but many important issues are still decided by the changes in the power-structure within the LDP.

The U.S.-Japan security treaty has been the first pillar in Japanese foreign and security policy since the Second World War. It is of central importance also for U.S. strategy in Asia, and is for Japan a security guarantee in a world where two not always friendly neighbors (Russia and China) are nuclear powers. The current transformation of Japanese foreign and defense policy as well as the U.S.-Japan alliance alters much of the foundation upon which Japan’s foreign policy rested during the Cold War. Pivotal to these changes are Tokyo’s ambitions to become a more “normal” power with the full range of persuasive, dissuasive, and deterrent policy tools including an assertive regional military capability. Uncertainties presented by shifting power balances in the wake of China’s rise and North Korean aggression, as well as more direct security challenges presented by increased emphasis on energy security, globalization of trade, and disaster relief, are some of the issues driving change. In this “new” environment, Tokyo prepares for future

developments that may warrant the independent use of military power in defense or support of national objectives.

The nuclear weapons issue has been of utmost importance during the entire postwar period. Public opinion in Japan is strongly opposed to any idea of a Japanese nuclear weapon; this stems from the WWII bombings of Hiroshima and Nagasaki. Although very unlikely now or in the foreseeable future, if the credibility of U.S. extended deterrence to Japan were to seriously decline, or the U.S. were to explicitly withdraw, Japan would face a situation where the acquisition of an independent nuclear arsenal would seem inevitable. In such an improbable scenario it is highly unlikely that Tokyo would be forced to take the decision to develop its own (modest) nuclear force, however.

China's rising economic power is causing uneasiness in Japan, because of the historical background. Resentment of Japan's cruel warfare on Chinese soil during the Second World War, and the lack of transparency which surrounds China's military modernization, add to these feelings of uneasiness. They tend to be combined with sensitivity against foreign interference in domestic Japanese matters, especially when Chinese leaders criticize visits by Japanese high officials to the Yasakuni Shrine in Tokyo, where some leading war criminals are supposed to be "enshrined." This can also be seen as a convenient leverage for China, whenever its leaders wish to whip up nationalism within their own country. Territorial disputes over resources of oil and gas on the bottom of the sea between the two countries have embittered relations during recent years, but have also offered an opportunity to create significant Confidence Building Measures (CBMs) together, as has also been seen in relations between Japan and South Korea.

History is also still having negative effects on relations with Russia. Territorial disputes caused by Russia's annexation of four islands—the Kurile Islands—that had been in Japanese possession continue to represent an obstacle to real improvement and have made it impossible to conclude a peace agreement between the two countries since the Second World War. Japan has shown an interest in helping Russia to develop its Siberian natural resources, but old suspicions and a renewed nationalism in the Russian Duma have so far been obstacles to the realization of these projects. Recent

statements by Russian leaders and a rebuilding of Russian second strike capability in the form of submarines equipped with nuclear missiles, as well as former President Putin's recent anti-Western remarks, raise questions about the future of Russo-Japanese foreign and security relations.

The long history of Korean-Japanese conflicts as well as the way Korea was ruled by the Japanese occupation forces 1911-1945 have created deep feelings of resentment in Korea, especially in North Korea. In relations with South Korea it has been somewhat easier to re-establish diplomatic and trade relations and even a certain degree of policy coordination in military matters between South Korea, Japan, and the U.S. It would, however, still be an exaggeration to call relations between Japan and South Korea "friendly."

The North Korean test-firing of a rocket (named Taepodong), which flew over Japan before it landed in the Pacific Ocean in 1998, created fears that are far greater than the concerns which have been caused by China's nuclear modernization program. It has prompted decisions about Japanese participation in the U.S.-led Theater Missile Defense (TMD) in the western Pacific. Another serious matter in relations with North Korea is the so-called "abductee issue." This expression relates to persons who were kidnapped in Japan and then taken to North Korea for the purpose of training North Korean spies and agents to pose as Japanese citizens.

The decision to participate in the U.S. TMD in the western Pacific was taken not only as a result of the North Korean test-firing of the Taepodong rocket; it was also the result of a long period of U.S.-Japanese strategic cooperation and research cooperation in the field of missile technology. This defense cooperation is of substantial importance for U.S. global military strategy, and the Japanese participation constitutes an important contribution to a common defense, not only of the western Pacific but also of the American "homeland." The latter is a breach with traditional postwar Japanese defense policy, which, until 1998, did not allow anything that could be labeled as common defense, neither with the United States nor with any other nation. It has been possible only because Japanese public opinion was so terrified by the prospect of a North Korean nuclear weapon with a capacity to reach Japan that other considerations were put aside during the decision-making process. It also has the consequence that Japan has become a more obvious military ally of the U.S. in the eyes of Beijing. This may lead

Beijing to value Japan as a somewhat less important partner in talks about the future of Asia.

Japan is a country with a growing national debt and many new social problems, which makes it difficult for it to appear as a united nation and as a strong leader among the other Asian nations. In Northeast Asia, the military and political elements of power still remain more important than, for instance, in Europe. Russia and China both spend considerable sums on military modernization while also cooperating in strategic matters in the Shanghai Cooperation Organization (SCO). China is dependent on trade with Japan to an enormous degree (and vice versa), but, for Russia, trade has less importance as a way of exerting political influence and it puts more emphasis on military means of influence. In Northeast Asia military and economic interests do not always match each other and there is an element of uncertainty.

This potential instability could become a matter of concern, particularly if a serious economic downturn would hit the region. This on the other hand does not seem to be particularly likely. The question still remains to be answered whether Japan could shift its political focus and become a militarist and nationalistic nation again. Some foreign observers in the past thought that such a development could easily take place, but the facts seem to suggest that such a turn toward militarism would require the combination of several developments to occur. The reason is that the middle-aged and elderly generations show a solid non-militarist attitude and that the young generation seems so different from the Japanese during the period before the Second World War, that they are unlikely to be lured into nationalistic and militarist euphoria. Japan may still find it difficult to be accepted as a “normal nation,” but it continues stubbornly in its efforts to discard its legacy from the past.

I. Japan: A Country in Transition

Spiritual Crises

Following World War II, it became popular among external observers to depict Japan as a wild boar. The reasoning behind this analogy was attributed to the swift shifts discernible in Japan's foreign policy: like the wild boar, Japan could fundamentally alter its foreign policy course without advance notification. This comparison was used by observers to explain to foreign audiences the changes that were indeed occurring in Japan and in Japanese mentality.

There is a similar trend today whereby some actors warn of yet another such redirection of foreign policy, especially in the case of China. Some of these accounts are simplistic in the sense that they discount the differences and the changes that have occurred, both with regards to the role of collectivity and nationalism since the end of World War II. The changing dynamics of Japanese society could be exemplified by comparing Japan and its "values" to other nations. According to the World Values Survey,¹ Japan ranks first among countries with the most "secularized and rational" values among its people. Japan is also high on the list when it comes to the value ascribed to "self-realization." These results are far from the usual depiction and stereotype of the Japanese people as submissive to authority and hierarchy, obedient, consensus-driven, and disciplined.

Indeed, Japan also presented itself as having retained this latter "traditionalist" society in the early 1980s. This adherence to discipline was perceived as the primary explanation for Japan's "economic miracle" and why Japan came to be one of the most advanced industrialized nations. The recipe of a state-led and semi-controlled capitalism was argued to be the chief driver of Japan's development into the world's leading country of high technology. Those who visit the country today often testify to how the older generation hold the younger generation responsible for the economic

¹ "Glöm lagom, se så annorlunda vi är!" [Swedes: Not that different after all!], *Dagens Nyheter*, June 5, 2007.

stagnation that the country has endured since the early 1990s; a conclusion which, of course, is not shared by the younger generation of present-day Japan.

Generation gaps have widened markedly and there are obvious tensions between the new generation and that of their parents. The generation gap and the difficulties of communicating between generations is a possible explanation for a phenomenon unique to Japan. According to estimates, 410,000 young adults regularly isolate themselves from both their parents and the outside world.² This does not indicate any severe mental dysfunction as such, but should perhaps be considered and diagnosed as part of a larger syndrome specific to Japan. One possible reason for this so-called *hikikomori problem* is massive youth unemployment—as high as 10 percent—a level few would have believed possible a couple of decades ago. That a growing number of female youths continue to live with their parents and choose to remain unmarried, moreover, is considered another reaction against conservative values. According to data from the Japanese Health Ministry, no less than 2.5 million persons have chosen this lifestyle.³ Yet another indication of how Japanese attitudes are changing is the rapidly growing elderly population who now are forced to rely on state services rather than their families. Growing suicide rates, drug addiction, and alcoholism are further signs of the rapidly changing parameters of Japanese society.

It could be argued that the current development is tilting Japan further away from the so-called Asian values (those most closely linked with Confucianism) toward a Westernized society. At the same time, it would be wrong to conclude that this translates directly into a corresponding shift in the worldview of Japanese foreign policy.

Japanese history is unique and the grievances of the younger generations are, in general, totally different from those of their corresponding cohorts in the U.S. and Europe. In many ways, this new Japanese generation is experiencing something amounting to no less than an “identity crisis”; they are neither Asians nor Westerners, and while they are “modern,” they have

² Michael Zielenziger, *Shutting Out the Sun: How Japan created its own lost generation*, (New York: Random House, 2006), p. 47; *Statistical Handbook of Japan 2006*, available: <http://www.stat.go.jp/English/data/handbook/co2cont.htm>.

³ Zielenziger, *Shutting out the Sun*, p. 161.

scarcely any ideology to draw support from. The young Japanese generation of today is restricted to finding spiritual support from the older generation in their own country—something which for many may come as an unwelcome surprise. This “identity crisis” is not having any obvious impact on Japan’s security policy attitude at present, but it is likely to make any effort at “Asian value defense” or shaping an “Asian Community” less attractive in the future. Before WWII, such nationalistic and romantic ideas easily won acceptance among the younger generation, but it seems unlikely that this will be the case in the future.

Japan and the Asian Financial Crisis

The *hikikomori problem* can partly be explained by unemployment and Japan’s relatively poor record of economic development over the past decade. But this explanation does not suffice in itself and there is also a need to account for Japan’s current “identity crisis” policy-wise. Both Japan’s identity and credibility have been questioned for other reasons than economic, which, in turn, have affected the Japanese self-conception. In the post-Cold War era, the first such major event was when Japan abstained from participating in the 1990-1991 Gulf War for “constitutional reasons.” This reluctance to assume greater responsibility was criticized by others in view of the fact that Japan was arguably the country most adversely affected by Saddam Hussein’s invasion of Kuwait and the subsequent interruption of oil flows. Instead of sending troops, Japan decided to contribute a sum of US\$ 13 billion. Many interpreted this as a form of “check-book diplomacy”—which proved unpopular among the U.S. and its allies. This came as an unpleasant surprise not only for the Japanese government but also for the Japanese public. For example, when Japan launched its first bid to become a permanent member of the UN Security Council, it was accused of having an overall posture defined more by disinterest than commitment—something perceived to have been exemplified by its non-participation during the liberation of Kuwait.⁴

Added to this, the economic crisis that swept through Asia in the 1990s also affected Japan adversely. Up until the summer of 1990, Japan’s economy had

⁴ Michael J. Green, *Japan’s Reluctant Realism* (New York: PalgraveMacmillan, 2003), p. 16.

showed signs of a slowdown but it was nonetheless still the fastest growing country in the industrialized world. Japan's sensationally long and rapid economic growth led to speculations that the country could even surpass the U.S. as the world's strongest economy within a decade. However, in the beginning of the 1990s, Japan's economic growth started to decline, and when the Asia crisis emerged, many Japanese began to feel that the "days of the bubble economy" were over.

The collapse of the Thai currency in July 1997 sparked a period of volatile exchange rates and financial distress swept the Asian continent, negatively affecting many Asian countries. It became evident that the sole cure to this predicament was rapid assistance in order to finance transitional countermeasures. Japan pushed for the establishment of an Asian Monetary Fund, independent of the International Monetary Fund (IMF), and committed as much as US\$ 80 billion for this purpose. Yet this initiative was met with resistance from the U.S., which opposed the formation of the institution: both because it would duplicate the efforts of the IMF and because it would reduce American influence.

In response, Japan tried to reframe the initiative to accommodate American concerns. The new proposal suggested that it was an "IMF-based initiative" tailored specifically for Japan and Asian countries, but which did not include all components involved in already existing IMF programs. The initiative would also waive some of the more stringent countermeasures devised by the IMF. Indeed, Japan's economy had already been weakened to the extent that the country had a hard time fulfilling its initial promises in the project.

This argument was strengthened when it became evident that also the Indonesian economy, in which Japan had made substantial investments, was also greatly affected by the crisis. In combination with a weak Japanese economy and uncertainty about the stability of Japanese financial institutions, doubts were raised over the Asian economy's stability and Japan's role in it.

The Japanese economy displayed negative growth rates, and the value of the Yen dropped dramatically. In consequence, the government launched a package of financial countermeasures before the Yen eventually stabilized at a level corresponding to roughly 70 per cent of its pre-crisis value.

Japan followed up with another solution ahead of the World Bank’s annual summit in 1998. The revamped proposition was similar to the previous proposal in the sense that it included a support fund within the framework of the IMF, with contributions coming from Asian countries; the main difference now being American participation and coordination. Japan also participated in a number of other initiatives and financial support measures to revitalize the other Asian countries’ economies. Japan had committed a total sum of US\$ 80 billion by the time the situation stabilized in 1999, thereby matching the sum it had initially committed.⁵

Yet this commitment would prove difficult to live up to, when it became all but evident that Japan’s economic growth had stalled for much of the foreseeable future. By 1998, Japan had accumulated a debt reaching as much as 130 per cent of Gross National Product (GNP), and which continued to rise rapidly. Previously, Japan had asserted its power in the international arena by virtue of its economic strength. Taking note of Japan’s faltering economic development, many Japanese started to doubt the country’s potential to set up an Asian Monetary Fund. Japan’s reputation as an “economic miracle” and the undisputed Asian lead-nation in economic matters was also questioned in multilateral forums such as the ASEAN + 3 grouping. Moreover, the Chinese resistance within the UN served as a painful reminder to Japan of the anti-Japanese sentiments prevalent in East Asia, both pre- and post-World War II.

The Burden of History

Before World War II, the Japanese military enjoyed both substantial influence and little civilian control. Its forces abroad often acted independently from Tokyo and the central government. The consequences became obvious in 1931, when an unsanctioned military expansion of Japanese army units in Manchuria occurred. An agreement between China and several colonial powers, including Japan, gave extensive rights to the colonial powers to intervene in China for different reasons, and this was misused by the Japanese military. Through unsanctioned provocations and assaults by the military, these autonomous actions ultimately led Japan into conflict with China. From 1936, this took the form of an open (but

⁵ *Ibid.*, p. 256.

undeclared) war, while the Japanese military build-up also expanded to encompass Southeast Asia. Following a U.S. oil-embargo against Japan in 1941, Japanese fighter planes attacked the U.S. naval installations in Pearl Harbor, Hawaii, and as a result, conflict spread to the entire Pacific, and America declared war.

Apart from China, Japan also prosecuted wars in Siberia, (and briefly, Mongolia), Korea, the Philippines, Taiwan, the entire Southeast Asian mainland, and Northeastern India. The Japanese mode of warfare and occupation in China was particularly cruel and destructive. Atrocities were frequent and large-scale. The most infamous event of this character was probably the so-called rape of Nanking, when hundreds of thousands of civilians were killed. In other parts, especially in Manchuria, civilians were enslaved under inhumane conditions while the notorious “unit 731” conducted medical experiments on prisoners for the bacteriological warfare program. These cruelties have later been explained by the excessive militarism, nationalism, and poor civil education of soldiers in the country. But Japan’s neighbors have long memories. Attempts in the early 2000s to present Japan as a “normal” state were thus unconvincing to them. The Chinese mass-media, for instance, still commemorate these tragic events every year by publishing disturbing images of some of these war-crimes, while Japan is consistently accused of failing to deal with its past.

A Shift of Paradigm: A Two-Party System

At the beginning of the new millennium, the Japanese domestic political landscape shifted, much as a consequence of external factors in international politics. To understand the implications of this shift, some of the political developments in Japan and their history should be explained.

Following Japan’s capitulation in World War II and the American occupation of Japan in 1945, a new foundation for Japan’s future foreign and security policies was laid. This was formalized both in the new constitution formulated by the U.S. in 1947 and through the premiership of Shigeru Yoshida and his interpretation of the constitution.⁶ The main components of this new foreign policy course were cooperation with the U.S., minimal

⁶ *Ibid.*, p. 15.

military build-up, and a focus on economic development. The Liberal Party, which was led by Shigeru Yoshida, merged in 1955 with the Democratic Party, which subsequently became the Liberal Democratic Party; the LDP has been in power for almost the entire period since these formative days.

In 1993, however, the LDP lost control of the government following defeat in the parliamentary elections and has since then been unable to form a majority government. With the exception of a short period in 1993-1994, the LDP has formed various coalition governments through support received from smaller parties. Lately, the LDP has enjoyed a firmer base and reliable coalition-partner in the Komeito, now labeled "new Komeito," which is a political party with roots in the Buddhist sect of Soka Gakkai. The LDP is dominated by a small clique of elites, most of whom are educated at the top Japanese universities with substantial networks in both business and the bureaucracy. The LDP party organization is also more entrenched than the other Japanese political parties. Earlier, many of the political battles in Japan were carried out within the LDP itself between the different factions within the party, with the other parties being merely bystanders. However, these dynamics changed after 1993.⁷

Following pressure stemming from poor economic development and bribery scandals within the LDP, the party lost its single party majority already in 1993. The following year, the Japan Socialist Party (JSP) succeeded in its efforts to establish a coalition government (in power until 1996). The JSP had been the second largest party since World War II, and following the elections of 1947, it enjoyed a brief moment as the most popular party in Japan. The party profile included a moderately pro-Soviet orientation with an equally moderated acceptance of some socialist principles such as favoring power for trade unions. The party also defended North Korea, which was important considering the constituency of two million Koreans and descendants of Koreans residing in Japan, most of them born in the northern part of the peninsula.

⁷ The National Diet and Political Parties of Japan, website of Perkins University/Duke University, available: <http://www.lib.duke.edu/ias/eac/Kokkai.htm> (accessed 2007-06-29); "Politics of Japan", Wikipedia, available: http://en.wikipedia.org/wiki/List_of_political_parties_in_Japan (accessed 2007-06-29).

In 1965, the Japanese government agreed to normalize relations with South Korea, but the JSP continued to deny the deal until the 1990s. Later on, this partly contributed to the party's declining support among voters. The final demise came when, in 1993, the JSP agreed to participate in a coalition government formed by a former LDP politician, named Hosokawa, and then, after a number of difficulties in keeping that government together, the JSP committed an about-face and accepted an offer to form a government with the LDP. This was something that the voters did not understand and most of them subsequently abandoned the party.

To stabilize the situation, the JSP and a number of smaller parties joined forces in a new Social Democratic Party. But this merger could not turn around the party's demise, ultimately leading also to that party's disappearance from the political landscape in the latter part of the 1990s. The fierce resistance against terminating support of North Korea was a factor during this entire process. The role of the main opposition party was taken over by the new Democratic Party of Japan.

This party was formed in 1998 and was constituent of a large number of minor parties representing a very broad political spectrum, from relatively conservative and liberal parties to similar "Social Democratic" parties. The new DJP elected 93 candidates in the lower house and 38 in the upper house in its first election, and the party quickly gained strength by profiling itself as a modern and less conservative party.

In the parliamentary elections of 2004, the DJP had one more Diet member than the LDP but could nevertheless not shore up enough support to form a government. Consequently, the LDP continues to govern and has managed to regain its position as the country's biggest party; but the margin of power is not large and Japan has effectively turned into a country with a two-party system. The ideological differences between the two parties are negligible. Perhaps the greatest difference is that the LDP to a greater extent represents the traditional elite within the entrepreneurial community and the bureaucracy, whereas the DJP appeals to a broader spectrum. The radical currents in Japanese politics are relatively insignificant today.

Meanwhile, the "Yoshida Doctrine," a child of the Cold War, remains scarcely alive. One persistent feature is that the U.S. alliance is not being

seriously questioned although large sections of the population worry about the extent of U.S. leverage over Japan. In contrast to the JSP's previously pacifist stance, no party is any longer engaged in resisting the build-up of Japan's military forces. Simultaneously, using economic growth as a political argument is not as persuasive as it used to be. There is also an overall pessimism in the economy, something which naturally has a moderating influence on the viability of using the economy as a tool of political leverage.

II. The Defense of Japan and the U.S.–Japan “Alliance”⁸

Ever since the end of World War II, the patron-client security relationship between the United States and Japan has been the single most important component in Tokyo’s security and foreign policy. Although forced upon Japan by U.S. occupation forces as a direct result of the Pacific War, it was soon exploited by Japan to its advantage. Strong U.S. security guarantees and military presence tailored to dissuade Japanese revanchism and deter and contain Soviet expansionism left Japan free to focus on a Grand Strategy of economic reconstruction and development, which ultimately made Japan into a leading economic power. For the U.S. the alliance was and still is central to managing and maintaining its key national interests in the Far East. The roughly half century of alliance management and military cooperation has forged close ties between Japan and the U.S. But the security relations between the two allies have been far from smooth. Aims, ambitions, and political strategies have differed markedly between the two powers ever since the inception of the alliance. This has resulted in profound asymmetries on multiple levels and an alliance that has been shaped in part by inequality in the relationship between the two allies.

