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THE U.S.-JAPAN ALLIANCE: BEYOND NORTHEAST ASIA

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P R O C E E D I N G S

MR. BUSH: Ladies and gentlemen, if I could have your attention. My name is Richard Bush, I'm the Director of the Center for Northeast Asian Policy Studies here at Brookings. It's my great pleasure to convene this symposium on the U.S.-Japan Alliance Beyond Northeast Asia. It's my pleasure to welcome you. I have three other duties: One is to express how pleased we are to be collaborating in this session with the Slavic Research Center of Hokkaido University and the Japan Foundation.

Second, I would like to acknowledge the leadership of my former colleague and friend, Professor Akihiro Iwashita from Hokkaido University. This symposium was his idea, and he's done a tremendous amount of work along with his staff and my staff.

And then the third thing is to get out of the way, because we have some other important people to provide introductory remarks. First, Professor Iwashita and my Vice President Carlos Pascual, and then Minister Shinoda Kenji from the Japanese Embassy, so I will get out of the way.

Aki?

MR. IWASHITA: Thank you, Richard, for your hospitality. I have a lot of good memories from my ten months stay here at Brookings Institution as Visiting Fellow at CNAPS last year, and I am very happy and excited to be back.

Particularly, I found out two things during my stay in Washington. First, major league baseball. I lived in Rockville, Maryland, during my stay. I saw the baseball mania in Japan while I was in Washington, watched baseball every day, evening at home. Naturally, I was fascinated by this Baltimore Orioles, and its broad stadium Camden. Last

year's May and June after the seminar at Brookings rather, sometimes even skipping the seminar itself, I went to Camden Yard by MARC to watch the Os game.

After having coming back to Japan, the thing I missed the most was not Washington, not Brookings, but the Camden Yards, as our Ambassador Ryozo Kato said that before. Factually, we could not watch the Os games in Japan. The Japanese media paid only attention to Ichiro, Matsui, and Matsuzaka. Nobody had ever heard of the Orioles; however, this year the situation has changed. I'm not a fan of Uehara, Koji Uehara, but thanks to him, now, the Japan's media rushed to cover the Orioles game. Sometimes I enjoy the Orioles game this season on TV wearing my Brian Roberts black tee shirt from Orioles.

The second things I found out is the life here at Brookings. I'm a researcher in foreign relations having set my career from Russian studies had widened toward China, Central Asia, and now reaching the entire of Eurasia. I often joined non-Northeast Asian seminars at the Brookings and went to other think-tank's seminar on Russia, South Asia, and the Middle East, Central Asia, like that. For example, Georgetown University, and Carnegie, SAIS, Wilson Center, CSIS, and others. Of course, thanks to the helpful guidance of Richard, other Japanese citizens, and CNAPS fellow, I also became familiar with Washington's Northeast Asian foreign policy circles, basicly covering China, Taiwan, Korea, and Japan.

Then I discovered some interesting phenomenon. I was often the only Japanese participant at non-Northeast Asian events. Most Japanese researchers here in D.C. have little interest in non-Northeast Asian events such as on Central Asia, Russia and India, which sometimes closely relates with Northeast Asian politics and economy.

As time went on, I recognized these phenomenon are not only true for Japanese but also the Americans. I rarely saw U.S. experts on Northeast Asia join Central Asian conference at SAIS. I did not see U.S. experts on South Asia join a Russian seminar at the Georgetown. It seems also true within Brookings; the Brookings organizes many seminars every day, a big conference every day, and has many talented experts on each region. However, even at Brookings, few experts on Korea join the seminar on Central Europe. A researcher on Russia has little concern about Japan. I have rarely seen a Brookings seminar fellow join together in a session during my stay at the Brookings last year.

An invisible but real line dividing the different area studies is much stronger than I expected. A lack of interaction among them seems to seriously damage the foreign policymaking process, I believe. Imagine the consequences of a so-called strategic thinkers' discourse on such worst-case scenario as World War IV, and the united evils, et cetera, against the United States. This sort of discourse which lack deep expertise on each area made a sporadic evil into a united demon against the United States, such as the former President's thinking which linked Afghanistan with Iraq, and this area and this area. To calm down the old strategic thinking and reshape the rational foreign policy under the new presidency, the time has come to raise a ground work for a more sound, more reliable area centered expertise beyond the border and sectionalism on current area studies.