The current transformation of Japanese foreign and defense policy as well as the U.S.-Japan alliance alters much of the foundation upon which Japan’s foreign policy rested during the Cold War. Pivotal to these changes are Tokyo’s ambitions to become a more “normal” power with the full range of persuasive, dissuasive, and deterrent policy tools including an assertive regional military capability. Uncertainties presented by shifting power balances in the wake of China’s rise and North Korean aggression, as well as more direct security challenges presented by increased emphasis on energy security, globalization of trade, and disaster relief, are some of the issues driving change. In this new environment, Tokyo sees fit to prepare for future

⁸ It should be noted, however, that it is technically not an alliance *per se* since there have been constitutional barriers to full military cooperation and reciprocal defense.

developments that may warrant the independent use of military power in defense or support of national objectives.

Yet much also remains the same. The U.S. remains committed to a strong alliance with Japan. Washington sees no contradiction between a more assertive and militarily powerful Japan, a direction it has been pushing Tokyo in for decades. Washington's national interests and Grand Strategy in East Asia remain much the same albeit for different reasons and with different threat perceptions than those during the Cold War. Maritime security and freedom of the seas is still a key U.S. interest and responsibility. Deterring the use of force against Taiwan while dissuading Taiwanese independence is still a primary political and military objective for the U.S. Also, U.S. nuclear guarantees will continue to serve both deterrent and non-proliferation objectives as they did in the past, in effect keeping Japan from developing nuclear weapons.

There are thus today two main and simultaneous forces shaping the U.S.-Japan alliance. On the one hand is the legacy of Japan's history and, on the other, are the realities of the post-Cold War world with the complex and multidimensional demands of a more globalized and modern world. The U.S. wants Japan to assume a more responsible role internationally, while Japan so far has preferred to rely on the U.S. security umbrella. Will Japan end its self-ascribed prohibition against collective self defense and thereby participate more actively as a military power around the world?

U.S. Strategy and Japan's Constitution

The long held U.S. strategy toward East Asia was largely determined in the period 1948 to 1950, when Japan was still under occupation. Determination to prevent Japan from revanchist remilitarization was the primary postwar objective of Washington. In initial policy reviews and formulations after the war the U.S. State Department as one option considered appeasement of the Soviet Union so as to achieve a regional order in East Asia based on great power consensus.

But this option quickly became untenable. The spread of communism soon became the primary threat and countering Soviet expansionism the prominent goal. In 1949, the U.S. National Security Council decided that

Japan could not be put at risk of falling under Soviet communist influence.⁹ After Communist victory in the Chinese Civil War 1949, stemming the spread of communism in East Asia became even more pressing and acute in the eyes of Washington. As a result of this policy Japan assumed a key geo-strategic role in support of U.S. presence and influence in the western Pacific. It was conceived that by engaging Japan as a long-term partner (or allied partner), the sea lanes running east across the Pacific and south from Japan past Taiwan and through the South China Sea would be secured and the ability of the Soviet Union to project its power in this theater would be reduced.

The U.S. policy of remaking and reshaping Japan to become a non-militarist yet geo-strategic partner in East Asia led the State Department to conclude that "Japan can not possess an independent destiny. It can function only as an American or Soviet satellite."¹⁰ The first step in implementing Washington's Japan-policy was to end the occupation in a way conducive to a long-term relationship between the two. The Peace Constitution drafted by the U.S. and the joint agreement signed in 1951 formed the essentials of this strategy. It also provided the U.S. with an almost indisputable right in certain sectors to act as a *de facto* occupier, while the constitution allowed for very limited Japanese military forces. Although unequal in character, the "security-agreement" signed in San Francisco together with the peace agreement served as the foundation on which much of the current East Asian order was determined.

Throughout the same period, domestic policy in Japan grappled with the postwar trauma. As pointed out by Kenneth Pyle, formulation of Japan's postwar policy was largely conducted within a civilian bureaucratic elite left untouched by the occupation force.¹¹ As these conservative bureaucrats moved into party politics, the foundation upon which pre-war Grand Strategy and foreign policy had been built on survived. This assured an unexpected continuity of policy culture and logic in the Japanese system. But

⁹ Richard J. Samuels, *Securing Japan: Tokyo's Grand Strategy and the Future of East Asia* (Ithaca: Cornell University Press, 2007), p. 40.

¹⁰ Quoted in Melvin P. Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford: Stanford University Press, 1992), pp. 243-55.

¹¹ Kenneth B. Pyle, *Japan Rising: The Resurgence of Japanese Power and Purpose* (New York: Public Affairs Book, 2007), pp. 225-26.

there was at the same time the realization that Japan must reform and change, building its national power in other ways. In the ensuing adaptation of Japanese policy, Prime Minister Yoshida soon gained preeminence. In the course of the late 1940s he managed to garner enough political support to enact what has come to be known as the "Yoshida Doctrine." The main idea behind this policy was to promote economic development while maximally exploiting the new U.S. centered order. Because Japan became key in Washington's geo-strategy for East Asia, it was in need of robust defense; and since Japan was denied a larger role even in homeland defense, the U.S. would retain forces sufficient to assure Japanese status as a U.S. "satellite." This "free ride" policy under the U.S. defense umbrella was to become a key policy throughout the Cold War. Through his insight and his skillful maneuvering of domestic policy, Yoshida turned a short-term weakness into a long-term advantage and strength. The result was the birth of a unique form of statehood, one that was able to renounce hard power in favor of the intense pursuit of the soft powers of a trading nation. But out of this reality also came the dilemma of a security alliance that was deeply asymmetric.

Washington realized the dilemma in regard to Japan free-riding on U.S. security policy, and critical voices called for a more responsible Japanese defense policy. This critique appeared as early as during the Korean War when the occupation of Japan was still in the process of being terminated.¹² The government in Tokyo was nevertheless determined to capitalize on the emerging opportunities and the Yoshida government withstood Washington's pressure, referring to constitutional limits on defense. Specifically, it was the two paragraphs in Article 9 which were used to justify Japan's pacifist security policy. As in all judicial disputes, the debate on the interpretation of the text was defined by controversies over the intentions the legislators (the U.S.) had. The main bone of contention was on interpreting what could legitimately be considered "war potential," the broad term that followed the prohibition of "land, sea and air forces" in Article 9.¹³ With time, these debates on Article 9 and the differing interpretations that they provoked became less flexible and, on the part of the Japanese, increasingly pacifist. In 1981, the government's legislative council put

¹² Ibid, p. 40.

¹³ Constitution of Japan, Chapter II, §2.

forward the very strict interpretation that although Japan according to UN charters had the right to self-defense, Japan could opt out from exercising this right by giving preference to the constitution.¹⁴

In short, the constitution, and Article 9 within it, was written so as to prevent the revival of Japanese militarism and expansionism. But in the hands of Yoshida and his disciples, it became a tool with which the dominant political elite could strengthen the country through economic development and trade while leaving defense to the U.S. The downside, of course, saw strengthened U.S. leverage coming close to a serious weakening of Japan's sovereignty.

Chapter II. Renunciation of War

Article 9

- (1) Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.
- (2) In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

However, the use of soft power and the strict interpretation of the Peace Constitution not only served the purpose of maximizing economic growth; the displayed pacifism also became a face-saving device. It was pledged that militarism, expansionism, and wartime atrocities would never be repeated and the constitutional pacifism was cited as proof thereof. Japan was thus slowly able to regain some degree of international recognition and respect; but, at the same time, it failed to adequately deal with its war legacy.

Early on, U.S. critique against Yoshida's policy and its "free riding" elements was voiced. This criticism intensified when Japan in the 1960s emerged as an economic competitor to the U.S. Subsequent U.S. administrations pressured Japan to acquire a stronger responsibility for its defense and for the regional military balance—but without any greater success. Japan consistently referred to the constitution as a non-negotiable restriction and was

¹⁴ Pyle, *Japan Rising*, p. 234.

constrained by its limitations. Starting in the 1950s, Tokyo’s apparent policy of free-riding served to effectively assist Japan in its aspirations to become an economic superpower.

This is not to say that it was unfair in all of its dimensions. Japan was both required to finance the American bases in the country as well as its self-defense forces. This so-called Host Nation Support Program to American bases and troops stationed in Japan indeed placed a heavy financial burden on the Japanese government. But the biggest cost imposed may have been political. Local problems and disturbances associated with U.S. bases, including environmental degradation and increasing rates of criminality, also led to a resistance which at times became troubling for Tokyo.

Overall, in its formative years, the U.S.-Japan bilateral relationship was more akin to passive and unequal security cooperation than resembling an alliance. A patron–client mindset came to dominate alliance management both on the individual and structural levels. Tokyo for its part acted as a reluctant partner in the security arrangements. Up until the 1990s, the alliance remained largely rhetorical and was used more as a political façade than having substantive and binding commitments. For example, it did not prevent Japan from pursuing its own foreign policy toward China and the Soviet Union during the Cold War.

Japan’s post-Cold War Defense and Security Policy

The end of the Cold War altered U.S. strategy in East Asia. Japan no longer served as a bulwark against communist expansion, and even though China figured prominently in U.S. calculations, it was not considered a major security threat. The partition of Korea remained unresolved, however, and the U.S. held on to its maritime strategy of having a strong presence in the western Pacific. Yet the future of East Asia seemed to be benign, and threat perceptions became less alarmist as East Asia’s geo-political importance momentarily faded.¹⁵

Simultaneously, Japan found itself entering a long recession after decades of uninterrupted economic growth. The resilience of the Yoshida Doctrine now

¹⁵ Richard L. Armitage, et al., *The United States and Japan: Advancing Towards a Mature Partnership*, INSS Special Report (National Defense University, October 11, 2000), p. 2.

seemed to contribute to Japan's diminishing economic strength and soft power. For while the Yoshida Doctrine became an unquestioned truism among both the political elite and the electorate throughout the Cold War, it also served as a significant obstacle to national reform and necessary adjustments.

This realization was not lost on Japanese politicians and there were attempts at a "normalization" of Japanese security policy even prior to the end of the Cold War. Two attempts can be discerned, both instigated by Yasuhiro Nakasone.¹⁶ The first was initiated during 1970-1971 when Nakasone headed Japan's Defense Agency (JDA). This attempt coincided with the Nixon Doctrine and the Sino-U.S. rapprochement. The second was launched when Nakasone served as Prime Minister between 1982 and 1987. Neither of the two had any significant success. It was the radically changed international order following the end of the cold war that finally brought change. Events such as the first Gulf War and economic recession ultimately triggered a move toward "normalization." This change was heralded in the 1996 *National Defense Program Outline* (NDPO-96).

Key Japanese Defense White Papers

- 1957 Basic Guidelines for National Defense
- 1977 National Defense Program Outline (NDPO 77)
- 1996 National Defense Program Outline (NDPO 96)
- 2005 National Defense Program Guidelines (NDPG 05)

In the NDPO-96, the tasks of the Self Defense Forces (SDF) were expanded to encompass activities beyond the mandate that had evolved during the period of the Cold War. Apart from defending Japan and securing Sea Lanes of Communication (SLOCS), the SDF's tasks were expanded to include natural disaster response and relief as well as other emerging "soft security threats." The SDF were also supposed to contribute to a more stable

¹⁶ Leonard Schoppa, *Japan's Domestic Politics: The Challenge of Turning Off the Cruise Control* (Foreign Policy Research Institute, 2003), <http://www.fpri.org/education/teachingjapan/schoppa.domesticpolitics.html>

"security environment."¹⁷ However, despite signals in NDPO-96 that the SDF's capabilities were being radically altered, NDPO-96 contained a threat-analysis which did not deviate in any significant sense from its predecessor, the NDPO-77. Instead, the basic assumptions about the nature of the threat underlying Japan's security and defense policy dating to the Cold War remained intact.

Nonetheless, a number of decisive events had forced Tokyo to reconsider the foundation of its foreign policy agenda. As mentioned earlier, Japan's credibility as an alliance partner suffered a severe setback during Desert Storm 1991. Despite some pressure from the opposition parties, the Tokyo government had rejected all troop contributions despite a clear UN mandate. Instead Japan gave a generous contribution of US\$ 13 billion.¹⁸ But to the surprise of all in Tokyo, the donation turned out to be a diplomatic fiasco; Japan was accused of having bought itself out of responsibilities that it should have shouldered. This apparent lack of respect for the Japanese traditional pacifist norm was perplexing and the international critique a bitter lesson for Japan; the experience of the Desert Storm failure was subsequently reflected in NDPO-96. But more important was the debate which resulted from the Japanese nonparticipation in Desert Storm, which was instrumental in paving the way for a reconsideration of Japan's role internationally. Some have even asserted that it was the Desert Storm debate which facilitated the road to power for the Koizumi-led conservative-nationalistic faction in the LDP. This faction had been continuously suppressed in the LDP by the conservative main stream during the entire era of the Yoshida Doctrine.¹⁹

But discussion and reformulation were not paralleled by action. The first real crisis which caused Japan to not only rethink its foreign and defense policy but also to take action was the North Korea crisis in 1998. That year, North Korea conducted a long range missile test which, as mentioned earlier, flew over the main islands of Japan and touched down in the Pacific Ocean.

¹⁷ Japan Defense Agency, *Defense of Japan 2005*, p. 109

¹⁸ Fukushiro Nukaga, "Japan's Defence Policy: Basic Principles and New Initiatives," *RUSI Journal* 15:1 (February 2006), s. 17.

¹⁹ Samuels, *Securing Japan*. The term main stream is taken from Samuels who uses "mainstream" and "anti-mainstream" to describe the political discourse in postwar Japan.

Suddenly there was the prospect that a hostile, aggressive, and unpredictable regime could, with its own means, attack the Japanese homeland with Weapons of Mass Destruction (WMD). The reaction among politicians, experts, the government, and public alike was naturally strong. That Japan had lived under a missile threat from China, especially against areas with a strong U.S. presence, did not fundamentally ease the aversion felt toward the North Korean missile test. The threat posed by North Korea was considered a far more immediate danger than that presented by China, and the internal reviewing process that the crisis of 1998 spurred, resulted in a more focused and determined effort toward crafting a new defense policy. One of the first actions was the parliament's approval of a reconnaissance program and missile defense cooperation with the U.S.²⁰

Yet, even if North Korea was considered Japan's primary threat, this is not to say that China did not figure in Japan's defense planning. The rapid modernization and military build-up of China in the second part of the 1990s led to concerns over China's long-term intentions. Japan was not alone in questioning the pace and form of China's economic and military modernization. The U.S. displayed a similar concern over China's lack of transparency and high military spending. Which path would China choose? Few questioned the fundamental fact that China's rise was "legitimate." Equally few questioned that China had the right to defend itself: China's military was generally in poor shape, and modernizing it was, to some extent, a necessity. A number of other concerns were, however, warranted. One such concern was if China's talks of peaceful development were compatible with the scale of its military modernization program. A further concern was the lack of transparency in defense and defense-spending. Regardless of China's ultimate intentions, it is safe to assume that China's rise is one of the most important drivers for Japan's military transformation and the adoption of the 2005 defense decision.

The Defense Decision of 2005

In late 2004, new *National Defense Program Guidelines* for the fiscal year 2005 (NDPG-05) and an associated *Mid Term Defense Plan* (MTDP 05) 2005-2009 was adopted by the government. This was the first defense program Japan

²⁰ Samuels, *Securing Japan*, p. 46.

had issued in a decade, and it presents a significant alteration of Japanese defense doctrine. Aside from strengthening the new initiatives and tasks first mentioned in NDPO-96, it makes a comprehensive reassessment of the strategic picture. It identifies international peace support operations as well as counterterrorism as primary components of Japan's national defense strategy in complement to the legacy force concept of the Cold War and early post-Cold War years. It also has great significance for regional security, as China and North Korea are explicitly identified as security concerns. With regards to China, modernization of its nuclear forces, navy, and air force means that Japan must "remain attentive to its future actions."²¹ North Korea is a "major destabilizing factor to regional and international security" while Taiwan Strait relations are "unpredictable" and "remain uncertain."²² Such explicit wording contrasts significantly with the more careful and implicit NPDO FY 1996 in which China is not named, the Taiwan Strait not mentioned, and the Korean Peninsula identified as an area of "continued tension."²³

The preparatory work for the NDPG-05 was closely overseen by Prime Minister Koizumi and the process by which it was implemented also carries his imprint. The NDPG-05 basically builds upon two reports. The first was published in March 2004 by the Liberal Democratic Party's Defense Policy Studies Subcommittee. This report made recommendations for extensive transformation of Japan's defense policy, advocating amongst other things amending Article 9 of the Constitution to reflect the legitimacy of the SDF, clearly recognizing Japan's right to collective self defense.²⁴

Coupled to this was Prime Minister Koizumi's appointment of a private working group consisting of former businessmen, militaries, diplomats, and researchers led by Professor Araki Hiroshi to address defense and national security issues. This group, formed under the title *Council on Security and Defense Capabilities*, subsequently published a report *Japan's Visions for Future*

²¹ National Defense Program Guideline, FY 2005, II (Provisional Translation), p. 2, URL: www.kantei.go.jp/foreign/policy/2004/1210taikou_e.html.

²² Ibid.

²³ National Defense Program Outlines in and after FY 1996, II (Tentative Unofficial Translation), p. 3, URL: <http://www.fas.org/news/japan/ndpo.htm>.

²⁴ David Fouse, "Japan's FY2005 National Defense Program Outline: New Concepts, Old Compromises," *Asia Pacific Centre for Security Studies*, 4:3 (March 2005), p. 2-3.

Security and Defense Capabilities in October 2004.²⁵ The changes made within the new defense plan represent a strong step away from pacifism.

The defense decision of 2005 builds upon a completely different analysis and threat perception of international relations and the threats Japan faces. New threats such as terrorism and the proliferation of WMD have gained more attention while regional instability is increasing in importance as a result of the tensions over North Korea, China's development, and the Taiwan issue. Indeed, that China and especially the Taiwan Strait are even mentioned in the document signals an important indication of change. Whereas NDPO-96 only vaguely touched upon Japan's military and regional responsibilities, NDPG-05 specifies that Japan's military should act as a stabilizer in the region. Following the worldwide post-Cold War trend of changing threat perceptions, NDPG-05 similarly establishes that both military threats and international roles "are changing." Japan is also perceived to face a diminished danger in terms of an invasion of the Japanese homeland while so-called "new" security threats are given emphasis.²⁶

A further difference from the earlier NDPO is the process through which Japan's military transformation is expected to occur. The 2005 version asserts that the SDF will transform from a deterrence-driven to a reaction-driven organization and strive toward smaller and more flexible forces. SDF were tasked with two main duties: to defend Japan and to work for international peace and security. This, in turn, is conceived to have three dimensions in which Japan will rely on its own forces, cooperate with allies, and work through and with the international community. The new threats that Japan is facing necessitate a new approach, entailing a more active role in international defense cooperation and peace support in complement to the reliance on the alliance. The assumption behind the document is that Japan's security is strengthened in a more peaceful world. It is also assumed that Japan has better chances of fending off problems through a more assertive participation in international missions and a more active foreign policy. Thus the new SDF must acquire a "rapid reaction" capacity. Moreover,

²⁵ Council on Security and Defense Capabilities, *Japan's Visions for Future Security and Defense Capabilities (The Araki Report)*, (October, 2004), available: <http://www.mod.go.jp/msdf/about/outline/chubo/3.pdf>.

²⁶ See, e.g., "Executive summary," *East Asian Strategic Review 2006*, (Tokyo: The National Institute of Defense Studies, 2006).

information gathering and intelligence need to improve while the option to rapidly transform the forces to previous capacities more associated with "old defense needs" should also exist. SDF are also intended to act in the sphere of counter-terrorism. The capabilities in civilian disaster management would also improve while CBMs with Japan's neighbors should be expanded.

The main obstacles for realizing the outlined defense strategy are primarily the negative population growth and tight budgets. The defense reform of 2005 also necessitated other changes in a number of key areas.²⁷ These included: 1) Amending Article 9 of the Constitution to allow for collective self defense and international missions; 2) Transformation of the Self Defense Agency into a ministry, a process which was completed in 2007; 3) Resolving issues surrounding joint missile defense, the arms industry, and export legislation (Japan and the U.S. have also managed to solve a number of these issues); 4) Reorganization of the Office of the Prime Minister and its Security Council, although it remains uncertain how this will be accomplished; 5) The establishment of an efficient political decision making system and a change of the rules of engagement that stipulate decision by the cabinet to accommodate the needs for pre-delegation in the employment of missile defense; 6) Improved joint leadership within the SDF was considered a requirement for enhancing the efficiency of the military cycle of decisions; 7) Finally, lasting solutions were required to some of the more sensitive domestic political decisions, including American bases and the transformation of the U.S. military presence.

Comparing with the earlier defense outlines the process now seems to be moving forward in a decisive way. Japan has gone from word to action in a way that signals true change. And although some critics believe change could move ahead even faster, the above represents the most decisive and focused change since the postwar years.

Japan and the U.S.: From a Passive to an Active Alliance?

The reorganization of Japanese defense is coupled to efforts to strengthen Japanese-U.S. security arrangements. This is the final phase of the slow

²⁷ See, e.g., Ingemar Dörfer, *Reserapport Tokyo 10-15 oktober 2004* (Stockholm: FOI, 2004); Gregg Rubinstein, *U.S. Defense Cooperation in Transition*, lecture at the Swedish Defense Research Agency, Stockholm, May 4, 2004.

transformation that was initiated with the *Guidelines for Japan-U.S. Defense Cooperation* established in 1978. Briefly, this process can be summarized in three distinct phases.²⁸ The first of these, dating from 1952-1980, made a strict division between the American “sword” implying offensive capabilities and the Japanese “shield” referring to defensive capabilities. At this point in time, the main focus was on the problems concerning Article 5 in the *Japan-U.S. Security Treaty* adopted in 1960. Questions concerning the U.S. bases and American operations from Japan were devoted particular attention. The division of labor entailed that the U.S. provided the overarching military capabilities while Japanese defense was limited to passive self-defense. In essence, Japan was a client and on the receiving end of this partnership, whereas the U.S. acted as its security guarantor.