In this sense, today's event is remarkable, not for Japanese only, but for the American, the United States. We must seek together a new methodology for reshaping foreign policies throughout the world. I would like to express my deep

gratitude to Richard and my Brookings colleagues for understanding my idea and for endeavoring to invite today's Brookings all-star team beyond the dividing line that separates different area of expertise. I believe today is a great day for us.

Of course, today's direct aim is selling Japan or letting Washington audience know Japan's expertise on area studies; beyond Northeast Asian circles, I write it in handout – maybe you have my handout? Also getting Japan right in Northeast Asian policymaking circles and showing Japan's true potential as an ally are important tasks. Of course, recently the alliance is stretching for cooperation on Iraq, Afghanistan, Indian Ocean and beyond Northeast Asia. However, we have yet to coordinate our regional expertise together; that is, we have yet to truly understand each other.

Today is the first step to enhance the U.S.-Japan alliance for this orientation. Our Slavic Research Center has brought together a good team here, I believe. Some names belong to the other institution; however, Professor Sakai, our Iraq specialist, was a non-resident professor of our Slavic Research Center last year, and Professor Nakai Yoshifumi, expert on China, and Professor Yoshida, Hiroshima University expert on India, belong to a huge ongoing comparative studies project on Eurasian great powers, targeting Russia, China, and India. Maybe you recognize this brown pamphlet on the desk? Check it, please.

And Mr. Hyodo is often invited to our delegation as a Russian – conference on Russia. So, two years ago when our center jointly organized symposium on Russia with Kennan Institute, Wilson Center, he was there. In this sense, we are also the virtual team on Slavic Research Center. I'm convinced that all of you here will enjoy

our presentation, and will be inspired by the intensive discussion today. Thank you for joining us.

And I pass the mike to Carlos, please.

MR. PASCUAL: Professor Iwashita, thank you for your encouraging and inspiring words and your vision in leading this conference and these ideas.

My name is Carlos Pascual. I'm one of the vice presidents of the Brookings Institution. I'm the Director of the Foreign Policy Studies Program here, and it's a pleasure to be able to introduce this session as well.

I want to thank in particular the Slavic Research Center at Hokkaido University for organizing the Japanese delegation, and in particular to Vice President Hayashi for bringing together such a distinguished team and for the entire team for traveling such a long way. So thank you very much, and a big hand to all of them for their willingness to participate.

(Applause)

I want to thank the Japan Foundation for their support for this conference as well as a number of other activities. I want to make a special note and an acknowledgment of Minister Shinoda, Deputy Chief of Mission at the Embassy of Japan here, who of himself is a tremendous scholar on issues related to Russia, on Europe, on global issues, and very much could be a part of the panel, and next time we'll have to book you further in advance to get you here for a long period of time, because he's a person of tremendous expertise, and it's a great opportunity for us to be able to engage with him on a regular basis.

And then, of course, to my colleagues at the Brookings Institution, in particular Richard Bush, for his leadership of the Center for Northeast Asia Policy Studies and all of the colleagues that are participating on these panels, thank you for giving your time to be able to do so.

As Professor Iwashita has underscored in a globalized world it is absolutely critical and essential that the United States and Japan engage in the events of this globalized world in order to maintain the relevance and the centrality of the relationship. And in a sense, that's what this conference is about. If we start to look at how the U.S.-Japan relationship has already started to develop in the course of the Obama administration, I think that's a trend that we can see a foundation for, and I think a challenge that we face is how do we continue to build on it?

When Secretary Clinton was in Tokyo, one of the things that she said was working together, the United States and Japan, working together to deal with the multitude of issues that affect not only Asia but the entire world is a high priority for the Obama administration. In other words, we have to look beyond the immediate relationship. If we look at the discussions that she had with Prime Minister Aso, and then when Prime Minister Aso came in his meetings with President Obama, obviously they talked about Asia, obviously they talked about the United States and Japan, obviously they talked about North Korea.