During the second phase in the 1980s, however, the focus shifted slightly from the previous division into “sword” and “shield” to issues concerning roles and missions. In practice, this meant that Japan demonstrated increasing willingness to provide for its own self-defense. Containment of the Soviet Union was top priority. In view of this geo-political context, increasing emphasis was put on the joint operability of U.S. and Japanese forces. This period also brought additional concerns regarding Article 6 of the *Japan-US Security Treaty* of 1960—the article granting the United States base-access in Japan. The problems surrounding the American bases became a heavy burden for Tokyo.

The third phase lasting through the 1990s was characterized by a problematization of roles, missions, and capabilities and could be seen as a logical extension of the second phase. The emphasis assumed more regional foci and stressed what role the U.S.-Japan alliance could play in the regional context (as a complement to the traditional U.S. role as Japan’s security provider). Integrating the respective countries’ military forces thus again became a top priority.

According to Greg Rubenstein,²⁹ U.S.-Japanese ties have been mutually beneficial in the sense that they have coupled U.S. and Japan closer together, politically and militarily. But when compared to a working military alliance

²⁸ Gregg Rubenstein, *US-Japan Security Relations in Transition: Reflection of a Committed Sceptic*, unpubl. paper, September 2001, s. 4.

²⁹ *Ibid.*

such as the North Atlantic Treaty Organization (NATO), U.S.-Japan relations are defined more by security cooperation than alliance formation. In contrast to NATO, the intricate framework for consultations in U.S.-Japan relations contains little in the way of strategic planning. There is also poor coordination in the sphere of defense supplies, while the joint military exercises signifying an alliance are lacking or are insufficient. U.S.-Japan naval cooperation did exist during the Cold War. At that time, both countries' activities were fairly well coordinated with each other; at the same time Japan played a central role in the submarine operations directed against the Soviet's submarine fleet in the Pacific Ocean.³⁰ This working operational relationship deteriorated during the course of the 1990s and is only now being addressed again.

The difficulties encountered mirror the historical, foundational, and long-lived structures in both Japan and the U.S. They pertain both to diverging cultural values and their reflection in the constitution and the fact that the SDF fail to use their full capabilities and continue to rely on the U.S. security umbrella. But they also relate to the ambivalence displayed in the U.S. and the recurring discussions on how far Japan should be allowed to modernize its forces. On the one hand, the obvious aim for Japan since the mid-1990s has been to establish a more equal relationship with the U.S. But Japan's perception of being subdued renders bilateral cooperation difficult and reduces the potential for fruitful dialogue. Such dialogue could potentially also lead to a better division of labor and less tensions in U.S.-Japan relations and across the Pacific Ocean.

The Bush Administration's Policy Toward Japan

"...the time has arrived for renewed attention to improving, reinvigorating and refocusing the U.S.-Japan alliance" (The Armitage Report, 2000)

³⁰ Yumi Hiwatari, "Recreating Japan's National Defense Strategy", *Breakthroughs*, 15:1 (Spring 2006), s. 25.

On October 11, 2000, a report titled *The United States and Japan: Advancing towards a Mature Partnership* was published under the directorship of former U.S. Deputy Foreign Minister Richard Armitage. The bipartisan report served as the foundation on which the Bush administration's policies toward not only Japan, but East Asia as a whole, were formulated. According to the report, East Asia is a volatile region, in which changing balances of power may imply insecurity and new threat perceptions. The report also states that many of the unresolved security problems from the Cold War continue to create a climate of uncertainty: the situations in the two Koreas or the Taiwan Strait are but two examples of tensions that, according to the report, may escalate into armed conflict. As such, even if a large-scale war in Europe is held to be inconceivable during this generation,³¹ this is by no means considered to be the case in Asia.

Emerging threats and the absence of multilateral security regimes inevitably make the United States' bilateral arrangements with the regional states the *de facto* security architecture of the region. According to the report, and in light of this, the U.S.-Japanese "alliance" is more important than ever. Japan is also believed (according to the report) to be undergoing a transformation as comprehensive as the Meiji Restoration and it is argued that this needs to be reflected in the alliance's form.³²

The report issues a number of recommendations to update the alliance's form, of which one of the most important is that Japan should allow for collective defense. The cooperation in place between the United States and the United Kingdom was considered a model for the U.S. and Japan to emulate. But according to the text this will necessitate that the U.S. and Japan implement previous decisions taken and that the U.S. reconfirm its security guarantees. Japan, for its part, needs to implement the guidelines for cooperation established in 1997, including the law for crisis management. They also need to conduct joint military exercises under realistic scenarios, a component which is currently lacking. Moreover, Japan should participate in international peacekeeping operations, which would require a revision of the Japanese constitution or at least a reinterpretation of it. The modernization

³² The Meiji Restoration (1868) was the revolutionary uprising against the Shogunate and restoration of imperial reign. It heralded the modernization and rise of Japan.

of Japanese forces combined with improved coordination across military branches was also considered important; the Japanese intelligence services were perceived in need of similar improvement.

The comprehensive Armitage report did not in itself imply changes in the U.S.-Japan alliance. Many similar reports and proclamations from the U.S. have appeared throughout the years, most of which remain unimplemented. This passivity applies equally well to the official statements issued by the alliance during its diplomatic forums (the heads of state and ministers meetings) which are also rarely acted upon. Peter Katzenstein characterizes the relationship in the following way:

On questions of security several institutional links connect the two countries: the Security Consultative Committee (SCC), the Subcommittee for Defense Cooperation (SDC), the Security Subcommittee (SSC), the Security Consultative Group (SCG) and the Japan-U.S. Joint Committee. The SCC and the Joint Committee date from the 1960 revision of the Security Treaty. Other fora were subsequently created to facilitate policy coordination across a broad range of security issues. These links offer a useful forum for political statements and replies rather than for resolving difficult issues.³³

Other examples of unimplemented bilateral decisions include the proposed ambitious plan on a strengthened alliance and changes toward joint responsibility in the *Japan-US Joint Declaration on Security* adopted in 1996, in consort with the NDPO-96, by former U.S. President Clinton and Japan's former Prime Minister Hashimoto. Despite an ambitious agenda, attempts to reform the alliance resulted in very slow progress.

The aforementioned North Korean missile test in 1998 and the September 11 attacks on the World Trade Center and the Pentagon have marked, however, a turning point in U.S.-Japan relations. As with other U.S. allies, Japan was pressured into contributing to the war on terrorism, and the new threats that the U.S. faced also became the primary driver in altering the Japanese security political agenda. Thus it did not take long for Japan to extend

³³ Peter J. Katzenstein, *Cultural Norms and National Security: Police and Military in Postwar Japan* (New York: Cornell University Press, 1996), pp. 100-01.

support for the U.S. war in Afghanistan, and later, Iraq. At the same time Junichiro Koizumi was elected prime minister. Koizumi represented the nationalistic, anti-mainstream current within the conservative party, and viewed the Yoshida Doctrine as an obstacle to, rather than a facilitator of, Japan's reform. The Koizumi government subsequently lent its full-hearted support to the U.S. and soon began to reform the structures impeding extended cooperation with the U.S. on missile defense, the war on terrorism, and on preventing the proliferation of WMD.

Japan in the U.S. Alliance: A Consistent Uncertainty

The current strengthening of U.S.-Japan relations has many explanations. The threat from North Korea and its development of WMD is perhaps the most urgent one, while China's rise and potential hegemonic aspirations in East Asia must also be carefully watched. The military threat toward Taiwan has been increasing as part of the shift of military balance in the Strait in China's favor. The pro-independence government ruling Taiwan between 2000-2008 also took incremental steps toward realizing autonomy in spite of Beijing's threats. The risk of an armed conflict in the Taiwan Strait has thus increased at a time when China's expansion of its naval forces and offense-oriented submarine exercises has also increased the ability to threaten the crucial sea lanes in the region. Although Beijing and the new KMT government in Taipei, inaugurated in late May 2008, have made quick and decisive political improvements, Chinese military capabilities remain. By engaging in a long-term build-up of an effective defense, the U.S.-Japan alliance aims to deter China while simultaneously fighting terrorism and the proliferation of WMD jointly. As mentioned earlier, the defense of Japan is still the highest priority in Tokyo but regional stability has also today formed an integral part of the Japanese security doctrine. The key question now is how this development will be interpreted in China and to what degree this dynamism will lead to an arms race.

Although the "new threats" of terrorism and natural disasters have been elevated on the security agenda, the key threats identified by both Japan and the U.S. in the region are still those posed by states. This "Cold War thinking" persists mainly as a consequence of the Korea problem. This is however not to say that an assessment of the current situation in East Asia

must necessarily employ mutual deterrence and Cold War thinking as frameworks for analysis. In contrast to the Cold War, the current military dynamics do not occur in a vacuum. The states surrounding the Pacific Ocean, and especially the economic "superpowers," are to varying degrees economically interdependent. This interdependency did not exist during the Cold War, and potentially raises the costs of conflicts considerably.

There is also a need to point out the fact that China, on the one hand, and the U.S. and Japan on the other, both have conflicting aims and ambitions. China's foremost priority is to acquire enough space for maneuver to prevent Taiwanese secession, and to secure China's ability to access strategic sea routes. It is also in this context that the current Chinese military modernization should be viewed. Nevertheless, the primary interest and aim for both the U.S. and Japan is to secure the SLOCS and maintain maritime dominance on the high seas to ensure the free flow of trade. While the new U.S. concept of Global Maritime Partnership Initiative (GMPI) envisions a joint maritime strategy to secure freedom of the seas, mutual suspicions mean that the waters of the western Pacific will continue to be a zone of potential conflict.³⁴

Coupled to this is the issue of China-Taiwan relations. China's claim to Taiwan and the geo-strategic location of Taiwan entails that control of Taiwan is viewed as being of vital strategic importance. Although all parties would prefer a resolution of the Taiwan issue by peaceful means, China asserts its right to military intervention should the island choose to take steps toward formal independence. The U.S., on the other hand, exercises a policy of dual deterrence of preventing Taiwanese independence and Chinese aggression, but would still likely intervene in case of a Chinese military offensive.³⁵ While Japan has acknowledged the Taiwan issue as a threat and China's military rise as a problem, Tokyo still views the issue with unease. Should a confrontation occur between China on the one side and Taiwan and the U.S. on the other, Japan would risk being drawn into a war by its American ally, a prospect Tokyo is not comfortable with.

³⁴ Andrew S. Erickson, "New U.S. Maritime Strategy: Initial Chinese Responses," *China Security*, 3:4 (Autumn 2007).

³⁵ Richard Bush, "The US Policy of Dual Deterrence", in Steve Tsang, ed., *If China Attacks Taiwan* (New York: Routledge, 2006), p. 35-53.

One subject which has received particular attention in Japan is the nuclear weapons issue and the status of the U.S. nuclear umbrella. Ever since Hiroshima and Nagasaki were bombed with U.S. nuclear weapons, the nuclear weapons issue has been a taboo subject. Three non-nuclear principles were enacted by the Diet in 1971—to refrain from development of nuclear weapons, to abstain from possession of nuclear weapons, and to refuse nuclear weapons on Japanese territory—have formed one of the cornerstones of Japanese pacifist doctrine. Nevertheless, Japan has occasionally questioned the overall validity of these principles. For example, Japan’s official policy ever since the 1950s has been that a small and defensive nuclear weapons arsenal would not be in contradiction of the constitutional provisions, however illogical it may seem.³⁶ That such a move would contradict Japan’s obligations under the Non-Proliferation Treaty has been given less importance, and it has been conceived that Japan could annul some of these commitments should it be perceived as necessary to do so. In 2002, Fukuda Yashuo (the current Prime Minister) made a controversial statement when he proclaimed that the current international instability would justify a Japanese nuclear weapon *if* domestic public opinion consented to this.³⁷ Such statements have from time to time served to put pressure on the U.S. to restate its security commitment and extended nuclear deterrence. Because no regional power including the U.S. would easily accept a nuclear armed Japan, Tokyo has a very strong political position vis-à-vis U.S. nuclear guarantees.

At the same time, Japanese politicians have learnt the lesson that any statements on the nuclear issue court controversy. In the summer of 2007, Kyuma Fumio, Defense Minister in Abe’s government, had to resign after a controversial statement on Hiroshima and Nagasaki. Similarly, former Deputy Defense Minister Nishimura Shingo had to resign in 1999 after asserting that Japan’s abstention from the nuclear weapons option had made the country vulnerable to “Chinese rape.”³⁸ These events prove that there exists a vociferous Japanese public opinion resisting development of nuclear

³⁶Matake Kamiya, “Nuclear Japan: Oxymoron or Coming Soon?” *The Washington Quarterly* 26:1 (Winter 2002-2003), s. 73.

³⁷Alex Berkofsky, “Koizumi under a Nuclear Smokescreen,” *Asia Times Online*, June 13, 2002, www.atimes.com/japan-econ/DF13Dho1.html (downloaded 2007-12-04).

³⁸Howard W. French, “Taboo Against Nuclear Arms Is Being Challenged in Japan,” *The New York Times*, June 9, 2002.

weapons while resistance among experts appears to be equally high. The latter's analyses are informed by the small benefits that nuclear weapons possession would accrue Japan security-wise. A frequent argument heard is that Japanese nuclear weapons would be of little value in context of the U.S. nuclear umbrella: if U.S. nuclear weapons cannot act as a deterrent, how could Japanese nuclear weapons do so? In the end, the strength of this argument is determined by the strength of the U.S. commitments.³⁹ If the U.S. security commitments and accompanying nuclear guarantees are perceived as uncertain it is evident that the prospect of a Japanese nuclear weapon would be far more likely.

These questions have also become controversial political issues, although some Japanese politicians have chosen to disregard the risks involved in discussing them. The stakes involved are the primary factor explaining why this issue has reached the level of importance that it has. Statements which refuse to renounce the nuclear option partly serve to deter potential contenders like China and Russia, both of which would find Japanese nuclear weapons unacceptable. But they also impact upon U.S. policy regarding the alliance with Japan. The statement issued by Fukuda in 2002 coincided with the aftermath of September 11 and the resulting dramatic changes in the security landscape. Although the U.S. for a long time had signaled the need for revitalization of the alliance with Japan, it had also engaged China, thus giving Beijing increased room for maneuver in the East Asian theatre. This also raised concern in Japan on how far-reaching and serious the U.S. security guarantees actually were. In 2006, Japanese Prime Minister Shinzo Abe publicly raised the issue of the U.S. nuclear umbrella in meetings with Secretary of State Condoleezza Rice, thereby signaling that Japan still had some issues and doubts regarding the alliance, U.S. regional ambitions, and the extended security guarantees—this despite strong U.S. reassurances.⁴⁰

Similar statements as those made by Fukuda in 2002 also have effects on Sino-U.S. relations. Although China has concerns about U.S. military presence in East Asia, it also realizes that the U.S. effectively keeps Japan in

³⁹ Dörfer, *Reserapport Tokyo 10-15 oktober 2004*, p. 5

⁴⁰ Hisane Masaki, "Japanese Nukes, Voicing the Unthinkable," *Asia Times Online*, November 16, 2006, <http://www.atimes.com/atimes/Japan/HK16Dho1.html> (accessed 2008-04-04).

check. The perception in China is that Japan doubtlessly would be in possession of nuclear weapons absent the U.S. nuclear guarantees. Conceived as such, Japanese statements on prospective nuclear weapons serve as a very powerful tool in the execution of Japan's foreign policy vis-à-vis other regional actors; the price being that the messenger risks his/her political career.

Tokyo is thus facing a difficult and complex game in regard to the alliance with the United States. Japan's demands of increased independence in the formulation of foreign and security policies risk alienating both countries. A paradox here is that the doubts over U.S. security guarantees are expressed at a time in which U.S.-Japan relations are strengthening. Uncertainty of the consequences surrounding the new world order and the potentiality of any major reverse in U.S. strategy, doctrine, and military presence exacerbate Tokyo's fears. Ultimately, Japan wants a more independent stance toward the U.S., but is simultaneously under constant pressure to increase defense cooperation within the alliance and thereby move ever closer to the U.S.

Moreover, there is a general concern in Japan that a further militarization of the alliance would also bring with it demands that Japan participate in a variety of U.S. military operations. As such, the combination of a militarily active U.S. and a normalizing Japan with some military power becomes a complicated equation. Indeed, Japan may suddenly find itself in a situation similar to that of the United Kingdom, in which extended support is not only expected but also demanded. Japan will thus likely face more difficulties in declining support to U.S. military operations in the future. Failure to reciprocate to an ally who has extended the most far-reaching security guarantees available is also unlikely to go down well in Washington, and the political cost will be significant.

In short, there are arguments supporting a closer relationship with the U.S. although voices advocating more independence are also becoming more frequent. Japan will continue to strike a balance between independence and dependence and fine-tune its interests and challenges to U.S. policy. The Japanese fear of either being abandoned or being dependent nonetheless persists. In other words current defense policy is to work closer with the U.S. now in support of a policy of hedging for possible future developments in which Japan may choose or be forced to act more independently.

III. China-Japan Relations: Turning the Tide

The Growth of China's Economic Power

China's economy is growing at a more rapid pace compared to that of Japan. This shift became most obvious after 1991, when Japan's growth level averaged around 1 per cent per year—and occasionally also lower than this.⁴¹ Meanwhile, China's economic growth never fell below 7.1 per cent annually while simultaneously peaking at levels as high as 14.2 per cent.⁴² This has created an uncertainty within Japan over the future and the form China's rise will take. The Japanese economy has shown signs of recovery during the 2000s with relatively stable growth levels of around 2-3 per cent, while in 2006 they reached as high as 4.8 per cent during the final quarter of the year.⁴³ However, China's growth is more than double that of Japan's, attaining an annual average of 10.7 per cent.⁴⁴

However, in terms of overall wealth, the Chinese still have a lot to do in order to catch up with Japan. According to U.S. data, China's Gross Domestic Product (GDP) per capita amounts to no more than US\$ 1700, while Japan's GDP is as high as US\$ 30,541.⁴⁵ On the other hand, the Chinese population is significantly larger, and China's GDP of US\$ 2260 billion is already almost half of Japan's US\$ 4559 billion. If this rapid economic growth continues uninterrupted, China's GDP may, theoretically, overtake that of Japan's within a decade. However, the likelihood that this will happen is relatively low and most observers contend that China will be unable to grow continually at its current pace due to risks of imbalances. The Chinese government has also demonstrated its intent to dampen growth rates. Based on this analysis, China is not expected to surpass Japan until 2030, but even this forecast is creating concern among the Japanese.

⁴¹ U.S. Department of State, <http://www.state.gov/r/pa/ci/bgn/4142.htm>

⁴² "GDP growth 1952-2007", *Chinability*, <http://www.chinability.com/GDP.htm>

⁴³ *Financial Times*, Feb. 16, 2007, <http://www.ft.com/cms/s/3985364c-bc98-11db-9c8c-0000779e2340.html>

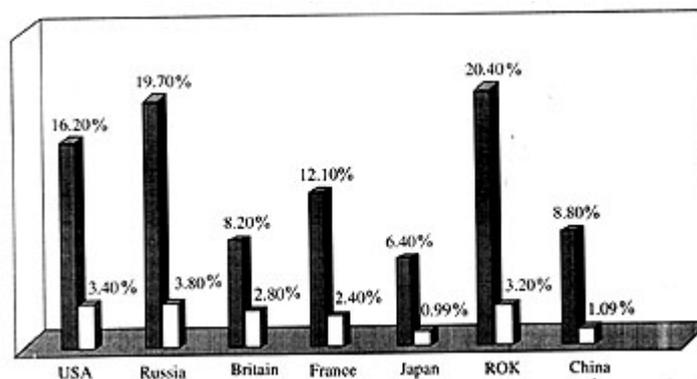
⁴⁴ "GDP growth 1952-2007."

⁴⁵ U.S. Department of State, <http://www.state.gov/r/pa/ci/bgn/4142.htm> (accessed 2007-06-11).

Chinese Military Power

Although the ultimate intentions behind China's military modernization remain uncertain, it does seem strongly offensive-oriented. Compared to Japan, China also officially uses a greater share of its GDP for defense spending. The table below is published on the webpage of the Chinese government, but these figures are regarded by most Western intelligence institutions to be lower than the actual figures.⁴⁶

Fig. 1 China's Defense Expenditure as Percentage of GDP (white columns) and as Percentage of State Expenditure (black columns) 1978-1997 Compared Internationally.



Source: Information Office of the State Council of the Peoples Republic of China, www.fas.org/nuke/guide/china/doctrine/cnd9807/NationalDefence-4.html#3

During the past ten years, China has increased its defense expenditure rapidly and in pace with China's growing GDP. From 1989 to 2002, official expenditures increased nearly threefold according to the Stockholm International Peace Research Institute (SIPRI). The share increase is particularly high in the period from 1997 onwards. From 1997, China's official defense expenditure more than doubled. Accordingly, China is today considered to be among the top five countries in the world with the highest defense spending.⁴⁷

China's official defense budget for 2005 increased yet again with two-digit percentages, now totaling as much as US\$ 29.9 billion. Added to this should be the many sources of expenditure that are accounted for within ministries

⁴⁶ It does, for instance, not mention that China has the world's most numerous defense force, with more than two million under arms.

⁴⁷ Ingolf Kiesow, *Kina i ett tjugoårsperspektiv* [China in a Twenty Years' Perspective], FOI-R-1927-SE (Stockholm: Swedish Defence Research Agency, 2006).

other than the defense ministry; thus the total figure including these indirect expenditures is likely to be higher. Arms imports, for instance, are not included in the defense budget. According to U.S. estimates, the Chinese defense budget of 2005 is probably closer to US\$ 90 billion and SIPRI has for years posited that a more accurate estimate would probably be 70-80 per cent higher than the official figure. Japan also emphasizes these higher estimates. When compared internationally, Japan's defense expenditure is also high and it probably ranks among the world's top spenders in military technology and training. However, Japan's Achilles heel is the low number of personnel in the armed forces, numbering no more than 200,000 persons in active service.⁴⁸

China as Mentor and Enemy

The overall Japanese attitude toward the Chinese is two-faceted. On the one hand, the Japanese adore classic Chinese culture and have assimilated much of it into their own culture. On the other hand, they regard communism as a form of government which brought ruin on Russia, China, and every country that adopted it. Moreover, large parts of the Japanese population consider China as a potential military threat in the longer run. The common depiction in the media of China's revanchist stance combined with China's perceived threat to Japan's SLOCS as well as energy security and supply of raw materials has certainly rung alarm bells among Japanese strategists. In the event of an armed conflict with the U.S., which possibly could occur over the future status of Taiwan, China may also pose a threat to U.S. forces in Japan and thus, by extension, to Japan's civilian population residing around U.S. bases.

With regard to cultural influences, Japanese have managed to retain their traditional core, while incorporating Chinese aspects. This is evident in the written language, where *hiragana* is used for native words and inflections, while *kanji* provides the Chinese characters. *Katakana* is the script used for words from foreign languages, and *romaji* (Roman letter) provides the fourth script all literate Chinese must learn.

⁴⁸ Ibid.

It is said that the Japanese marry according to traditional Shinto traditions, but when they die they bury according to the Buddhist faith imported from China—this is still true today. The Japanese have neither abandoned their colorful and cheerful Shinto beliefs nor elements of animism, with trees and stones seen as possessing spirits of their own. However, in matters related to “life and death” they basically turn to Buddhism, which came from China in the sixth century. Strong features of Confucianism also accompanied Buddhism, mostly in the form of neo-Confucianism according to Mencius’ thought.⁴⁹ This religious and cultural backdrop came to inspire the shape and forms of governments for centuries. Even though cultural contacts with China weakened with time and almost vanished, the influence persisted. Not only did China over the centuries come to inspire Japan through religion and government, but also in its architecture of public buildings, art, mythology, and literature.⁵⁰

In 1274, Japan also experienced a more malign influence from China with the virulent quest for conquest under the Mongol emperor Kublai Khan. China’s first attempt to conquer Japan in a surprise attack during this era failed, largely due to shipwrecks and illnesses among the crew of the ships. China returned seven years later, however, with an enormous armada, reportedly having carried 140,000 men under arms. The Japanese escaped occupation with help from the “Divine Wind” or *kamikaze* (which later gave its name to Japan’s suicide pilots during World War II). *Kamikaze* was a storm of unusual force, and it was strong enough to intercept the Chinese attack. The defenders, however, also suffered heavy losses and the Chinese invasion attempt had severe repercussions in spite of its failure. As a result, the Japanese realized the danger presented by the Chinese and a gradual militarization of Japanese society was initiated. This restructuration had started earlier but was now consolidated and contributed to Japan’s emerging development of a feudal societal system, which previously had not existed.⁵¹

⁴⁹ Carl Steenstrup, *Japans idéhistorie* (Köpenhamn: Berlinske forlag, 1980), p. 127.

⁵⁰ Saburo Ienaga, *History of Japan* (Tokyo: JapanTravel Bureau, 1964), p. 30.

⁵¹ *Ibid.*, p. 68 ff.

China as a Victim of Colonialist Expansion

Four centuries later, Japanese encounters with Portuguese, Dutch, British, and Spanish merchant ships became a complicating factor during a series of protracted civil wars. In response to these events, the borders were closed in 1639. This was followed by a more than two hundred year-long period of isolation. When it was broken, it was largely as a result of American warships demanding access for U.S. merchants to Japanese harbors. The opening of the ports triggered the policy of modernizing the country by developing human capital able to manage and strengthen the country economically, politically, and militarily—the Meiji Restoration. China, on the other hand, experienced decay, recession, and a corrupted and weak bureaucracy during this period (roughly the last half of the nineteenth century), with the authority of the emperors in decline. Attempts to modernize China did not succeed in any significant sense of the term. Japan took advantage of this weakness and during the 1930s annexed China's northeast (Manchukuo) and invaded the eastern third of the country. It became a brutal and fiercely-driven campaign with little concern for human sufferings, causing a lasting resentment of Japanese that persists up until the present today.

The fact is that the memories of the cruelties committed during the Japanese occupation of China were never allowed to be forgotten after Japan's defeat and China's own liberation, and this is primarily due to the intense propaganda that has been carried out continuously since 1949. When the communist party came to power, it used "the Japanese threat" as a propaganda tool in "people's education." In 1950, Mao signed a 30 year treaty with Moscow to oppose any resurgence of Japan. Three Chinese generations have been raised with Japan being depicted as China's natural enemy, and detailed descriptions of Japan's excesses have been spread to reinforce the picture of Japan as the archenemy. An unintended consequence of this propaganda is, however, that the Chinese regime has had a hard time in promoting interest in trade with Japan. It is incompatible with Japan's new role as China's most important trading partner. Attempts to normalize Sino-Japanese relations have therefore been made far more difficult than would otherwise have been the case. Any incident, and however insignificant, carries the risk of inadvertently provoking spontaneous (though government-

approved in most cases) negative domestic reactions in China, generating even more headlines because political protests are relatively rare in China in general. One also suspects that these patriotic demonstrations also serve the purpose of averting Chinese attention away from communist violations of human rights at home.

There is a different perspective in Japan, where the country's admiration of ancient Chinese culture is by no way matched by respect for contemporary China. As already touched upon, socialism and communism were ideologies with a high appeal in some post-World War II circles in Japan. Although socialist sympathies by and large soon faded, they still remained strong among some segments of society, making anti-communism a lasting theme in the policy of the conservative governing party, the LDP, over the course of five decades. In addition, the excesses committed during the Cultural Revolution and under Mao Zedong's rule were met with abhorrence and reinforced the negative popular attitude toward China. The Japanese population was also, in general, more informed about the situation than Western audiences. Furthermore, reports from China about anti-Japanese demonstrations cause both indignation and fear.

“Mutually Repelling Nationalisms” and a Compromise

The famous visit by President Nixon to China in 1972 came as a shock to Japan, whose leaders were not forewarned of the sudden strategic shift in U.S. policy. Indeed, it came as a particularly unpleasant surprise, since Japan had been careful to follow U.S. policy demands and recognized Taiwan as representative of “China.” Contact with China was nevertheless established rapidly and at a high level, with the ensuing negotiations ultimately resulting in the establishment of diplomatic relations in 1972. It wasn't until 1978, however, that China and Japan entered into a peace agreement to formally and conclusively end World War II.⁵² Only then did Japan “de-recognize” Taiwan and stop treating it as a sovereign country.

However, another problem was soon to surface: Japan did not pay any compensation to China for the damage caused by the war. The Guomindang regime had surrendered its right to indemnities in return for recognition of

⁵² Robert E. Bedeski, *The Fragile Entente: The 1978 Japan-China Peace Treaty in a Global Context* (Boulder, Colorado: Westview Press, 1983), p. 3.

its regime on Taiwan. China also demanded a full apology for the atrocities committed against the Chinese population. No longer would it suffice with the vague condolences that had been expressed following the establishment of full diplomatic relations in 1972. Neither an apology by the Emperor of Japan during a visit to Beijing nor favorable Yen loans extended to China sufficed to compensate for Japan's war crimes. China, rather, continued to insist on a formal Japanese apology and acknowledgement of guilt. Hence, although bilateral relations improved in pace with intensified economic relations, a number of remaining differences meant that tensions would persist.

A number of such tensions also resurfaced during a visit by Chinese President Jiang Zemin to Tokyo in 1998. Not only did Jiang Zemin wear a "Mao-shirt" during a dinner hosted by the Emperor of Japan, but he reportedly also insulted the latter during a dinner speech. This event received major publicity and caused a great deal of resentment in Japan. When the Prime Minister of Japan, Junichiro Koizumi, paid visits to a Shinto shrine named Yasakuni Jinja, where a number of convicted World War II criminals are believed to be "enshrined," Jiang Zemin immediately accused the Japanese of continued unwillingness to deal with their past. He also accused Japan of having aggressive intentions, while Koizumi, for his part, staunchly refused to compromise on the visits to the shrine. From Koizumi's point of view, China was interfering with Japan's domestic politics and the annual Yasakuni visits became an issue of inflammatory symbolism. Koizumi's position on the issue was supported by a majority of the Japanese population, who condemned the Chinese interpretation, while, on the other side, anti-Japanese sentiments became widespread in China.

The relationship with China was also affected by Chinese demands about revising Japanese school textbooks, which, according to the Chinese, did not adequately detail the atrocities committed by Japan. In spite of these century-old tensions, Japan and China are, in a way, closer than ever before and have in the 21st century reached an unprecedented level of economic interdependence. Bilateral trade continued to expand and, in 2006, China

became Japan's most important trading partner, with two-way trade reaching volumes surpassing even those between Japan and the U.S.⁵³

Thus it became reasonable for Koizumi's successor Shinzo Abe, when he was appointed in September 2006, to improve the relationship with China. Yet, few would have predicted that he would make his first head of state visit to China. Until then, the common procedure was for newly appointed Japanese prime ministers to make their first official visit abroad to the U.S.

Abe's trip to Beijing coincided with the first North Korean nuclear test explosion, an event which served to play into Abe's hands. The North Korean nuclear test explosions presented a danger to both China and Japan. The two leaders had on the very same day made a common appeal to North Korea to abstain from actually carrying out the test explosion.⁵⁴

Both Japan and China were taken aback by the timing of this event and had at least one shared interest—namely to stop North Korea from taking further steps toward nuclear armament. Abe tried to accomplish as much as possible during the Beijing visit and it was also favorably received, most likely because his counterpart this time was not the fiery Jiang Zemin but the more versatile Hu Jintao. Prime Minister Abe did not publicly raise any intention of visiting the Yasakuni Shrine, possibly much aware of the fact that any visit would have effectively eliminated the progress that had been accomplished in Sino-Japanese relations.

Have the controversies with China led to increased nationalism in Japan? The Chinese say yes. During the spring of 2006, the authors of this paper visited Japan and conducted a number of interviews with both Japanese and foreign observers and also visited research institutes to find an answer to this particular question. The conclusion from these meetings suggests that the impression of a growing nationalism in both countries has mainly been created by their leaders and their own mutual statements from Tokyo and Beijing. Whereas in China a continuously existing nationalism is and/or has possibly been supported by a growing emotional engagement among the population, the same can hardly be said of Japan.

⁵³ "China now Japan's No.1 trade partner," *The Japan Times*, April 26, 2007.

⁵⁴ "China, Japan leaders pressure N. Korea", *Associated Press*, September 8, 2006, available: <http://www.msnbc.msn.com/id/15177671/print71/displaymode/1098/> (accessed 2007-06-26).

In Japan, nationalism appears to have been consistent throughout with no major change observable. The image of a growing nationalism has mainly been caused by a new generation of political leaders, among them former Prime Minister Koizumi and his foreign minister as well as the former mayor of Tokyo, Shintaro Ishihara. The managing of the "China factor" by the Japanese leaders combined with the actions of previous Chinese leaders seems to offer the most plausible explanation for the impression of aroused popular feelings during the Jiang Zemin-Koizumi era. If nothing had changed, this could have led to increased nationalism and perhaps even militarism in the longer run. Fortunately, the new leaders on both sides of the East China Sea seem to display a mutual apprehension of the danger involved.

More importantly, they have also demonstrated intent to do something about it. Intent does, however, not necessarily translate into cooperation; and this is particularly the case in perceived zero-sum games when vital economic interests are at stake.

Growing Energy Needs, Competition, and Territorial Disputes

One such vital interest is energy, and a major bone of contention between China and Japan is the dispute over the right to oil and gas exploration on the seabed of the East China Sea between the two countries. These disputes over energy extraction and development are a contributing factor to the tensions in bilateral relations. China is a slightly larger consumer of oil than Japan but Japanese oil imports are almost double those of China (which is also using its own albeit far from sufficient domestic resources). China's oil imports have grown rapidly over the course of the last five years, even surpassing annual increases of over 40 per cent, although it is currently increasing at a more moderate rate of slightly more than 10 per cent annually. In contrast, Japan's oil imports have stagnated as a result of both increasing energy efficiency and slower economic growth. This is, on the other hand, likely to change once the economy picks up pace again.

Japan competes with all other Asian countries for raw materials and energy resources. The competition with China is especially fierce for oil and gas fields, especially those fields located in the countries' relative proximity. Japan lacks domestic oil resources and, just as China, it is strongly dependent

on imports from the Middle East—89 per cent of all Japanese oil imports originate in this volatile region. Security of seaborne energy raw material transports to East Asia is thus a joint concern for China and Japan, but also a potential source of conflict. The high dependence on Middle Eastern oil has partly led East Asian countries, including China and Japan, to explore natural gas resources closer to home.

Gas and electricity is more expensive in Japan than in other countries. Due to environmental concerns, Japan's energy policy is also driven by an intention to increase the share of natural gas in its energy mix—from 13 per cent to 18 per cent by 2030. This will intensify the already intense competition with China for access to natural gas fields in the region. Natural gas is an energy resource which is much more difficult and expensive to transport than oil. Natural gas is thus more sensitive to distance, which adds to the competition over fields in close proximity to their territories.

One of the main ongoing disputes between the two has for a long time been access to the natural gas fields located on the seabed of the East China Sea. These fields are situated in close proximity to the so-called median-line, a term which is defined in more detail in Article 15 of the 1982 United Nations Convention of the Law of the Sea (UNCLOS).⁵⁵ This line has been drawn by Japan according to the Japanese interpretation of the rules established by UNCLOS. To be more specific, these rules regulate the rights to a 200 mile-wide economic zone, measured from the border-line to the respective territorial seas. This demarcation has never been approved by China. Rather than discussing the issue about demarcation, China promulgated in 1992 its own law about its “territorial sea and adjacent zones.” Article 2 in this law specifies as follows:

The PRC's territorial sea refers to the waters adjacent to its territorial land. The PRC's territorial land includes the mainland and its offshore islands, Taiwan and the various affiliated islands including Diaoyu Island, Penghu Islands, Dongsha Islands, Xisha Islands, Nansha (Spratly) Islands and other islands that belong to the People's Republic of China.

⁵⁵ For the text, see *United Nations Convention on the Law of the Sea*, available: <http://www.un.org/Depts/los/conventionagreements/texts/unclos/part2.htm>

Diaoyou Island (in Chinese) consists of a group of islands located south of Japan, which is called the Senkaku Islands by the Japanese. Ceding these to China would also effectively mean surrendering the rights to substantial reserves of natural gas.⁵⁶ The Japanese Ministry of Foreign Affairs has declared the official Japanese position on the issue as follows:⁵⁷

From 1885 on, surveys of the Senkaku Islands had been thoroughly made by the Government of Japan through the agencies of Okinawa Prefecture and by way of other methods. Through these surveys, it was confirmed that the Senkaku Islands had been uninhabited and showed no trace of having been under the control of China. Based on this confirmation, the Government of Japan made a Cabinet Decision on 14 January 1895 to erect a marker on the Islands to formally incorporate the Senkaku Islands into the territory of Japan.

Since then, the Senkaku Islands have continuously remained as an integral part of the Nansei Shoto Islands which are the territory of Japan. These islands were neither part of Taiwan nor part of the Pescadores Islands which were ceded to Japan from the Qing Dynasty of China in accordance with Article II of the Treaty of Shimonoseki which came into effect in May of 1895.

Accordingly, the Senkaku Islands are not included in the territory which Japan renounced under Article II of the San Francisco Peace Treaty. The Senkaku Islands have been placed under the administration of the United States of America as part of the Nansei Shoto Islands, in accordance with Article III of the said treaty, and are included in the area, the administrative rights over which were reverted to Japan in accordance with the Agreement Between Japan and the United States of America Concerning the Ryukyu Islands and the Daito Islands signed on 17 June 1971. The facts outlined herein clearly indicate the status of the Senkaku Islands being part of the territory of Japan.

⁵⁶ See "Pacific power play puts Japan and China between a rock and a hard place," *The Guardian*, April 5, 2005, available:

<http://www.guardian.co.uk/china/story/0,7369,1452414,00html>.

⁵⁷ Ministry of Foreign Affairs, Japan, "The Basic view on the Sovereignty over the Senkaku Islands," available: <http://www.mofa.go.jp/region/asia-paci/senkaku/senkaku.html> (accessed 2007-10-17).

The fact that China expressed no objection to the status of the Islands being under the administration of the United States under Article III of the San Francisco Peace Treaty clearly indicates that China did not consider the Senkaku Islands as part of Taiwan. It was not until the latter half of 1970, when the question of the development of petroleum resources on the continental shelf of the East China Sea came to the surface, that the Government of China and Taiwan authorities began to raise questions regarding the Senkaku Islands.

Furthermore, none of the points raised by the Government of China as "historic, geographic or geological" evidence provide valid grounds, in light of international law, to support China's arguments regarding the Senkaku Islands.

Two disputes result from this. The first dispute concerns how to apply the rules regarding the median line, which Japan wants enforced, but China resists. China points to rules regulating the continental shelf and claims that its economic zone extends 200 nautical miles, despite the fact that the sea between China and Japan is *less than* 400 miles wide. The second dispute concerns the legal ownership of the Daiyou/Senkaku Islands. The dispute over whether UNCLOS and its principles regulating the median line or the principle regulating the continental shelf shall take precedence also has implications for the respective Exclusive Economic Zones (EEZ) of the two countries, stretching south of the Korean Peninsula to the Japanese Ryukyu Islands. The disputes over the Daiyou/Senkaku Islands have implications for demarcating a border southwards from the Ryukyu Islands as far almost as Taiwan. There are also large reserves of natural gas in both of these offshore areas.

The importance that both parties assign to this issue became obvious when a submerged Chinese submarine violated Japanese territorial waters in 2005. This caused the Japanese Self Defense Forces to go on the highest level of alert, a rare move which had only been made once before since World War II. This incident caused an obvious embarrassment to Beijing and an official apology was extended to Japan. According to the Chinese explanation, the encroachment occurred by "accident."⁵⁸ But Japan did not take such an event

⁵⁸ "Chinese submarine enters Japanese waters," November 18, 2004, available: http://en.wikinews.org/wiki/Chinese_submarine_enters_Japanese_waters

lightly and has since decided to design a special type of ship for monitoring offshore assets. 8.2 billion yen have been earmarked in the defense budget for countering foreign submarines and spy ships in the seas adjacent to Japan.⁵⁹

The submarine incident demonstrated the symbolic importance of this issue for both countries and efforts have also since been made to reduce the potential for escalation. Consultations between the foreign ministers have taken place, and when Japan's newly appointed Prime Minister Shinzo Abe visited China in 2006, both parties:

reaffirmed that, in order to make the East China Sea a "Sea of Peace, Cooperation and Friendship", both sides should firmly maintain dialogue and consultation, and resolve appropriately difference of opinions. Both sides confirmed that they would accelerate the process of consultation on the issue of the East China Sea, adhere to the broad direction of joint development and seek for a resolution acceptable for the both sides.⁶⁰

Energy Resources: A Source of Conflict or Potential CBM?

After Abe's visit, China launched its next move to consolidate the improvement in bilateral relations between the two countries by sending Prime Minister Wen Jiabao to Tokyo in April 2007. The joint communiqué issued also specified and included a section on the territorial disputes between the two by stating that both parties had agreed to: “

- (1) Firmly adhere to making the East China Sea a "Sea of Peace, Cooperation and Friendship";
- (2) Conduct joint development as a provisional framework until the final delimitation based on principles of mutual benefit principles, on the premise that it does not prejudice the position of either side on various issues concerning the law of the sea.

⁵⁹ Masaki Hisane, "Japan's new energy strategy," *Asia Times Online*, Jan. 13, 2006, <http://www.atimes.com/atimes/Japan/HA13Dho1.html>.

⁶⁰ Press release from the Japanese Ministry of Foreign Affairs, April 11, 2007, available: <http://www.mofa.go.jp/region/asia-paci/china/jointo610.html>.

The two parties also pledged to speed up the process of consultation between the two countries and to report concrete measures on joint usage of the territory to their respective political leaderships.⁶¹

The two prime ministers agreed also to install a 24hr hotline between their respective armed forces to minimize the risk of an accidental escalation of tensions in the East China Sea.⁶² Moreover, energy issues were from now on set to become an area of priority and a sector in which relations between the two countries could be improved. A dialogue on energy had started a year earlier but only one meeting had up until then been held. It was decided that permanent delegations were to be installed on both sides to facilitate regular talks on issues of mutual concern, including for times when political relations became tense. Large business delegations also met in the course of the meeting between the two prime ministers and a number of cooperation agreements were signed.⁶³

In spite of these efforts, the picture of harmony between the two in the energy sector is still incomplete. Japan has lobbied Russia intensely to persuade Moscow to accord priority to an oil pipeline from Tashet in Eastern Siberia (close to Lake Baikal) to a port by the Sea of Japan. However, Russia has only committed itself to building a pipeline ending at Skorovdino, which is only half-way to the Sea of Japan and close to China.