But one of the issues where they engaged a great deal of time on, were the issues and the collaboration that we might have on Afghanistan and Pakistan and climate change. These are increasingly parts of the relationships. If we look even here, anticipating the future, when Ambassador Ichiro Fujisaki had a chance to speak here last

November, one of the things that he was underscoring was that given that the United States and Japan are the world's two largest economies, we have a special global responsibility on economic and other matters, and hence the importance of the U.S.-Japan engagement in the context of the G-20 meeting that took place here in November, that took place in London in April. This isn't just a sidelight to those discussions: The U.S.-Japan relationship is central to how we're going to continue to manage the questions of competitiveness, stimulating our financial systems, stimulating the growth of our economy, and engaging in an effective partnership on thinking about new regulatory standards and transparency throughout the world.

In a sense, I think it's important for us to step back for a moment and think about the nature of the word that the United States and Japan face together. And for illustrative purpose, let's think about this for a minute in three different categories. A whole series of global crises or crises throughout the world that we face today, we know them well: Iran, Iraq, Afghanistan, North Korea, the Middle East peace process. We have a whole series of geopolitical challenges that we face: the rise of China and India, the relationship with Russia which at times has been, let's say, complicated and difficult, and a whole series of issues that we face throughout the African continent that have become even more acute as a result of the global recession.

And then a whole series of global and existential challenges that we face today, starting with the economic and financial crisis that we face in the world as well as issues related to climate change, nuclear proliferation, transnational terrorism, the spread of conflict across borders. This is the world that we face today, so how do we bring that back to the U.S.-Japan relationships and how do we understand it.

Let me suggest five points that I think are important for us to think about. The first is the nature of globalization itself. It's the reality that we have today. In fact, what we've seen is that the ability to tap into global markets for capital and technology and labor have increased, have created unprecedented growth and wealth and have lifted hundreds of millions of people out of poverty in places like China and India. Yet at the same time the dark side of that globalization, the ability to manage it, or better said the inability to manage it effectively is part of what led to, for example, in the United States the housing crisis leading to a financial crisis to an economic crisis to a global recession.

Go on to issues like climate change and the very fact that we've had the miracle of industrialization and the prosperity that that's brought to the United States and Japan, in particular, and has brought goods to people, billions of people throughout the world has also created a pattern of energy use and fossil fuel use that has put such concentrations of carbon into the atmosphere that can, in fact, actually destroy life on the planet today as we see it.

And so what we face is this recognition that we have this phenomenon of globalization, and we have to have the ability to manage issues that go across borders and where no individual nation can actually solve these problems on its own.

Which brings me to my second point. What does leadership in the world mean today, then? In the context of all of these problems, the crises, the geopolitical issues, the existential issues, no one country can solve these alone; no one country can isolate themselves from these problems, so that is no long an option. And so what we face today is a challenge in leadership, is a challenge in partnership, a challenge in international partnership that will produce results. And this kind of partnership is not

something which is based on some fanciful notions of idealism; it's actually become the new realism in international security policy because without it, and without making it effective, we can't succeed.

So the third point then: How do we make it effective? To make it effective we need better rules, we need a set of -- we need a foundation that creates the operational guidelines for how we're going to operate in this international environment. And hence what we see, for example, the discussions that we have on global economic issues and the implications for the ways that we change the management of the IMF, or the requirements that we have for increased capital to stimulate our global economy, or for the new mechanisms that we need to put in place for an international climate change agreement. What we're struggling for here is create the rules of the game in this globalized environment.

The fourth point that I think is important, is that in order to be able to succeed, we need effective institutions. And some of those institutions are going to be multilateral in nature. Some of them will be regional in nature. But we have to understand that we have to invest in these institutions and create their capacity in order to be able to respond to crises and be able to provide the foundation for effective responses on the ground.

Which brings us to my final and fifth point, which is we have to be serious about performance, and we have to monitor that performance because in the end, if we don't deliver results, we're not going to be effective.

So what I come back to is that if the U.S.-Japan alliance is going to be relevant and effective in the world that we face today -- and here I came back to

Professor Iwashita's point -- if it's going to be effective in the world that we face today, it has to be relevant to that kind of world. We have to obviously think about the direct issues that we have in our relationship; we have to think about the issues in the United States and Japan themselves. But if we take that relationship and try to separate it from that wider global context, then we miss out on part of the potential, but we miss out on part of what the relevance of that alliance can actually be.