China, for its part, has lobbied for an extension from Skorovdino to the oil fields in Daqing in Northeastern China, from where it would be further connected with the Chinese grid of oil pipelines. During a visit to Moscow in 2006, former Japanese Prime Minister Koizumi managed to get an agreement signed about accelerating the talks on the so-called trans-Pacific pipeline. This proposal suggested the construction of a pipeline from Skorovdino to the Pacific coast, but there is still no conclusive Russian commitment to this route. The Russian state-owned company Transneft, which also enjoys a national monopoly over oil pipelines, will start building the pipeline to

⁶¹ "Japan-China Joint press Statement (Provisional Translation)," available: <http://www.mofa.go.jp/region/asia-paci/china/pvo704/joint.html>.

⁶² "Japan, China to set up military hotline," *Reuters*, April 21, 2007, available: <http://edition.cnn.com/2007/WORLD/asiapcf/04/16/japan.china.hotline.reut/index.html>.

⁶³ "Japan, China firms sign energy accords," *The Japan Times*, April 13, 2007, available: <http://search.co.jp/cgi-bin/nb20070413a4.html>.

Skorovodino during 2008. But there is still no final agreement on an extension of the pipeline, whereas nationalist elements in both Japan and China have engaged in the debate. In sum, energy is viewed as both a source of conflict between Japan and China as well as a potential confidence-building measure between the two countries.

IV. Russia—Still a Bear!

The First Contacts

Russia has perhaps had an even greater impact on Japanese nationalism than China in the post-World War II period. The explanations can, as usual, be found in history. It was not until the seventeenth century that Russia made its mark on Eastern Siberia (adjacent to Japan), and it was not until the nineteenth century that Russia seriously engaged in the region. This engagement was primarily determined by conflicts over the Sakhalin Peninsula and the Kurile Islands. Sakhalin was partly inhabited by Japanese while the Kurile Islands, south of this peninsula, were populated by Japanese.

These disputes came to a temporary halt in 1875, when Japan traded Sakhalin in exchange for full control over the Kurile Islands. At the end of the century, Russia was a European power with a modern fleet and army while Japan was a “distant” Asian country with marginal resources. However, both countries harbored ambitions to lay their hands on the natural resources in northern China and Korea.

Ultimately war between the two could not be avoided, and it caused a major sensation when the Japanese forces emerged victorious against the Russians, both in the battle over the Tsushima Straits in 1905 and on land at Port Arthur in Northeast China. In the subsequent peace agreement it was specified that Japan would get the southern part of Sakhalin and the Kurile Islands. Japan also made an attempt to assist the “white forces” in fighting against the “red forces” during the Russian civil war, but all such assistance was interrupted when the communists established control over Siberia.

During World War II, Japan became an adversary to the Soviet Union when Hitler altered his strategy by abolishing the Molotov-Ribbentrop Pact and attacking the Soviet Union. (By attacking the U.S. navy in Pearl Harbor, Japan automatically became an enemy of the Allied powers, while the Soviet Union, as a result of being attacked by Germany, joined the Allied forces). However, remarkably little action was seen on the Siberian front, except for

the Battle of Khalkhyn Gol, when Soviet and Mongolian forces defeated the Japanese in 1939. Churchill and Roosevelt tried to convince Stalin to attack Japan in Siberia but Stalin decided to wait until the war was about to end before doing so. At the Yalta conference in February 1945, Roosevelt was able to obtain Stalin's promise to enter the war with Japan within 90 days of Germany's defeat in exchange for Mongolian independence, the Kurile Islands, and a part of Sakhalin Island. By that time, the German front had collapsed in Europe while the U.S., alone, was engaged in defeating Japan's forces in the Pacific Ocean. On August 19, 1945, the Soviet forces launched an offensive in Siberia, despite the fact that it had not yet terminated its neutrality agreement with Japan (an action which the Japanese still perceive as a betrayal). These forces also conquered Sakhalin, the Kuriles, and four other islands, which had never belonged to Russia in the first place, but which had been declared as belonging to Japan in bilateral agreements with Russia. This territorial conflict remains unresolved to this day.

An even more long-lived resentment among the Japanese was caused by the Soviet treatment of around 600,000 Japanese prisoners of war (according to some sources 700,000). These prisoners were captured in Siberia and also included the dependents of members of the Japanese occupation forces in China and Siberia. It is estimated that 60,000 prisoners died in captivity and the number of Japanese civilians who perished in the terrible conditions in Siberia remains unknown. The last remaining prisoners of war were not allowed to return home until 1956.⁶⁴

These events coincided with the spread of communist and socialist political ideologies in Japan. For a while, it seemed likely that the latter would become a challenge to the U.S.-supported liberal political parties. Already before the outbreak of the Korean War in 1950, however, the liberal parties won the elections. Even though Soviet ground forces did not participate in the Korean War, they were nevertheless interpreted as a potential threat and Japanese "russophobia" reemerged. The Soviet Union was certainly linked to the Japanese socialist movement (and, after 1949, China even more so) and this

⁶⁴ Supreme Court First Petty Bench Decision of March 13, 1997. The Court dismissed "the plaintiff's claims for past wages and damages stemming from the Soviet Union's forced labor of Japanese prisoners of war in Siberia during and after World War II," available: <http://www.senrei.com/const9.html> (accessed 2007-06-29).

was emphasized as a threat in Liberal Democratic Party literature as well as in U.S. propaganda. Anti-Soviet currents became strong and widespread among the rightist factions of Japanese political life.

The territorial conflict with the Soviet Union over the four islands (termed “the northern territories”) gained importance as expressions of Soviet intransigence. Buses with loudspeakers playing war-time battle songs cruised through the streets of Tokyo in protests outside Japan Socialist Party headquarters. After the establishment of a Soviet embassy in Tokyo in 1956, the protestors concentrated around the streets behind the Embassy compound. Still today, in 2007, these men in war-time uniforms continue to protest in their buses equipped with loudspeakers. They call for Japan to retake the northern territories. However insignificant they may appear, their activities are nevertheless evidence of a small but vociferous Japanese minority with a strong nationalistic message.

Territorial Disputes, Nationalism, and Siberian Natural Resources

When, in 1951, the U.S. and the Allied forces were poised to sign a peace agreement with Japan in San Francisco, the Soviet Union refused to participate. According to the agreement, Japan was to return the Kurile Islands to the Soviet Union—but the four disputed islands had not been considered by Japan as part of the island chain and, ever since, the Japanese have invoked the San Francisco agreement as the historical basis for their claims to the four islands. Not even attempts to establish a separate peace agreement with the Soviet Union in conjunction with the reestablishment of diplomatic relations in 1956 led to an agreement. Russia, as successor state to the Soviet Union, tried once again after the end of the Cold War to negotiate a peace agreement with Japan, indicating a willingness to return two of the four northern islands, but this compromise was not accepted by Japan.⁶⁵

New nationalistic undercurrents in Russia have been regarded by the government as too dangerous to challenge. The issue has also been inflammatory, since nationalistic fractions in the Duma have criticized the

⁶⁵ The Ministry of Foreign Affairs, Japan, *Overview of the issue of the Northern Territories*, , available: <http://www.mofa.go.jp/region/europe/russia/territory/overview.html> (accessed 2007-06-29).

president for his attempts to reach a compromise, which effectively would entail that Russia surrender parts of its territory to another country. Today, it would be difficult even to get the principle of a "two islands compromise" passed by the Duma. A peace agreement with Russia still remains to be signed, in spite of President Vladimir Putin having tried to push for such an agreement during his visit to Japan in 2001 and when Japanese Prime Minister Koizumi visited Moscow in 2003.

Japan has shown a strong interest in Siberia's natural resources, primarily in forestry, minerals, oil and gas. Negotiations were initiated in 1973, when Prime Minister Kakuei Tanaka visited Moscow with a large business delegation. The oil reserves on Sakhalin were already an important issue but it was not until the end of the Cold War, in 1990, that substantive negotiations involving businessmen from both sides could be restarted and before any agreement could be signed—and even that was not implemented as intended.

Mutual suspicions plagued the relationship, and explained why the Soviet Union and Japan never reached an agreement on Siberian projects of any greater magnitude. After all, this occurred during the height of the Cold War and tensions were particularly intense during the 1980s. Any major deal also required a formalized barter-trade arrangement. Such deals were nearly impossible in a situation wherein the authorities had a constant fear of deteriorating bilateral relations. In the absence of a peace agreement, such steps simply looked unrealistic.

Following U.S. President Ronald Reagan's rearmament of U.S. forces and the "Star Wars" initiative, the deployment of long-distance missiles in eastern Siberia seemed a matter of state survival for the Soviet Union. The clandestine nature of the Soviet Union, which was a persistent feature throughout its existence, also became a significant obstacle to Japanese mineral extraction and forestry. Added to this, Japan became a more valuable partner to the U.S. by offering opportunities to neutralize Soviet weaponry in the area. Even if the Japanese Self-Defense Forces could be used only for self-defensive purposes, as their name indicated, the U.S. could count on base access and defense deployment in Japan.

Russian and Japanese Strategic Weapons

During this time (in the 1980s), the Soviets also started developing a submarine-based second strike capability in the Sea of Okhotsk, north of Japan. Toward the end of the Cold War, around 30 per cent of all Soviet Ballistic Missile Submarines (SSBN:s) were stationed there. In addition to this, the Soviet air force had positioned nuclear bombers of the type Tupolev Tu-22 Backfire close to the Pacific coast in Siberia. There was even talk of moving a Soviet aircraft carrier to the Far East.

Violations of Japanese airspace occurred frequently, sometimes causing Japanese military aircraft to scramble. These were sometimes serious, as when Backfire aircraft approached the Japanese islands in a formation that was perceived as preparation for potential attacks on major Japanese cities.⁶⁶ Territorial violations by submarines and encroachments of mini-submarines along the coast also occurred, with the result that Japan was encouraged by the U.S. to acquire more sophisticated weapons. Toward the end of the twentieth century, Japan was perceived to have one of the world's most advanced anti-submarine warfare systems, with some 54 destroyers and 80 fixed-wing patrol aircraft equipped with the capacity to carpet-bomb sonar buoys.

Furthermore, Japan was considered to have the second largest and most modern fleet of surface ships in the Pacific Ocean, together with a number of modern submarines. The army was modern as well, especially so on the island of Hokkaido, which borders on Russian (then Soviet) maritime territory. Modern Japanese-manufactured tanks, radar- and missile equipped attack helicopters, and an early warning radar system constituted an impressive defense force.

The air force was designed both to support anti-submarine warfare far off the Japanese coast and to defend against attacks on Japanese territory.⁶⁷ The Soviet Union naturally interpreted the Japanese investments in anti-submarine warfare systems as intended to prevent Soviet SSBN:s from penetrating the straits around the Kurile Islands north of Japan on their way out of the waters in the Sea of Okhotsk and into the high seas of the Pacific

⁶⁶ Japan Defense Agency, *Defense of Japan 1981* (Tokyo: The Japan Times, 1981), p. 86.

⁶⁷ Japan Defense Agency, *Defense of Japan 1991* (Tokyo: The Japan Times, 1991), p. 205-53.

Ocean. Even if this was not declared publicly, it was obvious that these defense acquisitions formed part of the Japanese contribution to the joint U.S. defense against a Soviet second strike capability in a possible nuclear war.

At the end of the Cold War in Europe, the Japanese were uncertain of its demise in Asia. From Tokyo's perspective, China remained under communist rule while North Korea continued to represent an unrelenting threat to stability and peace in the neighborhood. Furthermore, the Taiwan issue remained unresolved and a politically unstable Russia was seen to be an untrustworthy neighbor. Even if Yeltsin and Putin repeatedly tried to negotiate a peace agreement, neither of them could offer-up all four islands as demanded by Japan. Recently, the Russian defense industry has also sold modern weapons to China, including offensive systems that Russia had previously refused to sell to China. This includes Sovremenny Missile Destroyers, high speed ship-to-ship missiles, fast torpedoes, and high-speed Sunburn naval cruise missiles, as well as submarines of the Kilo type.

Even if these weapons are primarily designed to threaten and target American aircraft carriers and submarines, they also pose a threat to the Japanese Maritime Self-Defense Force and its ability to defend the islands.⁶⁸ They may also threaten Japan; particularly should it participate in U.S. operations in the South China Sea and in defending Taiwan. In sum, Russian weapons sales to China create a great deal of suspicion in Japan.

Russia and Japan: What Next?

The Sino-Russian rapprochement in 1995 and the creation of the Shanghai Five mechanism (which was subsequently transformed into the Shanghai Cooperation Organization including China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) led to the Japanese courting of Russia. Strong Russo-Chinese relations, or even an alliance, were perceived as a direct threat in Japan and the subsequent response from Japan was to improve Russo-Japanese relations. It was intended mainly as a counter-measure to block or even eliminate Russia's tendency to regard Japan as an enemy. As an integrated part of this strategy, Japan elevated ongoing negotiations with

⁶⁸ Kiesow, *Kina i ett tjugoårsperspektiv*, p. 31.

Russia on developing gas and oil resources on Sakhalin to a matter of high priority.

A Japanese oil company was formed in 2001 to participate in a consortium to explore oil and gas in the so-called Sakhalin-1 project. Companies associated with both the Mitsui and Mitsubishi corporations subsequently participated in the Sakhalin-2 project. This consortium was restructured in 2007, when the Russian government expropriated foreign assets exceeding 50 per cent of the total capital.⁶⁹

One factor favoring stronger Russo-Japanese relations is the rapidly growing bilateral trade. Total bilateral trade almost tripled in 2002-2005, and is today more than one-and-a half times larger than during the peak period in Soviet times (US\$ 11.8 billion in 2005 compared to US\$ 7.6 billion in 1988). This does not necessarily mean, however, that Japanese corporations are pushing as hard for improved Russo-Japanese relations as those corporations engaged in Sino-Japanese trade are pushing for latter relations. Indeed, it was China that became Japan's largest trading partner in 2004. The difference in dimensions is best illustrated by the fact that total bilateral trade with China amounted to US\$ 180 billion in 2005.⁷⁰ It is also noteworthy that there is a built-in Japanese wariness of the investment climate in Russia

A further aspect of this is that former Russian President Putin has lately adopted an overtly anti-Western posture, which, by extension, also affects the Japanese perception of Russia. One point of contention between the two has been Russia's questioning of the Bretton Woods agreements and their relevance to developing countries. Russia has few means to offer in development assistance, while Japan is one of the largest donors to the international financial institutions, especially in Asia. Accordingly, Japan does not want to jeopardize this influence as a result of Russian agitation.

⁶⁹ Sakhalin Energy, Sakhalin I online och Sakhalin II online, available: <http://www.sakhalinenergy.com/en/default.asp?p=channel&c=1&n=200> (accessed 2007-06-21).

⁷⁰ The Ministry of Foreign Affairs of Japan, Regional Affairs, E The Russian Federation, Central Asia and the Caucasus, pp. 99 ff, available: <http://www.mofa.go.jp/region/index.html> (accessed 2007-06-29).

V. The Korean Peninsula: A Dagger Aimed at the Heart of Japan

Japan's role as a leading donor in the World Bank did not come free of charge and was especially costly during the Asian Financial Crisis when Japan was itself affected by the financial volatility. However, this development assistance has also had positive goodwill effects for Japan. In South Korea, for instance, Japanese capital has yielded important political benefits in the form of a more positive attitude toward Japan. The joint struggle against recession and the growing mutual interdependence have proven to be the first steps in a more constructive engagement between the two countries, a development which was by no means fated to happen.

It was via the Korean Peninsula that the previously mentioned Chinese attempts to invade Japan were made in 1274 and 1281. It was also via the peninsula that the first conquerors had poured in several hundred years earlier and subjugated the southern islands of Japan. The stronghold that they established there made it possible to continue northwards and make themselves lords of the entire country. Hence the saying: "Korea, a dagger aimed at the heart of Japan!"—echoing the European dictum that Belgium was a pistol aimed at the heart of Britain. Making conclusions from history, the Japanese seem to have some valid reasons to prevent any hostile power from establishing itself on the Korean Peninsula. This is also what has spurred the Japanese attempts to annex Korea. In the sixteenth century, Shogun Hideyoshi invaded Korea as part of his grand plan to subjugate the Chinese empire—a precedent followed by the Japanese militarists in the 1930s.

It is in Korea that the deepest wounds were inflicted during the Japanese expansion before and during World War II. They at least have been the most difficult wounds to heal during efforts to normalize relations with neighboring countries. This was not the first time that Japan had invaded Korea. Two previous attempts had been made at the end of the 16th century;

both failed, but led to bloody battles and excesses against the civilian population.⁷¹ Three hundred years later, in 1910, Japan annexed Korea, banned the Korean language, and brutally suppressed all opposition in an attempt to integrate its population with that of Japan.

It is said that the traditional Korean female long dress—tied above the waist—emerged as a result of the sixteenth century Japanese invasion. Pregnant women were the only ones who could escape rape (the dress appears as if it is worn by a pregnant woman). The validity of this could of course be questioned but it illustrates how the interpretation of history is a constant obstacle to the improvement of relations between Japan and Korea.

Japanese attitudes toward Korea are less respectful and courteous than toward China. Name-calling is frequent with Koreans often being labeled as “the garlic people,” alluding to their food habits. Moreover, in spite of the fact that archeological excavations of Japanese imperial tombs from the 3rd century AD indisputably contain many Korean objects, it has until today been inconceivable to suggest that the line of Japanese Emperors has Korean ancestors. Nor is it well received in Japan to argue that that the Chinese influence in Japan once arrived via the Korean Peninsula—which today is a well-established fact.⁷²

However, South Korea’s rapid economic growth has impressed Japan and its democratization has received due acknowledgement, especially in the light of Korea having been the most Confucian society in Asia until it was liberated from Japan.⁷³ The admiration for South Korea’s rapid democratization is reflected in the correspondingly strong abhorrence of the North Korean political system. The fear of North Korean nuclear weapons and abductions of Japanese citizens are essential elements in understanding how this attitude has formed.

⁷¹ Robert R. Simmons, *The Strained Alliance* (London: Collier Macmillan Publishers, 1975), p. 5.

⁷² See, e.g., Martin Colcutt, Marius Jansen, and Isao Kumakura, *Cultural Atlas of Japan* (New York: Facts on File Publications, 1980); and John K. Fairbank, *East Asia: Tradition and Transformation* (London: William Clowes & Sons, 1975).

⁷³ Fairbank, *East Asia*, pp. 302, 316, 322.

Strategically, United States Replaces Japan in Korea

The Korean War 1950-1953 had a major impact on Japan’s development after World War II. At the beginning of the war, the U.S. decided to pursue a two-pronged strategy in the region, to keep the Taiwan Strait open for international traffic and to defend Taiwan from Chinese aggression. In this way, the neighborhood became secured in a way that was relatively advantageous for Japan.

Before 1949, the U.S. had pursued a policy of dismantling Japanese factories, which had previously belonged to the Japanese industrial combines called *Zaibatsu*. This policy came to an end after 1949, when the U.S. started promoting the reconstruction of a modern Japanese industrial sector, which later, among other tasks, could produce necessities for the American forces in Korea.⁷⁴ The shift in the occupation policy in response to the new exigencies of the Cold War contributed to subsequent Japanese economic growth which, after the end of the occupation of Japan in 1951, continued until the 1990s.

As mentioned earlier, Japan is still being used as a pivotal base for American forces in the western Pacific. In addition to base-access, the U.S. also pushed Japan to develop its own “self-defense forces”⁷⁵—in a similar way as when the U.S. entered into a peace agreement and defense agreement with Japan in 1951, and concluded a defense treaty with South Korea which allowed army, naval, and air bases on its territory. In short, the strategic pattern that was established during the Korean War in Northeast Asia is not much different from that which exists today.

The Korean War made Japan realize that both North Korea and China presented a potential threat. This was also the most important reason for Japan to accept joining forces with the U.S. after the war. That was by no means a self-evident conclusion after World War II. The losses incurred by all sides and the atrocities committed in the latter stages of the war—especially the dropping of nuclear bombs on Hiroshima and Nagasaki—together with the war crimes tribunals, were naturally bound to create both a sense of alienation and hostility toward the U.S. at the end of the 1940s and early 1950s. After the Korean War, however, these sentiments were weakened

⁷⁴ Steenstrup, *Japans idéhistorie*, p 121.

⁷⁵ Japan Defense Agency, *Defense of Japan 1991*, pp. 53-59.

and this also partially explains why the client relationship with the U.S. has been as stable as it still is today.⁷⁶

A Partitioned Korea I: North Korea

North Korea's position remained anti-Japanese until both China and the Soviet Union abandoned it as an alliance partner and withdrew their support after the end of the Cold War. Weapons deliveries were cancelled by both countries, and this was also followed by requesting cash payment for existing weapons deliveries. For North Korea, Japan suddenly became a potential new source of modern technology, credits, and even investments (which in the end never materialized) during the early 1990s. Negotiations were conducted with Japanese companies and some economic exchanges also took place. The North Korean media, in turn, used a less provocative language toward Japan, and contacts were established even on an official level. This worried the South Korean government, prompting it to go so far as registering formal protests in Tokyo.⁷⁷

Nevertheless, Japan seemed to demonstrate an interest in normalizing relations with North Korea, although there was scarcely a broad consensus about this policy. Some quarters in Japan raised loud objections, but enough support was found to allow for the talks to continue and, after some time, they were also officially sanctioned. The normalization talks were conditioned by several factors, however:

First and most importantly, Japan had normalized relations with South Korea in 1992. While this was intended to facilitate the overall process, other events occurred which served to undermine the process. In 1987, it was revealed that a female North Korean agent had attempted to blow up a Japanese airliner. During the interrogations she confessed that she had been trained in infiltrating Japan by a Japanese woman who had been captured by a North Korean commando force and brought to North Korea.⁷⁸ This triggered a number of investigations by the Japanese police and, in 1992, it was established that at least 10 similar cases had been uncovered.

⁷⁶ Morinosuke Kajima, *History of Modern Japan* (Tokyo: Charles E. Tuttle Company, 1965), pp. 97-101.

⁷⁷ Green, *Japan's Reluctant Realism*, p. 116.

⁷⁸ *Ibid.*, p. 119.

Accordingly, all normalization talks were disrupted. This was the beginning of a problem that soon developed into a long-standing bone of contention about abducted Japanese citizens, or as it later was dubbed, the "Abductee problem," which continues to thwart prospects of the normalization of relations. North Korea had denied that any such kidnappings had taken place, but in 2002, Kim Jong Il admitted that 11 such abductions had been committed.

Simultaneously, support from the number of persons with an origin in the northern part of Korea and their descendents lessened as it became increasingly difficult for them to identify themselves with the North Korean cause. Consequently, financial contributions to North Korean associations and transfers of money to Pyongyang began to dwindle. This was serious for Pyongyang, since a significant portion of their foreign currency came from remittances of North Koreans living and working in Japan. Consequently, political and public support for North Korea suffered a setback.

Moreover, an additional crisis erupted when it became evident that North Korea harbored ambitions of becoming a nuclear power. U.S. President Clinton went so far as to prepare military actions against suspected nuclear weapons installations. However, former U.S. President Jimmy Carter made an unofficial trip to Pyongyang and thereby managed to stave off the crisis through an agreement with North Korea's President Kim Il Sung on North Korea's termination of the nuclear program in exchange for building a nuclear power plant for peaceful power production as well as deliveries of fuel oil. In the course of these events, Japan played an important role in financing the oil deliveries and in the creation of an organization, The Korean Peninsula Energy Development Organization (KEDO), for this purpose.⁷⁹

A Partitioned Korea II: South Korea

The first post-World War II regime in South Korea under Syngman Rhee was not democratic and, similar to the North Korean regime, strongly anti-Japanese. It was not until 1965 that the two client states of the U.S. in East Asia, Japan and South Korea, agreed on normalizing relations: Japan had to

⁷⁹ Don Oberdorfer, *The Two Koreas: A Contemporary History* (London: Little, Brown and Company, 1997), pp. 330-36.

offer US\$ 500 billion and extend loans on favorable conditions. It did not, however, offer a formal and official apology for its occupation and annexation of Korea. Notwithstanding this, the normalization of ties led to a rapid growth in bilateral trade and, in the relatively short space of time between 1965 and 1972, bilateral trade grew from US\$ 180 million to US\$ 1765 million. Japanese investments also started pouring into South Korea during this time.⁸⁰

In the early 1980s, the Soviet military presence in East Asia increased significantly, at sea and on land, and this created uncertainty both in Japan and South Korea. Both countries were now forced to rely on the American military presence. Until then, Japan had been cautious about maintaining too close an association with South Korea and the defense agreement with the U.S. was formulated to preclude Japan from engaging in any acts of war on the Korean Peninsula (or anywhere else for that matter).⁸¹

The standpoints diverged, however, regarding the interpretation of the *Guidelines for Japan-U.S. Defense Cooperation* and *The Japan-U.S. Security Treaty* of 1960. The Japanese insisted that collective defense was not part of the treaty. Consequently, according to Japan, the U.S. had no valid claims to request military assistance from Japan, not even in defense of South Korea.

Neither had any bilateral military contacts between Japan and South Korea occurred, nor had any contacts through American arbitration (or in the presence of the U.S.) taken place. However, these taboos started to dissolve during the last years of the Cold War, primarily in order to facilitate contacts between naval and air forces. Joint maritime exercises and air force maneuvers were conducted simultaneously between American and South Korean naval forces and between American and Japanese forces in areas close to each other, and discrete military exchanges between Japan and South Korea also occurred.⁸²

These contacts were of a major symbolic importance and the then Japanese Prime Minister Yasuhiro Nakasone used the improved climate to make the first official state visit to South Korea in 1992. This occurred in a dramatic

⁸⁰ Green, *Japan's Reluctant Realism*, p. 115.

⁸¹ *Ibid.*, p. 114.

⁸² *Ibid.*, p. 115.

context: a South Korean politician belonging to the opposition, Kim Dae Jung, had been kidnapped by South Korean agents from a hotel room in Japan. While visiting Seoul, Nakasone managed to facilitate Kim Dae Jung's release.⁸³

There were still substantial obstacles to be surmounted before a complete normalization of relations could take place, however. Most important was the territorial dispute and the interpretation of the UNCLOS. In 1996, negotiations were initiated on some disputed islands between Japan and South Korea, named Takeshima in Japanese and Tokdo in Korean. This dispute was complicated by the existence of a vague agreement on fishing rights dating back to 1965. A compromise was reached on partitioning the maritime area into two equal halves, but this did not come into effect until South Korea had conducted democratic presidential elections and Kim Dae Jung was elected president. When he entered office, he was able to repay Nakasone in having him released from prison. He also made a state visit to Tokyo in 1998 and the territorial disputes were expedited through compromises that were reached during the negotiations preceding the visit.⁸⁴

However, additional strains surfaced when a dispute over school textbooks and accounts of historical events became the focus of attention in the media. According to the South Korean interpretation, Japanese schoolbooks omitted, or gave incomplete accounts of, the Japanese atrocities committed against Koreans during the colonial period. This debate was made even more complicated with the surfacing of the issue of apology and compensation to Korean women, who had been forced into prostitution at Japanese army-camp brothels during World War II. Both these questions were nevertheless addressed ahead of Kim Dae Jung's visit to Japan; but these three issues resurface occasionally in the media and none can be considered to be fully resolved.

An issue that has been better handled is the Japanese apology for the occupation and annexation of Korea. Kim Dae Jung expressed his appreciation for the Japanese contribution and its international role in exchange for an acknowledgement by Japan's Prime Minister Obuchi, who "in a spirit of humiliation touched upon the historic fact that Japan during a

⁸³ Ibid.

⁸⁴ Ibid, p. 122.

certain period in the past had incurred major damages and sufferings for the people of the Republic of Korea.” It should be noted, however, that North Korea’s population was not included in this apology (North Korea’s official name is “The Democratic People’s Republic of Korea”). The statements issued in the communiqués were used to finally mark the formal and official reconciliation and normalization of relations between Japan and South Korea. Since then, South Korea has become one of Japan’s largest trading partners. With the removal of all South Korean obstacles to the import of Japanese modern popular cultural expressions, such as movies, Manga comics, and pop music, South Korean attitudes toward Japan have improved markedly, but it would still be an exaggeration to call them friendly.

Launching a North Korean Missile: Effects on Japan

On August 31, 1998, North Korea launched a multi-stage Taepodong rocket carrying enough pay-load to make it possible to convert it into a nuclear weapon-missile. Perhaps even more spectacular was the fact that the rocket passed over Japan before it splashed into the Pacific Ocean. This came as a major shock and posed as a new threat in the form of the use of nuclear weapons against Japan. Such a prospect triggered a very strong reaction among the Japan public. As the only country in the world which has experienced a nuclear holocaust, Japan is especially sensitive to the nuclear threat. The incident prompted a number of changes in Japan’s security policy. From now on, not only did Parliament agree to many propositions from the government on defense acquisitions that it had previously rejected, but it was actually in Parliament that a number of proposals concerning the strengthening of defense capabilities were now initiated.

Moreover, it was later revealed that the U.S. had had intelligence indicating preparations for a North Korean launch but that this information had never reached the highest echelons and that consequently the U.S. had failed to notify Japan. Although Japan’s security policy has been guided by restraint since World War II, the Japanese parliament decided to build and deploy four reconnaissance satellites for the purposes of independent Japanese

monitoring and intelligence gathering.⁸⁵ During 2007, the two final satellites were put into orbit, thus completing the project.

From an American point of view, this event was of special significance. It demonstrates that Japanese confidence in protection from the U.S. "nuclear umbrella" has been damaged. The Japanese no longer seem to be willing to place full trust in American preparedness to use nuclear weapons to protect Japan if needed.⁸⁶ In some Japanese quarters, it was even debated whether Japan should develop a nuclear weapon itself. The debate never achieved any policy decision but it spurred concerns over the future, a concern which still prevails.

The fact that the missile crossed Japan was also seen as evidence that the main target for North Korea's nuclear weapons program was not South Korea but Japan (and possibly the American troops stationed there). Consequently, the relative sense of security that the Japanese had enjoyed during most of the post-war era now seemed to have eroded. This partially explains the sensitivity concerning North Korea within Japan. The Chinese had since the latter half of the 1960s deployed nuclear missiles aimed at Japan. Although cause for concern, this never stimulated the degree of policy change comparable to the one in the wake of the 1998 incident.

There had been a tradition in parliament of scrutinizing all weapons acquisitions closely, especially if the weapon systems in question had *offensive* capability. These criteria were eventually loosened. For example, budget propositions for acquiring refueling aircraft and attack helicopter-carrying heavy destroyers were now being granted.⁸⁷ The Guidelines for Japan-U.S. Defense Cooperation were now interpreted in a different way. In spite of Chinese protests, the Japanese SDF would now act in support of the U.S. navy in the South China Sea while a declining faith in the U.S. as a security provider reduced opposition to the idea of joint defense arrangement. Resistance to the joint development of an Anti-Ballistic Missile Defense System suddenly decreased and now received support in Parliament. The

⁸⁵ Ibid., p. 127.

⁸⁶ Ibid., p. 125.

⁸⁷ Stratfor, *Japan, the Continuing Military Shift*, September 2, 2004, available: http://www.stratfor.com/products/premium/read_article.php?id=234490 (accessed 2007-07-02).

necessary funding was allocated to the missile defense projects in the first years of the new century.

As a result, the Japanese Aegis-type destroyers have been equipped with, or are in the process of being equipped with, advanced American SM-3 missiles, while the ground-forces have been supplied with Patriot PAC-3 missiles together with a radar and fire-control system that is compatible with the American Aegis ship-borne system. Meanwhile, the Japanese air defense radar-system is being integrated with the American system, which also covers Korea and is coordinated with the South Korean radar system.⁸⁸ Japan has also allowed deployment of an American X-band radar, a key sensor component for missile defense systems. The sensor data from this radar is to be used by both Japan and the U.S.

Reconciliation with North Korea?

It would appear as if the launching of the Taepodong rocket in 1998 has had an even deeper impact than two later launches, and perhaps more than other events that have also occurred in Japanese-North Korean relations; namely a visit to North Korea by Prime Minister Koizumi in 2002 and North Korea's nuclear test explosion in 2006. These events seem to have entrenched what was crystallized in 1998 rather than created new preconditions as far as Japan's security policy is concerned.

After 1998, the North Korean government launched an initiative to normalize its relations with the outside world. Among other things, Pyongyang accepted a visit by the South Korean President Kim Dae Jung in June 2000 as part of the historic first inter-Korean summit. From the outset, compared to previous South Korean leaders, Kim Dae Jung seemed to possess the greatest latitude for reaching a compromise with North Korea.⁸⁹

⁸⁸ "U.S. wants access to SDF radar data," *The Japan Times*, April 6, 2004;

"SDF rising to challenge of modern realities", *The Japan Times*, June 29, 2004;

"Japan's Muscle Flexing is cause for Concern", *The China Daily*, July 8, 2004;

"Missile Shield project ignites bidding war", *The Japan Times*, November 18, 2004.

⁸⁹ "Historic Inter-Korean Summit Talks In Pyongyang from June 13-15", *Korean Central News Agency* (Pyongyang), June 15, 2002, available: http://www1.korea-np.co.jp/pk/142th_issue/2000063001.htm (accessed 2007-06-27).

It came, however, as a surprise when Japan's Prime Minister Junichiro Koizumi visited Pyongyang in September 2002. This visit was partly motivated by the prospect of solving the abductee issue (8 of the abductees had already died by this time), and Koizumi managed to procure a commitment from North Korea to thoroughly investigate all cases and assurances that no further abductions would take place. The price for this was a Japanese statement acknowledging the past injustices committed against North Korea. This statement was similar to attempts by one of Koizumi's predecessors, Keizo Obuchi, to reconcile relations with South Korea in 1992—which, however, had failed to achieve its objective in normalizing relations. After Koizumi's visit, five abductees were granted permission to visit Japan; they subsequently never returned to North Korea, which provoked strong reactions in Pyongyang.⁹⁰ Since then, North Korea has refrained from assisting Japan in locating other missing persons identified by Japan.

Following North Korea's further development of the Yongbyon reactor to enrich weapons-grade plutonium and a number of test launches of short-distance missiles, China managed to initiate the so-called Six-Party Talks, including Japan, China, Russia, North Korea, South Korea, and the U.S., on North Korea's nuclear weapons program. As a result of this, Japan acquired an important role in solving one of the most important political problems in international relations. A demand from Japan during these talks has been that the abductee problem appear on the agenda. That demand has made the talks more complicated, since the motive behind the talks not only relates to the North Korean nuclear weapons program but also to the creation of a climate conducive to peace between the countries involved. So far the Japanese policy has not been successful.⁹¹

When, in October 2006, Koizumi's successor as Prime Minister, Shinzo Abe, was due to visit both Beijing and Seoul, rumors surfaced that North Korea was preparing a test explosion of a nuclear weapon, coinciding with a

⁹⁰ The Ministry of Foreign Affairs of Japan, "Japan-DPRK Pyonyang Declaration," available: http://222.mofa.go.jp/region/asia-paci/n_korea/pmvo209/pyonyang.html (accessed 2007-07-02)

⁹¹ "North Korea wants Japan out of the talks", *BBC News*, June 25, 2007, available: <http://newsvote.bbc.co.uk/mpaps/pagetolls/print/news.bbc.co.uk/2/hi/asia-pacific/31> (accessed 2007-06-25).

national holiday. In Beijing, Abe and Hu Jintao expressed their concern and warned North Korea to abstain from any such plans. It was then announced that North Korea had already conducted a test explosion of a nuclear weapon. This led to a strong condemnation by the South Korean president, his guest Koizumi, with even Beijing issuing words of condemnation. Abe declared that he intended to impose severe sanctions, present the matter before the UN's Security Council, consult with the U.S., and explore the potential of jointly deterring North Korea. This implied strengthening the alliance with the U.S. to include Anti Ballistic Missile Defense and jointly operating Reconnaissance Satellites.⁹²

Further Obstacles to Meaningful Negotiations

All of the above measures have been taken. Following the UN Security Council's adoption of sanctions against North Korea, Japan has spearheaded the so-called PSI-initiative, which is a U.S. initiated training program for searching (inter alia North Korean) ships at sea suspected of smuggling contraband according to the Non-Proliferation Treaty, such as missiles and nuclear weapons. In addition to this, North Korean assets have been frozen and raids against North Korean associations made, which have been followed by criminal investigations.⁹³

So far, North Korean pledges to cease activities at the Yongbyon reactor and to participate in the Six-Party Talks, after having been granted access to frozen funds, have failed to push Japan toward pursuing a more conciliatory

⁹² "Timeline: N Korea nuclear standoff", *BBC News*, December 6, 2007, available:

<http://news.bbc.co.uk/2/hi/asia-pacific/2604437.stm> (accessed 2007-06-25);

"China, Japan leaders pressure N. Korea", *Associated Press*, October 8, 2006, available:

<http://www.msnbc.msn.com/id/15177671/print/1/displaymode/1098/>

(accessed 2007-06-26);

"North Korea Claims nuclear test", *BBC News*, October 9, 2006, available:

<http://newsvote.bbc.co.uk/mpapps/pagetolls/print/news.bbc.co.uk/2/hi/asia-pacific/60> (accessed 2007-06-26);

"Press Conference by Prime Minister Shinzo Abe Following his Visit To the Republic of Korea", Speeches and Statements by Prime Minister, October 9, 2006, available:

http://www.kantei.go.jp/foreign/abespeech/2006/10/09koreapress_e.html

(accessed 2006-06-26).

⁹³ "Chongryon Issue — North Korea angry! The Asahi too", *Liberal Japan*, July 2, 2007, available:

<http://japan.shadowofiris.com/north-korea/chongryon-hq-and-ex-spy-chief-story/> (accessed 2007-07-02).

approach. The raids against North Korean associations continue in Japan,⁹⁴ while North Korea has threatened to boycott negotiations in Beijing should Japan continue its "anti-North Korean" activities.⁹⁵

Following the replacement of Abe's government with the Yasuo Fukuda cabinet, Japan has toughened its sanctions against North Korea, despite North Korea's assurances that it will close down the plutonium reactor at Yongbyon. Japan thereby is contravening the policy agreed upon by the other participants in the Six-Party Talks in the September 2007 negotiations; for its part, Japan persistently claims that no progress has been made.

For some time the situation has threatened to isolate Japan. This impression was created by a joint communiqué issued in the wake of a high-level meeting in October 2007 between the South Korean Prime Minister Roh Moo Hyun and the North Korean leader Kim Jung Il. Here, both explicitly refer to a substitution of the ceasefire agreement from 1953 with a peace agreement "between three or four affected countries."⁹⁶ If the two Koreas manage to achieve such a compromise Japan (and Russia) will be excluded and, in consequence, be unable to influence future negotiations on security in Northeast Asia.

However, the danger of isolation for Japan has lessened considerably in light of recent developments in 2008. The Six-Party Talks have become even more deadlocked after the election of Lee Myung-bak as president of South Korea, and the North Korean issue is becoming a topic in the U.S. presidential election campaign, with hardliners demanding a tougher stance against North Korea. The DPRK has threatened to block progress in the Six-Party Talks over its nuclear programs, claiming that efforts by U.S. hardliners to disrupt the dialogue with Pyongyang could aggravate the current standoff.⁹⁷ The reactor remains to be closed, and the abductee issue still

⁹⁴ "Ex-security agency chief held for Chongryun deal", *The Japan Times*, June 29, 2007, available: <http://search.japantimes.co.jp/print/nn20070629a3.html> (accessed 2007-06-29).

⁹⁵ "N Korea confirms funds transfer", *BBC News*, June 25, 2007, available: <http://newsvote.bbc.co.uk/mpaps/pagetolls/print/news.bbc.co.uk/2/hi/asia-pacific/362...> (accessed 2007-06-25)

⁹⁶ *Kim Jong Il Signs together with Roh Moo Hyun Declaration for Development of North-South Relations and Peace and Prosperity*, bulletin received from the Embassy of DPRK in Stockholm 2007-10-04

⁹⁷ "NK Threatens to Derail Six-Way Talks", *The Korea Times*, February 8, 2008.

remains to be solved, but Japan is hardly running the danger of becoming isolated on account of its hardened position regarding North Korea.⁹⁸

⁹⁸ *Al Jazeera*, October 9, 2007, available: <http://english.aljazeera.net/News/aspx/>

VI. The Significance of Japan–U.S. Cooperation in Ballistic Missile Defense

Research in Japan on possible Ballistic Missile Defense systems (BMD systems) has been systematically ongoing—albeit slowly—since the early 1980s. Accordingly, to enter into co-operation with the U.S. on BMD research in the wake of North Korea's 1998 missile test was a logical step in response to this serious concern. The test made clear to Tokyo the urgency and need to address the issue of a potentially nuclear-armed North Korea with ballistic missiles as means of delivery.

Early Japanese BMD Efforts

When President Reagan introduced the Strategic Defense Initiative in his "Star Wars Speech" in 1983, it was clear from the beginning that the U.S. would need the co-operation of its allies in order to develop the needed superiority fast enough in order to exhaust the Soviet Union. In 1985, Japan was invited to participate in Star Wars programs.

An exchange of notes created the basis for this work. A legal framework was also set up. Two new agreements were signed, and the subsequent necessary Japanese legislation for the transfer of "dual-use high technology" was adopted.⁹⁹ But before the co-operation had the opportunity to deliver any substantial results, SDI lost its impetus in the wake of the Soviet Union's decline and collapse and the end of the Cold War. During the first Gulf War in 1991, missile defense once again came into focus but now as TMD for protection against short range ballistic missiles.