And so if we want to think in bigger terms, if we want to ask the question if the United States and Japan have a stake in prosperity and security in the world for the next 50 years, how are we going to shape this alliance and this relationship in a way that actually helps us get to that point? And that's part of what we want to get at at this conference today, to be able to have a conversation that focuses on issues related to Russia and China, related to Central Asia, related to Europe. That takes on issues such as energy and climate change because these are the kinds of things that are fundamental to relevance in the global environment that we have today and to the prosperity and security of our countries.

It's a real pleasure to have a chance to add a few comments opening this session, and I want to turn it over to my friend and colleague, Minister Shinoda to add his words of welcome from the Japanese side. Thank you.

(Applause)

MR. SHINODA: Thank you very much, Carlos, and Richard, and Iwashita-sensei. I'm delighted to join you today because the topic of this symposium is most timely and important. For providing this opportunity, I wish to applaud two of the most distinguished institutions in our two countries: The Center for Northeast Asian

Policy Studies at the Brookings Institution and the Slavic Research Center at Hokkaido University. And I once again would like to join you in thanking Dr. Richard Bush and Dr. Akihiro Iwashita for all that they have done.

Now that the Obama administration has passed the much publicized 100-day milestone, I believe that we can look further down the road and discuss your theme: Japan-U.S. Alliance Beyond Northeast Asia. As Carlos mentioned, since January 20, the importance of our bilateral alliance has shined through. In February, two excellent visits achieved two firsts: Secretary Clinton chose Japan as her first foreign destination; and just one week later Prime Minister Aso became the first foreign leader to meet with President Obama at the White House. These very positive high-level talks have enabled us to take the next steps smoothly and seamlessly. We have advanced a very close consultation and policy coordination on such important issues as North Korea, Pakistan, Afghanistan, climate change, and et cetera, et cetera.

Everyone here knows that our Japan-U.S. alliance has been all important to Asia and the world for more than half a century, and it continues to evolve. Needless to say, the core pillar of our alliance remains the same, our security arrangement which centers on the maintenance of peace and security in the Far East. Yet in recent years as we face new global challenges the significance of our alliance has increased greatly. Today it is often called the "Japan-U.S. alliance in the world."

One of the most relevant and important regional areas in this regard is Eurasia. It is the vast expanse that reaches from East Asia to Europe and the Middle East. By cooperating closely, Japan and the United States can do much to advance

stability, prosperity and democracy there. As we now think about how to move forward, let me make three personal suggestions.

The first point, our two countries together should always try to look at the Eurasian continent from the East. We need the European perspective, but we also need the Asian perspective. If one overshadows the other, our policy approach could be distorted, our effectiveness diminished. When we look at the players, increasingly strong China is stepping forward, and Russia which straddles Europe and Asia, shows a growing interest in the Asia-Pacific region.

The United States enjoys a special vantage point as a trans-Pacific state and close ally of Japan, and as a trans-Atlantic state long linked with Europe. It is ideally suited to view Eurasia through Eastern eyes as well as Western eyes.

Second, I would like to point out the importance of the area centered on South Asia and Central Asia which we could call Central Eurasia. And I believe that a regional approach could be very useful for this particular area. Everyone is now focused on Afghanistan and Pakistan, and rightly so. The challenges are considerable, and they must be addressed. But I don't think we should limit our efforts just to the narrow territorial space of those countries. Rather, we should address the entire region and the area surrounding it such as India, Central Asian republics, and Iran, keeping in mind that the countries there are closely intertwined in terms of stability and prosperity. We would be better off if we take a comprehensive regional approach to Central Eurasia as a whole.

For example, Japan's initiative during the last several years called “Central Asia plus Japan dialogue” has been based on this concept. Japan and the United States, through close policy coordination can expand our partnership with our European friends

as well as a constructive collaboration with Russia and China. Our common goal is to bring stability, prosperity, and democracy to the whole Central Eurasian region.

Third is the division of labor type of partnership. As we coordinate policies and measures in the region, we should strive to enable each member country to participate where it is comparatively strong while making sure that the efforts are as complementary as possible. Such a division of labor rooted in a cooperative spirit will boost the effectiveness of our team effort.

As I have said, this symposium can help us find a common viewpoint where we can look at Eurasia together from the East. By doing so, we can further promote our joint efforts for stability, prosperity, and democracy in the region. So I am most enthusiastic about this symposium and the opportunities for cooperation. Let's have a great discussion, and thank you all very much.