Japan had been using U.S. equipment in its Self Defense Forces for a long time. But it had also developed its own rather prominent space research capability. From the 1980s, Japan operated heavy duty booster rockets, which compared with the heaviest U.S. and Soviet rockets for launching satellites

⁹⁹ Masako Ikegami-Andersson, *Military Technology & US-Japan Security Relations: A Study of Three Cases of Military R&D Collaboration, 1983-1998*. Uppsala University, Department of Peace & Conflict Research, Report No. 51 (Uppsala, 1998).

into space. Its electronics industry was leading in many fields, and development and research on sensor technology and new high-tech materials was also well advanced.¹⁰⁰

Soon after the Gulf War, U.S.–Japan MD cooperation was once again initiated. In 1993, a Japanese-American TMD Working Group was established aimed at developing a missile defense system against threats from ballistic missiles sent by so called States of Concern.¹⁰¹

The Taepodong Effect

The BMD question was jump-started for the second time in August 1998, after North Korea's missile launch over Japan mentioned in the foregoing chapter. The missile was described as a Space Launch Vehicle (SLV) designated Taepodong 1 SLV carrying a communications satellite. Whether or not this was actually the case was of less importance. The launch demonstrated North Korea's ability to use ballistic missiles to deliver small payloads—potentially nuclear armed ones—at least as far as Japan.¹⁰² The estimated range of the Taepodong missile was in excess of 2000 kilometers (North Korea is currently working on a Taepodong 2, which could have a range of up to 5000 kilometers). When the Taepodong I overflew Japan, the Japanese government immediately expressed "serious concerns that regional destabilization [would] be the consequence."¹⁰³

The general fear of nuclear destruction that all Japanese harbor in light of Hiroshima and Nagasaki, explains why the reaction in Japan was immediate and drastic. It was reinforced by the fact that the missile crossed Japanese airspace before landing in the Pacific Ocean. Among the decisions taken as a result of the North Korean missile launching were the following:

- A decision in December 1998 by the Japanese Government to co-operate with the Government of the United States to conduct research on Navy Theater Wide Defense.

¹⁰⁰ Ingolf Kiesow, *Asien Attraherar*, Report A 10043-1.4 (Stockholm: National Defence Research Establishment, 1993), pp. 46-48.

¹⁰¹ Japan Defense Agency, *1999 Defense of Japan*. Originally published by the Self Defense Agency, translated and printed by Urban Connections, Japan, 2000, p. 81.

¹⁰² Robert Walpole, Prepared testimony before the US Senate, February 9, 2000.

¹⁰³ Japan Defense Agency, *1999 Defense of Japan*.

- A decision to allocate 962 million yen in the state budget for 1999 to research on an SM-3 missile system.
- A decision ratified by the Diet in November 1998 to build four advanced reconnaissance satellites for dual use, civilian and military.

The initiative this time actually came from the Diet. It decided in September 1998 that the "Government will take all measures to ensure the security of Japan." As a result, the government in December of the same year announced that it would proceed as soon as possible with co-operative Technical Research with the United States on Navy Theater Wide Defense.¹⁰⁴ It also declared that now "there are no alternatives to the BMD system."

As could be expected, there was some criticism in Japan against the participation in U.S. BMD efforts. At the Japan Atomic Industrial Forum 2001, Kaoru Kikuyama argued that: "In northeast Asia, for those regional powers, such as Japan and South Korea, TMD serves their national missile defense, which should require a comprehensive independent approach to the system from the US's, given a divergent security incentive between these parties."¹⁰⁵

However, such arguments had little effect and did not stop the development. Resistance against the joint development of an Anti-Ballistic Missile Defense System decreased suddenly after 1998 and now received support in Parliament and was allocated necessary funds.

As a result, the Japanese Aegis-type destroyers have been equipped with, or are in the process of being equipped with, SM-3 missiles, while the ground-forces have been supplied with Patriot PAC-3 missiles together with a radar and fire-control system that is compatible with the American Aegis ship-borne system. Meanwhile, the Japanese air defense radar-system is being integrated with the American system, which also covers the U.S. forces in Korea and their radar and BMD missiles.¹⁰⁶ The U.S. has also been able to

¹⁰⁴ Ibid. p. 83.

¹⁰⁵ Kaoru Kikuyama, "Ballistic Missile Defence and Its Security Implication – Does Japan Need TMD?" <http://www.mi.infn.it/~landnet/NMD/kikuyama.pdf>

¹⁰⁶ "U.S. wants access to SDF radar data", *The Japan Times*, April 6, 2004.

"SDF rising to challenge of modern realities", *The Japan Times*, June 29, 2004;

"Japan's Muscle Flexing is cause for Concern", *The China Daily*, July 8, 2004;

"Missile shield project ignites bidding war", *The Japan Times*, November 18, 2004.

deploy an X-band radar, a critical missile defense sensor, on the west coast of Japan. The information from this radar will be used by both Japan and the U.S. in missile defense operations.

Since 1998, Japan has launched four new intelligence-gathering satellites, with both optical and radar capabilities to monitor Northeast Asia, providing Japan with a capability of its own to monitor events in the region and react accordingly, in theory without needing American help.

The U.S. BMD System

Meanwhile, as an effect of the Gulf War, missile defense had again been allocated funding in the U.S. In focus was the development of TMD, a missile based weapon system designed to shoot down short range ballistic missiles. The ballistic missile threat was moved up the political agenda and a commission headed by Donald Rumsfeld was commissioned to make a report.¹⁰⁷ The report that came out in 1999 assessed the threat to be great and it set the agenda for the coming Bush administration wherein Donald Rumsfeld was to act as Secretary of Defense. Once the U.S. withdrew from the Anti-Ballistic Treaty in 2002, missile defense programs were restructured with systems integration and layered defenses as key objectives. To this effect the mission of the U.S. Missile Defense Agency (MDA) is now to develop an integrated, layered BMD system to defend the United States, its deployed forces, allies, and friends from Ballistic missiles of all ranges and in all phases of flight.

The Ground Based missile defense system for protection against long range, intercontinental missile threats is deployed and operational but with relatively few missiles installed. Protection of the continental U.S. became a key area of focus after the September 11 attacks and missile defense development was accelerated partly as a result of this shift of focus.

TMD programs for defense against short and medium range missiles now include the operational Patriot Advanced Capability-3 (PAC-3) and Aegis-based Ballistic Missile Defense Standard Missile-3 (SM-3) systems. Of these

¹⁰⁷ Missile Defense Agency, *Global Ballistic Missile Defense: A Layered Integrated Defense*, BMDS Booklet, 4th ed.

the SM-3 system has a much wider range and capability and it will be the primary first generation regional MD system in the western Pacific.

This ship based Aegis BMD System has been on initial deployment with the U.S. navy since 2004 and was operationally certified in 2006.¹⁰⁸ By 2009 the U.S. plans to have 18 BMD ships operational. The first of Japan's planned Aegis BMD cruisers became operational in 2007. The system is designed to detect and track all types of ballistic missiles including Intercontinental Ballistic Missiles (ICBM:s). In tests the system has proven its capability in intercepting short and medium range ballistic missiles above the atmosphere in their mid course phase of flight (as well as satellites). However the system is not designed to intercept ICBM:s.

As of early 2008, 13 ships (12 U.S. and one Japanese) were equipped for full Aegis BMD operability; that is the ability to track and shoot down targets.¹⁰⁹ An additional five U.S. ships and one Japanese ships have the ability to use the advanced Aegis Spy 1 radar to track targets and support BMD intercepts.^{110,111,112} It is, however, unclear what capabilities have been deployed on the U.S. and Japanese BMD capable ships. According to one U.S. navy official, the navy does not have a "contingency capability" i.e. the BMD missiles used to shoot down targets are not routinely deployed on all capable ships.¹¹³ Rather they are stored on land and issued to ships "whenever and however the nation needs to use [BMD capability]."¹¹⁴ Later official

¹⁰⁸ H. Klienber, J. Kueter, *Aegis Missile Defense: A Proven Capability*, George C. Marshall Policy Outlook, George C. Marshall Institute, November 2007, p. 1

¹⁰⁹ Henry A. Obering III, *Missile Defense Program and Fiscal Year 2009 Budget*, Testimony Before the Senate Armed Services Committee, Subcommittee on Strategic Forces, Missile Defense Agency, April 1, 2008, p. 12.

¹¹⁰ "Lockheed Martin Concludes 2007 With Record Accomplishments in Missile Defense", *Space Daily*, Jan. 9, 2008, p. 2, available: http://www2.spacedaily.com:7778/news/reports/Lockheed_Martin_Concludes_2007_With_Record_Accomplishments_In_Missile_Defense_Capabilities_999.html (accessed 080416].

¹¹¹ "Serious Dollars for AEGIS Ballistic Missile Defense Modifications", *Defense Industry Daily*, Mar. 1, 2007, available: <http://www.defenseindustrydaily.com/serious-dollars-for-aegis-ballistic-missile-defense-modifications-03091> (accessed 080416].

¹¹² Obering III, Testimony, p. 27.

¹¹³ Klienber, Kueter: *Aegis Missile Defense*, p. 1

¹¹⁴ Brad Hicks (Adm.), "Aegis Ballistic Missile Defence (BMD) System", Washington Roundtable on Science and Public Policy, George C. Marshall Institute, December 19, 2005, p. 1.

statements do not clearly state if and how many Aegis BMD missiles are deployed on ships, indicating either that the 2005 statement above is still correct or that information is being deliberately withheld for security reasons.¹¹⁵ The latter is the case in Tokyo.¹¹⁶

The actual capability of the weapon system is difficult to assess without it first having intercepted an enemy ballistic missile. Recent developments, however, have also demonstrated the ability of the system to perform against satellites. In early 2008 “an extensively modified SM-3 interceptor and a modified Aegis Weapon System” was used to shoot down a malfunctioning U.S. reconnaissance satellite in low earth orbit.¹¹⁷ One symbolic effect of this intercept may be to make the system credible as an Anti-Satellite (ASAT) weapon. Whatever the real intention behind this test, the result is a demonstration of the efficiency of the Aegis TMD system and TMD architecture for the western Pacific. Aegis TMD is and will for the near future remain the most effective and valuable part of the overall U.S. BMD System and the BMD presence in Asia ensures that the region will continue to be the primary theater for U.S. BMD development.

Japan–U.S. BMD Cooperation Today

For the purposes of BMD cooperation the U.S. needs to collaborate with other countries in order to facilitate access to advantageous geographic locations and to develop the capabilities of potential coalition partners. The MDA has reached agreements to facilitate ballistic missile defense cooperation with Japan, the United Kingdom, Australia, and Denmark (on Greenland).

A vital role is played by the ship-borne Aegis Missile Defense, which serves as a forward-deployed sensor by extending the battle space and providing early warning of ballistic missile launches. Aegis sensors data is relayed to relevant MD commands. The U.S. and Japan plan to upgrade all four of Japan’s KONGO Class Destroyers to the Aegis Ballistic Defense 3.6 Combat System. These installations are scheduled for 2007 through 2010.

¹¹⁵ Withholding of information may be the more credible explanation as the number of missiles available as of 2008 is limited. See Obering III, Testimony, p. 27.

¹¹⁶ Interview with Japanese researcher, March 7, 2007 (notes held by John Rydqvist).

¹¹⁷ Obering III, Testimony, p. 4.

In 2006, Japan and the U.S. signed an agreement about a Joint Cooperative Research Project on the Standard Missile-3 Cooperative Development Program. This program focuses on joint development of a next generation 21 inch diameter variant of the SM-3 to intercept longer-range ballistic missiles—which means missiles potentially launched in Asia against the American homeland. In other words, when this system is operational, Japan will have contributed to technical developments that in the end make joint operations and cooperative defense (of the U.S. homeland) with the United States even more probable—a significant step in its defense policy development.

Japan’s Multidimensional Dilemma

As outlined in chapters one and two, Japan has to consider a wide range of factors in tailoring its security policy. Some of these basic factors include:

- Its own constitution
- The way its own governments have interpreted that constitution
- Changing realities in its region
- U.S. expectations about help in the strategic power game in the western Pacific
- China’s attitudes and military policy
- South Korea’s attitude
- Relations and borders with Russia
- The potential nuclear threat from North Korea against U.S. forces in Japan and/or its own population
- The need for secure Sea Lanes of Communication
- How memories of Japan’s behavior in the past have influenced the attitudes of all actors in the western Pacific
- Changing attitudes among its own population

The two last factors especially relate to the issue that this paper engages with: namely whether Japan can discard its legacy from WWII. That the Japanese mindset tends to be that contemporary Japan is “normal” does not mean that neighbors are willing to share this attitude and treat Japan as a

“normal” neighbor. Indeed, this is not only because of Japan’s past behavior, but also because of its role as an alliance partner of the U.S.

The Consequences of “Entrapment” through U.S. BMD Policy

The destruction of a faulty U.S. intelligence gathering satellite on February 21, 2008¹¹⁸ may serve as one illustration of how even a seemingly unrelated event can present Japan with complicated considerations. The satellite was destroyed by a modified Aegis Ballistic Missile Defense Standard Missile-3 (SM-3), which was launched from USS Lake Erie.

Despite U.S. statements that this ASAT operation was a one-off, ad hoc operation, it in effect links MD to the sensitive issue of the further militarization of space and nuclear deterrence logic. In part the U.S. test can be seen as a response to a similar test by China a year earlier. China used a modified ballistic missile to shoot down a decommissioned weather observation satellite. As an effect of these two ASAT tests, the military space race has taken yet another and detrimental step toward becoming an arena for intense and possibly kinetic military competition.

The downing of the satellite was officially criticized by Russia for being a demonstration of a weapons system.¹¹⁹ In China official comments were more restrained, but unofficially the act was also perceived as a weapons system demonstration, especially since it happened close to one year after the Chinese had destroyed a weather-satellite with a test missile. The latter had prompted Japanese demands for an explanation and a statement of concern from Chief Cabinet Secretary Yashuhisa Shiozaki that “Naturally we are concerned about it from the viewpoint of security as well as peaceful use of space.”¹²⁰

¹¹⁸ “Out-of-control satellite destroyed over Pacific”, *Telegraph.co.uk*, February 21, 2008, available: <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2008/02/21/wsatellite121.xml> (accessed 2008-02-27).

¹¹⁹ “US spy satellite plan a ‘cover’”, *BBC*, February 17, 2008, available: <http://news.bbc.co.uk/2/hi/americas/7248995.stm>

¹²⁰ “US official: Chinese test missile obliterates satellite”, *CNN.com*, January 18, 2007, available: <http://cnn.com/2007/TECH/space/01/18/china.missile/index.html> (accessed 2008-02-27).

Conclusion

The advent of the U.S. missile defense system and successful missile defense cooperation in the western Pacific is likely to cause an increased U.S. interest in upholding the existing military alliances with Japan, South Korea, and Australia. Since the BMD System is perceived to be a matter of survival capability for the Americans, this desire is likely to remain strong. For Japan (as for South Korea and Australia) this also means that the weapons platforms (Aegis ships of different types) and facilities (radar systems and bases) with which they are providing the U.S. forces will seemingly increase their value.

For Japan, whose mega cities are so exposed to nuclear attack, and who, consequently, is vulnerable to nuclear black-mailing, the TMD-system that is being built in the western Pacific could mean actual protection in addition to U.S. nuclear assurances to Japan (meaning an assurance by the United States that it is prepared to defend Japan with nuclear weapons, if necessary). The fact that participation in the U.S. TMD planning creates a real means of protection against incoming missiles may mean that it will be easier for Japanese governments to resist calls for providing Japan with a nuclear weapon of its own. Making use of the BMD System in defense of Japan will not need any high level decision about U.S. national interests: it will be an almost automatic reaction to a new situation, taken by a forward-positioned commander.

Secondly, a successful penetration by a hostile nuclear-tipped missile of the common BMD System in the western Pacific would at least from now add yet another dimension to the perception that an attack on Japan would also have to be acted on as an attack on the U.S. This further integration of defense systems most likely reinforces the credibility of extended U.S. deterrence over Japan.

If true, the fact that TMD is seen as efficient is likely to diminish the popular resistance in Japan against military cooperation with the United States and the whole myriad of problems that have been caused for the Japanese SDF and the U.S. Forces by the interpretation of the Japanese Constitution, which prohibits collective self defense. For the Japanese navy, the development of TMD will make it necessary to coordinate (to a greater

extent than before) the operational planning for Japanese ships and aircraft with U.S. forces. The requirements for making the Aegis system function as intended will become a high priority and will affect planning and operations. To some extent the same is likely to be the case for the Japanese air force as well as for the ground-based elements of the TMD system, especially the radar and communication components.

The U.S. shooting down of its own satellite is in part aimed at sending a warning to China—and clearly has been perceived as such in Beijing. This gives an impression of an ongoing military competition between Beijing and Washington. It is likely to reduce Japan's room for maneuver as well as diminish the temptation for Japan to create a stand-alone capability for its own defense without the need for cooperation with the U.S, a capability which some quarters in Japan have been arguing for, both openly and covertly.

For China this means that Japan appears to be a more predictable partner in the western Pacific. But at the same time it also means that Japan as a potential partner in shaping a new security order in Northeast Asia with less U.S. participation could become less attractive for China.

The above discussed consequences of Japanese “entrapment” through U.S. BMD policy may serve as an illustration of the broader complexities that Japanese strategists face when assessing their own situation.

It may also serve as grounds for concluding that the downing of the satellite has been, due to the perceptions of Beijing and Moscow, detrimental to Japan's security. China's arguments for continued modernization and build up of a strong military defense are reinforced, and the above satellite issue is likely to make China more inclined to view Japan's role as an ally of the United States (and thus as a potential adversary). The BMD development is thus one of the more prominent but not the only military component that together serve to make Japan a more visible and assertive military ally of the U.S.

VII. Japan as a Power in East Asia

A New but Weak Government

The LDP-led coalition under Shinzo Abe suffered a defeat in the upper house elections in June 2007. Abe resigned in September and was replaced by Yasuo Fukuda. In turn, while he relies on the same government coalition, it only has a majority of the seats in the lower house. The lower house is able, on some issues, to pass legislation despite opposition from the upper house, but this is avoided as much as possible, since the reactions of the electorate can be strong and negative and cause further damage to the government coalition in case of new elections. In view of the current circumstances, it is uncertain for how long Fukuda's government can stay in power.

In his first address to parliament as prime minister, Fukuda focused on many of the most important security-political concerns.¹²¹ For example, he intended to extend the mandate for a naval peace-keeping mission supplying American ships with fuel during operations in the Gulf (as part of the stabilization of Iraq and Afghanistan). The opposition party has, however, opposed any such extension and a deadlock has occurred.¹²²

On the China issue, Fukuda said that he will strive for improved relations but refrained from commenting on whether he would attempt to continue with Abe's line to change the constitutional provisions on defense and defense policy. On the other hand, Fukuda adopted a rigid position on the North Korean issue and extended economic sanctions on October 9, 2007, following the lack of North Korean cooperation vis-à-vis the abductee issue. His government has even demanded that the U.S. maintain the designation of North Korea as a state-sponsor of terrorism so long as the abductee issue remains unresolved. Japan has adopted the most uncompromising position among the nations participating in the Six-Party talks. This seems likely to be a consequence of the government's weak parliamentary support, the

¹²¹ "Japan PM sets out policy agenda", *BBC News*, October 1, 2007, <http://newsvote.bbc.co.uk/>

¹²² "Japan extends sanctions on N. Korea", *Al Jazeera English News*, October 9, 2007, <http://english.aljazeera.net/News/asp/print.htm>

uncertainty of whether re-elections to the lower house will take place, and the strong engagement displayed by the Japanese voters in the abductee issue.

Economic Problems

Fukuda acknowledged the fragile parliamentary situation in a newsletter to his supporters in which he explains the position of the upper house and the inability to enact legislation.¹²³ In this situation, Fukuda has even once been forced to enter into negotiations with the opposition leader of the DJP, Ichiro Ozawa, to dissolve a temporary parliamentary stalemate.