(Applause)

PANEL 1: CHINA AND RUSSIA

MR. IWASHITA: Okay, shall we start first session? Our first session aimed to the breaking down of dividing line between Europe and Northeast Asia. You know, in the DC thinking Russia belongs to the European studies so that China belongs to Northeast Asian studies, so today let us overcome these challenges.

I, to save the time, I do not introduce details of the speakers. The Brookings team, Ambassador Pifer and Richard Bush, my former boss. Our side is Hyodo-san and Nakai-san, so I pass to Nakai-san first on China.

MR. NAKAI: Oh, okay. Nice meeting you. Hitting first at bat, I feel like Ichiro, so maybe I should produce something like an in-field hit at least, maybe take a walk.

Let me go back, a little history, because this is, this year 2009, is so special for China. Twenty years ago, 1989, I was in Michigan, and I was at the last stage of the writing my dissertation, and that last stage seems to go on for good. Part of the reason is my advisor was Michel Oksenberg, and those who know him, you know, probably you understand it, how intimidating he was.

And I was working as a T.A. of Ken Lieberthal, and then Tiananmen Incident happened, and I still remember all those, you know, group of China scholars at Michigan sit in front of the TV camera, like this, and then made kind of very critical remark, you know, how long they were regarding the, you know, China's prospect. Obviously, all those guys were too optimistic about the future direction of China. The majority, you know, of scholars, including Japanese scholars, were so optimistic about if the China's economy growth kept on going, probably sooner or later you're going to have a very democratic nation there.

Ten years later in 1999 I was here at Brookings, and I was visiting like, you know, this time as a member of the group. The topic of the talk at that time, 10 years ago, was the revision or maybe reinterpretation of the U.S.-Japan security pact, back in 1996, because we had the Taiwan, so- called, Taiwan Strait crisis, which Richard knows pretty well, and then we revised our security pact so that Japanese can support U.S. forces in the areas surrounding Japan.

But when I came here to Washington, D.C., 10 years ago, our prime minister, late Prime Minister Obuchi was here in town, so there was huge Japanese flag, and, you know, American flag hanging on the Pennsylvania Avenue. But the talk of the town in Washington was not about U.S.-Japan relation, that is U.S.-China relations. Why? Because, you know, Premier Zhu Rongji happened to be here a month before in April, and Mr. Zhu Rongji gave such a strong impact to the, you know, the Washington audience. So, you know, our prime minister's visit was not on the top page of *The New York Times*, it was somewhere like on the fourth page of *The New York Times*. So some symptom of the so-called Japan passing, you know, is taking place already 10 years ago.

Now, 10 years after, you know, that event, I'm real happy to be back here and say, you know, lots of things happened during those 10 years. We had like five and a half years of Prime Minister Koizumi's rule, and here in the United States you have like eight years of George W. Bush administration. And now let me ask the question: Do we know much about China? Do we have a better understanding about China's whereabouts, where China's heading compared to, say, 20 years ago, or maybe even 10 years ago? Well, it's -- that would be my question.

In intellectual level, that means among the, you know, intellectuals, among the, you know, university graduates. I think the intellectual community, communication between China and the United States, and China and Japan increased remarkably. I heard that this year Harvard has more than 100-some Chinese students, right, and that the problem is we have only 17 or 18 Japanese students in Harvard, but that, as you know, speaking of the population proportions it is about the right size. But still back in '99 there aren't many Chinese.

And I started my Chinese studies, say, pretty early, 1981, and I went to the Beijing University in 1981. And at the time there are not many Japanese students in the Beijing University, and not many Chinese students in the University of Michigan or at Harvard or anywhere. Right? So, in terms of those intellectual communications, now we are much better positioned. We know, you know, China is sending the best and brightest students to the United States, and those who cannot make it to the United States maybe come to Japan. That is okay. That is okay. I mean Japan get used to be stepping stone to the more, you know, outer worlds. That is our traditional, you know, geopolitical standpoint -- so, that's okay.