Economically, tax policies and the structural budgetary deficit are likely to be both controversial and important issues in the long run. Beginning in 2002, Japan has slowly started to recover from the economic crisis that struck the country a decade earlier. An export-led expansion resulted in the termination of a previous trend of falling price-levels and financial instability, and Japan has maintained relatively good economic growth levels for the past 5 years. Shinzo Abe also continued with the financial reforms initiated by Koizumi, including among other things the privatization of the important Postal Savings Bank. A reduction of the long-term trend of growing budgetary deficits could also be accomplished, mainly as a result of increased tax incomes and improved economic performance. Notwithstanding this, the budgetary deficit was reduced only from 6.5 per cent in 2005 to 4 per cent in 2006.¹²⁴

As illustrated below, the Japanese state debt has grown continuously since the end of the 1970s. The rapid acceleration of the debt that can be observed in the table is particularly worrying, and there is a general consensus that this trend needs to be broken. The OECD estimates that the Japanese government debt is as high as 170 per cent of GDP,¹²⁵ while other analysts maintain that 150 per cent is a more accurate figure and argue whether a “net-figure” or “gross-figure” should be used.¹²⁶ There is a broad consensus

¹²³ *Fukuda Cabinet E-mail Magazine*, No.5 (November 8, 2007)

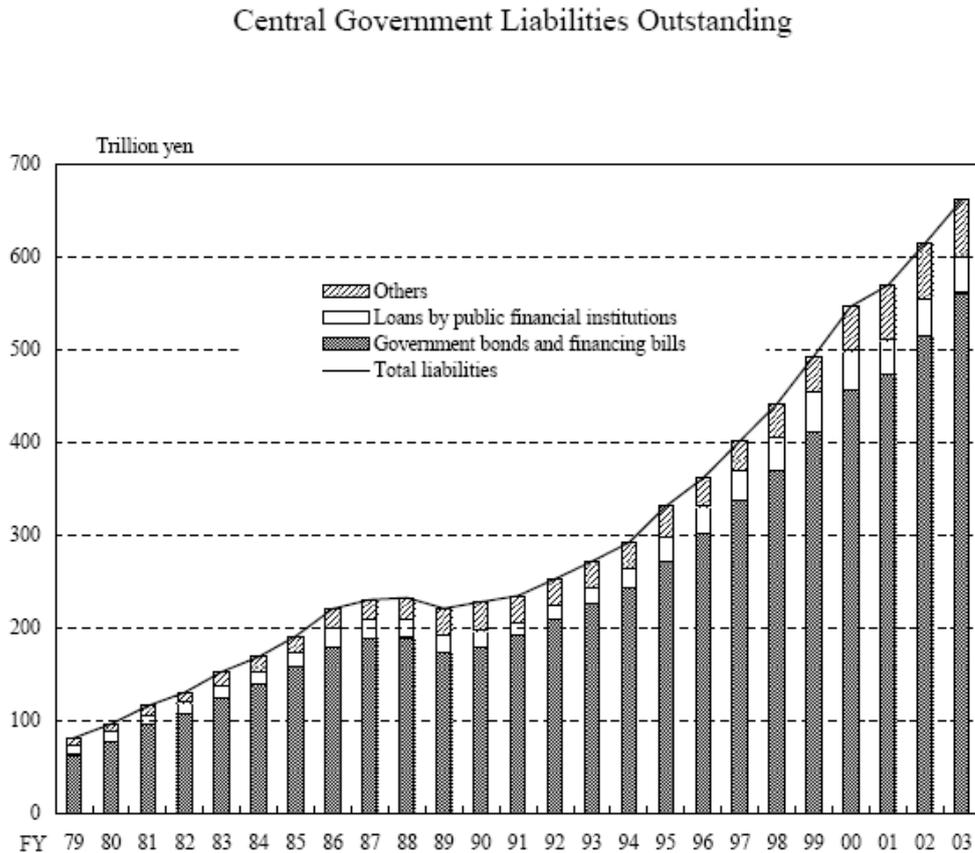
¹²⁴ “Economic Survey of Japan”, *OECD July Policy Brief*, (2006), www.oecd.org/bookshop

¹²⁵ *Ibid.*

¹²⁶ *Simulation Analysis of Japan’s Fiscal Policies for Sustainable Debt Management*, Research Institute of Economy, Trade and Industry, <http://www.rieti.go.jp/enpapers/research-review/034.html>

nevertheless that changes are necessary to prevent further budgetary deficits and for Japan to be able to pay the high social insurance costs, not least in view of the demographic development, with a rapidly growing proportion of elderly persons.¹²⁷

Fig.2



The problem is accentuated by the municipal deficits resulting from the current taxation system. The tax incomes of the municipalities represent roughly two-thirds of the central government’s income, while the central government’s expenses only make up two-thirds of the municipal expenses. This gap is mainly financed with loans, since the central government lacks

¹²⁷ “Next Policy Steps for Japan’s Growth”, *International Monetary Fund Survey Magazine: Countries and Regions*, September 13, 2007, <http://.imf.org/external/pubs/ft/survey/so/2007/CAR0913A.htm>
 “The Ratings Agencies and Japan Government Debt”, *Japan Economy Watch*, September 12, 2007, <http://japanjapan.blogspot.com/2007/09/ratings-agencies-and-japan-government.htm> (accessed 2007-10-24).

capacity to compensate the municipalities with transfers, not least since it also needs to repay its state debt.¹²⁸

This vicious circle needs to be broken and the OECD, IMF, as well as the Central Bank have long claimed that the purchase tax needs to be increased by 1 or 2 per cent (from the current 5 per cent); but, for historical reasons, this is a very sensitive issue. It appears highly unlikely that Fukuda will be able to initiate such a reform in view of his weak parliamentary support. But waiting until the next parliamentary elections also entails accumulating deficits to the already growing mountain of debts, and there are politicians who fear that it may even become impossible in the foreseeable future to repay this debt.

From an international financial perspective, Japan may end up in a very difficult position if the currency market becomes volatile and/or a global recession occurs. At the time of writing, the probability for this to happen seems to be rather high, even if the potential recession may not necessarily be long and deep.

The Character of “Power” in East Asia

The U.S. interests in the region primarily relate to economic concerns and a stable East Asian region, but also to clearly and often expressed ambitions to remain a dominant power in the western Pacific.

The two Koreas are pieces in this game: a South Korea with predominantly economic interests and stability concerns; a North Korea in economic crisis and with regime survival at the top of the agenda, as well as a habit of putting military concerns above economic ones.

The greater strategic picture is bound to partly be determined by the development of economic power and concerns related to energy, the environment, and transportation coupled to the military dimension. This is not to say that economic interdependence, cooperation in international peace support, or future maritime cooperation cannot reduce tensions and raise the costs of conflicts to a level that becomes unacceptable. But geo-strategy and “power politics” remains a significant element in explaining politics in East

¹²⁸ Stratfor, “Global Market Brief: Japan’s Local Debt Problem”, *November 2, 2006*, <https://www.stratfor.com/offers/061109-MCA/279738.php?>

Asia, and power politics in this context continues to put emphasis on the rationale of military hedging and a suspicion driven defense policy.

In all probability, China is not likely to abandon its old and still ongoing, albeit limited, military collaboration with Russia. Consequently, even if China and Japan are economically interdependent, and even if it remains a fact that healthy bilateral economic relations rank high in their priorities, military concerns may work in a different direction.

China raised its objections long before Russia did against the American plans for BMD, since it posed a decisive threat to China's small and non-credible second strike nuclear capability. At the same time it is likely that Chinese strategic planners, with their tendency to view developments over the long term, never fully wrote off the idea of a future missile defense system after the U.S.-Soviet *détente* in the late 1980s. Consequently, China made long term plans to hedge against such developments and incorporated this assessment into their long term procurement strategy. China has since worked on and developed a range of counter-measures. The new ballistic missile arsenal to all intents and purposes seems to be tailored to counter a missile defense shield. Coupled to qualitative improvements is the option of increasing numbers. To hold vital space-based U.S. support systems at risk, the People's Liberation Army (PLA) has continued its research on an anti-satellite laser system. As late as 2007, the general armaments department of the PLA used a modified ballistic missile to destroy one of its own aging weather satellites, clearly a demonstration designed as a warning to the U.S. and its allies.¹²⁹ Reports that Russia is developing maneuverable warheads for its nuclear tipped ballistic arsenal can be viewed as a Russian equivalent to this process. These developments may in due course have a very concrete influence on the military balance in East Asia.

Moreover, within the framework of the SCO large scale military maneuvers have been conducted. "Peace Mission 2007" was not the first but the hitherto largest one, and these tendencies are seen with increasing worry by Western observers. Despite the frequent reassurances on part of the SCO that it does not aspire to become a military alliance, this has so far been somewhat

¹²⁹ Kiesow, *Kina i ett tjugoårsperspektiv*.

unconvincing. On the other hand, both China and Russia have many conflicting interests, which may distort the prospects of an alliance.¹³⁰

Be that as it may, one cannot deny that China eventually may be subject to pressure from Russia to toughen its stance toward the U.S. and, by extension, also toward Japan. References to a “second Cold War” would have dire consequences for the world economy. China, with its enormous dependency on trading with Japan and the U.S., is therefore likely to try hard to withstand such pressures.

The direction that Russian foreign policy took during the first half of 2007 could add to Japan’s concerns. A confrontation regarding the future status of Kosovo at the G8 Summit combined with Putin’s attack on the U.S.-proposed BMD in Europe have all contributed to these concerns. Added to this, Russia has taken concrete measures such as a test launch of strategic submarine missiles of the type SS-NX-30 Bulava. They are intended to be deployed onboard a new class of twelve large submarines, carrying sixteen missiles each and each missile carrying six multiple independently targetable reentry vehicles (MIRV) with nuclear warheads and a range of 8000 km.¹³¹ Putin has also acted provocatively in the U.S. “backyard” by receiving Venezuelan President Hugo Chavez to discuss sales of Russian submarines of the Kilo-type.¹³²

The current position of Japan has certain similarities with France’s position in Europe during the era of Charles de Gaulle. Japan is not the most important power, but by threatening to obstruct important decisions, it may acquire a position of strength. But such a policy has its limits and it hardly befits the traditional Japanese model of foreign policy. It appears more probable that Japanese foreign policy may become guided by a joint Sino-Japanese responsibility-taking as leading nations in East Asia, and to uphold security in the region; Beijing actually sometimes seems to be sending such signal and from Tokyo some reciprocal signals are occasionally seen.

¹³⁰ Ingmar Oldberg, *The Shanghai Cooperation Organisation: Powerhouse or Paper Tiger?* FOI-R-2301-SE (June 2007), p. 19.

¹³¹ *Stratfor Global Intelligence Brief*, June 29, 2007.

¹³² “Chavez shops for arms in Russia”, *Al Jazeera*, June 29, 2007, available: <http://english.aljazeera.net/NR/exeres/AB05C7CE-595C-4599-A935-7A856BOB26ED.htm> (accessed 2007-06-29).

A continuation of a policy formulated in cooperation with China will, however, be unable to succeed unless the U.S. agrees to a less dominant role in the region. The Bush administration has so far not shown any inclination to agree on such an East Asian order, and it is far from certain that the next U.S. president will do so either, regardless of whether it will be a Republican or Democrat incumbent. An uncomfortable fact for Japan is the fact that the U.S. head of the negotiating team in the Six-Party Talks, Christopher Hill, has floated the idea of a peace agreement only including the four participants in the Korean War—China, the U.S., and the two Koreas, while Russia and Japan would be excluded (together with all the countries that participated in the war under the UN flag).¹³³ If this agreement would materialize, it would effectively establish a separate group outside the Six-Party Talks and would be interpreted by Japan as a U.S. countermeasure against any imagined Sino-Japanese order in the region.

Simultaneously, South Korea’s relations with China have improved to the extent that some suspiciousness can be discerned on the part of Japan, especially since public opinion in South Korea has been very negatively affected by the U.S. war in Iraq. China is considered a more peaceful and close friend by a majority of South Koreans than is the U.S. This is, of course, something which has caused concern among Japanese strategists, who are already preoccupied with China’s future intentions and its growing economic and military strength.

Thus Japan and China have incompatible interests in their respective roles as both economic and military “powers” in East Asia. The same is true for the United States, and such a divergence of interests perpetuates the risks of possible destabilization. Both China and Japan rank stability high in their concerns, while Russia perceives itself more as a rising power with less interest in stability and less stress on economic aspects of power, which with the exception of oil and gas represent Russia’s weakest form of power projection. While three out of four major power holders in East Asia basically accord higher priority to economic strategic concerns, actions by the

¹³³ “Hill eyes 4-way Korean Peninsula peace talks”, *Yomiuri shimbun*, June 27, 2007, available: <http://www.yomiuri.co.jp/dy/world/20070627TDY01004.htm> (accessed 2007-06-29).

fourth, more militarily inclined player, can still change the character of the game.

Can an Old Legacy—Nationalism—Still Affect Japan’s Way of Playing the Game?

The element of nationalism always tends to come back in discussions about Japan’s future attitude to its security problems, and there is some amount of agreement among students of political science that this element could become dangerous for Japan and its neighbors.

For the time being, there is not very convincing evidence of a rising nationalism. Even if a study tour is not sufficient ground for a conclusion, the study trip that the authors of this paper made in 2006 reinforced the impression gained from studying available literature on the subject, namely that a growing nationalism in both countries has mainly been created by their leaders and their own respective statements from Tokyo and Beijing. In China, a continuously existing nationalism is and/or has possibly been supported by a growing emotional engagement among the population, but the same can hardly be said to be the case in Japan. In Japan, nationalism appears to have been consistent throughout, and no major change can be observed, especially not among the generations that constitute today’s workforce. According to the World Values Survey,¹³⁴ Japan ranks first among the countries that had the most “secularized and rational” values among its people. Japan is also high on the list, when it comes to the value ascribed to “self-realization.”

There is a great deal of difference between a nationalism, on the one hand, basically consisting of a pride and willingness to work hard and to look for what is best in a nation and, on the other, a militaristic nationalism that puts one’s own country above all others, entailing the conquering of foreign territory for the benefit of the nation. The latter brand of nationalism requires a collective spirit and willingness to self-sacrifice; this is incompatible with a strong wish for “self-realization” which characterizes the Japanese people today. The Japanese are no longer submissive to authority or hierarchy; nor do they possess the necessary characteristics of

¹³⁴ ”Glöm lagom, se så annorlunda vi är!”.

obedience, consensus, and discipline required for the creation of a militaristic society.

The identity crisis that the younger generation in Japan is undergoing would seem to make them appear as neither Asians nor Westerners, and they have few or no ideological values to draw support from. They seem unlikely to be receptive to any effort that would strive for "Asian values defense" or shaping an "Asian Community" under Japanese leadership, which was something the older generation was able to do with the young men and women during the years before the Second World War.

The scene of domestic politics is also stable. The LDP continues to govern and has managed to regain the position as the country's biggest party, but the marginal is not large and Japan has almost turned into a country with a two-party system. The radical currents in Japanese politics are today relatively insignificant, and while the "Yoshida-doctrine" remains to be declared dead, it is scarcely alive either. One persistent feature is that the U.S. alliance is not seriously being questioned.

Although this may not be common knowledge among the population, the main cities of Japan are extremely vulnerable to nuclear attack, especially given the fact that the vast majority of people in Japan live on the 15-20 per cent of its surface which is not mountainous. The Japanese military are very much aware of this fact but military planners have not been able to devise effective solutions. Nuclear deterrence (at present in the form of the U.S. nuclear umbrella over Japan) remains the best guarantee against military blackmailing by any hostile power; accordingly, this does not speak in favor of an adventurist or expansionist policy.

Moreover, between Japan and China efforts have been made to reduce the potential for the escalation of any conflict. Consultations between the foreign ministers have taken place and when Japan's newly appointed Prime Minister Shinzo Abe visited China in 2006, both parties reaffirmed their common intention to make the East China Sea a "Sea of Peace, Cooperation and Friendship." In spite of some unfortunate events being played up in the media, they continue to move in that direction. In this way both governments are acting to eliminate the potential for mutually reinforcing

nationalisms in their two countries. Relations have improved even further during the tenure of Prime Minister Fukuda.

In a little longer term perspective, threats against Japan's unusually important and exposed SLOCS may surface and create a need to dominate the western Pacific, if the relative maritime power of the U.S. declines. This could both create a more aggressive Japanese attitude to security policy problems and lead to a more nation-egoistic tendency in strategic thinking in general. At present, however, it is difficult to construct such a credible future scenario to this effect. Developments in other countries—or main actors in the western Pacific—would have to change dramatically for such a future to become reality.

One possibility that is not improbable is that China for some reason takes military action against Taiwan. This would constitute a direct and serious threat against Japan's SLOCS. China's foremost priority is to acquire enough room for maneuver for itself to prevent Taiwanese secession. It is also in context of this that the current Chinese military modernization should be viewed. It should be acknowledged that both the U.S. and Japan have a vital interest in that the Taiwan issue is resolved by peaceful means and that the U.S. would likely intervene in case of Chinese aggression, although the "defense guarantees" remain vague. Nevertheless, the primary interest and aim for both the U.S. and Japan is to secure the sea lanes.

A reminder should be made here: After North Korea had launched its Taepodong missile in 1998, the Guidelines for Japan-U.S. Defense Cooperation were interpreted in a different way. In spite of Chinese protests, the Japanese SDF were now supposed to act in support of the U.S. navy in the South China Sea while a declining faith in the U.S. as a security provider reduced opposition to the idea of joint defense arrangement. Today, Japan is likely to be involved if China moves against Taiwan and the U.S. decides to intervene.

Concluding Remarks

The Issue of Repentance

After WWII, U.S. policymakers first changed the entire political system and then embedded West Germany in a series of cooperation agreements including its neighbors (most importantly NATO) so that Germany's former enemies would not feel threatened by the reconstruction of the German economy, making it once again an economic world power. Germany then followed up, on its own initiative, with strategic cooperation agreements with its neighbors, a development that was crowned by membership of the European Union.

In Asia, however, American strategists failed to achieve the same in the case of Japan, largely because there could not be any equivalent to NATO due to the Taiwan issue and the Korean War. Taiwan could not become a formal ally and the American drafted Japanese constitution did not allow for "common defense." The "solution" instead became a series of bilateral treaties between the United States and South Korea, Japan and Australia. (Japan could originally not be a partner to anyone of its own neighbors, and no regional trade organization in North East Asia was even conceptualized during the Cold War).

In Europe, Germans were encouraged by the transformation of their neighborhood through the creation of first the Coal and Steel Union, then the Common Market, and then finally the EU. All this helped to eliminate traces of Nazism, regarded as a criminal political movement by Germany's neighbors, and the above organizations facilitated a constant exchange of people and goods.

In Northeast Asia, Japan was left with the same Emperor and the change to the political system was not one of uprooting an evil ideology so much as introducing real democracy with strong civilian control over the military. There was never talk of a criminal political system or collective guilt for genocide and crimes against humanity; only of heinous and large scale war crimes committed by over-zealous officers, with whom most Japanese felt

little common identity. The military had always been a special class in Japan and communication with the rest of the people had been limited. In addition to that, the Japanese had never elected their military officers in the way that the Germans had voted for Adolf Hitler.

The pressure for repentance was never strong from their neighbors because there was hardly any communication with them. China, North Korea, and the Soviet Union were potential aggressors during the Cold War, and in South Korea, the wounds from the occupation years were still so deep that very few contacts were established. The Japanese were never assimilated in Asia to the extent that the Germans were assimilated in Europe and were never exposed to the same calls from their neighbors for repentance and collective guilt, a concept which they anyhow find difficult to understand, since the Japanese morality system is sanctioned more by “shame” rather than “guilt.”

As a consequence, there has never been a complete break with the past in Japan as was the case in Germany, and this is the background for the often heard accusation that the Japanese have never repented their past as the Germans did and, therefore, can be suspected of becoming dangerously nationalistic and militaristic again.

As has been illustrated in the past chapter of this paper, the end of the Cold War never led to a corresponding dissolution of tensions in Northeast Asia. Relations have improved, but the remaining tensions remain serious in spite of the increasing economic interdependence between the states of the region and also with the EU and U.S. “The Cold War is not over in Asia” is still a statement that has some validity.

Improvement of Neighborly Relations

And yet the situation should not be overdramatized. Serious talks are being held on many levels between China and Japan. Between South Korea and Japan both economic and cultural relations are flourishing. Serious issues are being addressed and an increasing amount of sincerity can be discerned in the communiqués from meetings and seminars.

Even the thorniest of the issues, the North Korean nuclear weapon and the future security architecture in Northeast Asia, does not seem to be dead-

locked. In spite of North Korea's obvious unwillingness to enter into a peace agreement with the present American president and the unwillingness of South Korea's new president to define his new North Korea policy before he has met the new American president, North Korea shows many signs of wanting to continue the process. That Japan takes such a hard-nosed attitude in the abductee issue, and thereby seemingly is blocking the Six-Party Talks, should be seen in that light. It does not make sense to provoke Japanese public opinion with any compromise as long as that move is not likely to lead to a solution of the problems, signing of a peace agreement, and the dismantling of nuclear facilities in North Korea. Public opinion in Japan views the abductions with anger and fears that it may happen again. Until credible reassurances are given that it will not, the government has little incentive or room for maneuver to compromise with North Korea.

What is Really Required to Provoke a New Japanese Militarism

On the whole, Japan seems to be well on the road toward serious improvement of relations with all its neighbors, but can there be any change of direction in the near future? At the time of writing the world economy is in a difficult phase. Judging from statements in financial newspapers, however, the present down-turn in the U.S. economy is unlikely to develop into a deep and serious recession. The Chinese government is making bold statements about having enough control instruments to isolate China from the effects of the U.S. financial crisis. However, the EU is down-revising its economic growth figures and industrial production in Japan is shrinking with more signs that Japan could be much affected. Fascism in Europe occurred after the deep recession during the 1930s. Can it happen in Japan?

Basically it seems far-fetched to anticipate any such development, but there may be one situation in which it might not be totally improbable to see militarism and nationalism appear. If the U.S. economy is so badly hit by a recession that calls from the American tax-payers to withdraw U.S. forces from the western Pacific are adhered to, Japan would suddenly find itself in a seemingly dangerous situation. It is highly likely that that in this event, U.S. nuclear guarantees for Japan would be perceived to diminish in credibility as American forces withdrew from the region. Washington would at the very least have great difficulties assuring Japan that extended nuclear deterrence

would remain unambiguous, and at the very worst deterrence credibility may be discredited altogether. Depending on the scale of the withdrawal, U.S. components of the missile defense system for the western Pacific (ships and radar) may also be removed as well as U.S. forces in South Korea. As a result the U.S. may no longer be able to defend Taiwan under any condition, the SLOCS would be vulnerable to Chinese and Russian domination, and Japan would be exposed to nuclear black-mailing.

Would Japan in such a situation be able to, and decide to, provide for its own defense and what would that mean? To what extent would Tokyo increase the capability and numbers in its air force and navy to a more proactive, power projecting force to counter Chinese and/or Russian domination? Most important of all, would Japan decide that it could not protect itself without an independent national nuclear weapons system as a balance to the Chinese and Russian arsenals? And what would happen if China in this scenario decided to put severe military pressure on, or even invade, Taiwan?

Discarding a Legacy

There are still many albeit limited vestiges of nationalism left in Japan. Even if they have little, if any, influence today, they would certainly gain momentum and “fan the fire” if the above situation were to arise. Efforts to make Japan adopt a militarily independent posture would be made easier if, before that, the Japanese economy moved into a more serious recession with large-scale unemployment and political unrest. This worst case scenario, however, seems most unlikely to materialize as a result of the present and arguably mild downturn in the American economy. The fact that such far-fetched scenarios are required to create credible preconditions for a new militaristic nationalism in Japan rather underlines the thesis of this paper. Japan is perhaps not “discarding a legacy” as such, but it is bringing about the preconditions of an independent national posture to such an extent that change seems more significant than continuity.

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