The problem is the Chinese leaders, Chinese leadership seems to have immense problem compared to '99 and compared to '89. Obviously, between '99 and 2009, we have a new leadership in China, Mr. Hu Jintao and Wen Jiabao, and we hope, you know, they keep at least the local governance, you know, a huge population of China heading to more, you know, prosperity and stability. And, you know, those people sharing the clean air, all those basic necessities, at least, you know, having enough food. And then China's really heading to that direction, to my idea. That is okay, but the problem associated with keeping China going to that direction is getting harder and harder because the local governance of the 1.3 billion population is hard enough, and Chinese leadership are facing additional problems.

One of the problems I mentioned in my paper. I mean, you know, in my short abstract, the Chinese economy is facing serious problems. Secondly, the idea, the assumption that China is already a responsible stakeholder in the international politics, I have some doubt about it. You know, China is definitely heading to, you know, taking

more responsibility in the international roles, but China's neighbors, including Japan, South Korea, and, you know, other countries, are not really convinced yet.

Third problem. The assumption that Chinese society is basically stable can go wrong, and we know, you know, all those, like '89, '99, we had all those, you know, predictions. I still remember, you know, I was in Hong Kong, I took the job as like cultural attaché at the Japanese Consulate-General in Hong Kong in '91 to '94. At that time, the talk of the Hong Kong was when Deng Xiaoping will die. And Deng Xiaoping finally died in '97, February, and some people, the Hong Kong observers, the Hong Kong-China watchers, you know, they predicted, you know, (Chinese), you know, all those Chinese stabilities are going to collapse. It didn't happen, but a series of problems took place.

We know the, you know, Taiwan faced serious problems. And also the, you know, the 2000, when I get to, yeah, after the trip I made to, you know, this institute, Brookings in '99, we flew to California, to Stanford because Mike Oksenberg was teaching there at the time, and Ken Lieberthal was at the NSC. And then all of a sudden, you know, during the trip, flight, the, you know, NATO bomber struck the Chinese Embassy in Yugoslavia, and then the United States and China was kind of really facing up to the serious crisis, maybe 200,000 demonstrators were, you know, struck the streets of Beijing. And then 2005, you know, about, say, a few years later we had a series of anti-Japan demonstration in Beijing and Shanghai.

Okay, let me skip all those, you know, complexity things about Stephen Kransner and, you know, Robert Cooper things because, you know, those people are familiar to you, so I skip to the third point.

What can Japan do, then? I think Japan can distance itself, distance itself from the war games in and around Asia because Japan is one of the few countries that really actually decreasing its defense budget. All the other countries -- South Korea, North Korea, China, India, Pakistan -- is increasing their defense budget, but despite that North Korean, you know, threat to Japan, Japan has kept on slicing its defense budget and defense, you know, increase of our defense budget is not on our agenda.

Second, Japan can lead the antinuclear movement in and around Asia, definitely. Definitely. You know, we are being against any nuclear weapons program, against India, against Pakistan. Of course we are against North Korea.

Third, Japan can offer moral support to Taiwan and economic support to other nations perhaps like Pakistan and Afghanistan. I saw yesterday, you know, I was, you know, walking along the Pennsylvania Avenue, and there was two big motorcades came from the Capitol area, that was Afghanistan's President Karzai and Pakistani President. So they had probably a very important talk at Washington but when that business came down to, you know, who's going to support the Afghanistan's, you know, kind of local governance, or maybe Pakistan's, who's going to supply clear water to the, you know, the residents of Karachi, I think Japan has a very important job to do.

Third -- maybe fourth -- I think Japan can really persuade China, both China and the United States, to set up a system for a common Asian currency. I think this is about the time, this is about time. China's economy -- I mean Chinese renminbi is not convertible. I mean they have -- better off because they have like Hong Kong dollars that is convertible, and now they have a huge access to Taiwan market. Well, that is a

good sign, but still renminbi is holding, you know, the huge stake in the U.S. financial market, but still that currency is not convertible. That is -- that's too bad.

And Japan can contribute to most of the kind of so-called postmodern -- postmodern commitment that is not what we are talking about, the sovereignty, for example. Japan is really bad at, you know -- really, we are bad at, you know, talking about sovereignty issue, because Japan's sovereignty is very unique, you know. So we don't really seriously engage in that, you know, sovereignty thing. But we can do something about non-sovereignty issues.

That, I meant, like, you know, postmodern features that is, say, that is the really modest things. For example, like, you know, maybe we can contribute something for the initiation of a visa-free regime. Now, Chinese, you know, say, tourists can come to Japan visa-free, and Taiwanese civilians can come to Japan visa-free. And that really boosts up our, you know, communication. Last year we had about two million visitors from South Korea, one million from Taiwan, but Chinese visitors is about 500,000, and I think that could be increased.

But there are some things that Japan cannot really do. I mentioned like, you know, five, but I just will mention only two. I think Japan cannot restart the government. That's too bad, but simply do not expect, like, Mr. Obama-like leader in Japanese politics. Our politics are so different from China. And now I am realizing because I am teaching at the Gakushuin University, and Prime Minister Aso happened to be our graduate, and then we try to use that, you know, his reputation as like, you know, for a boost for the new students. But we stopped doing that.

(Laughter)

So, you know, but Japanese politics is, I think is, it's basically very stable, because, you know, people don't care about, you know, the post-Aso. I asked one of those, you know, LDP, you know, campaign managers, "What's happened after post-Aso?" I mean because that's going to be coming because LDP is going to surely lose the next election, and he said, "Post-Aso is Aso." So we might expect, you know, that sort of -- that sort of leader quite for awhile.

Second, Japan cannot make a wholesale -- wholesale commitment to the United States, you know, just like what happened right after the 9/11. At the time, Japan, maybe 20-some people, 25 people, Japanese killed in New York. And we had such a strong, you know, passion, and we have to really, you know, go with the United States, we have to really support that. And then we gave a wholesale commitment we are with you, no matter what. But that kind of things may hard to come for, you know, for foreseeable future.

Let me mention the last point. Japan cannot fix the alliance structure in Asia; only the United States can do it. I will stop at this point, because, you know, my sole purpose of this talk is inviting your comments and questions and arguments. So I stop here. Thank you very much.

(Applause)

MR. IWASHITA: Thank you for that, Nakai-san. I forgot to mention the regulation time for 10, 12 minutes, please, each. Richard.

MR. BUSH: Okay, I think I can maintain my discipline. I appreciate Professor Nakai's valuable remarks. It seems to me that how the U.S.-Japan alliance addresses China is a special case in today's program for two reasons:

First of all, China is a close neighbor of Japan's, and so it's a factor in Japan's policies in ways that other countries or groups of countries are not. Japanese companies depend increasingly on China as a manufacturing platform. China and Japan do have a territorial dispute, the Senkaku/Diaoyu Islands, and that brings in the U.S. Security Treaty. China and Japan have disputes over the scope of their respective exclusive economic zones and the oil and gas resources on the continental shelf in those zones. And then there's the special history between the two countries. That's the first reason.

The second reason why this is a special case is that China is a rising power, and whenever you have a rising power, it creates particular complications for regional and international systems. China's revival is obvious despite the problems that Professor Nakai mentions. A rising power -- it really is a revival of Chinese power, but let's call it a rising power, it poses two kinds of challenges:

First of all, the status quo powers, and in this case that's United States and Japan, cannot be certain about the rising power's long-term goals: Is it to accommodate to the international system, or is it to upset the prevailing order?

Second, the rising power is often cautious when it is in the early part of its rise and does not reveal its true intentions until later. And so it's not always possible to interpret what this or that action means. In a number of ways China has accommodated so far to the international system. That may reflect its long-term intentions but it may just reflect a risk-averse caution. China may not know whether it wants to challenge the order in East Asia; that's another wrinkle.

Now, whatever China's long-term goals, there will be an important interactive process that goes on in the short term between China and Japan, and China and the United States, and that will help shape the long-term outcome. One kind of possible interactive process is an arms race or capabilities race. China's military power is growing, and the United States and Japan are strengthening their alliance. The danger in this kind of situation is that each acts on the basis of its fears of the other party, so if we strengthen the alliance because of China's build-up, and China builds up because of our alliance, that creates an obvious vicious circle, not a good thing.

Another kind of interactive process is accumulating experience on specific issues where each actor draws lessons about the long-term intentions of the other. China on the one hand and the United States and Japan on the other are engaged in that kind of cumulative experience. We're doing it over the Taiwan Strait issue; we're doing it over the East China Sea; we're doing it over North Korea. So what conclusions do Tokyo and Washington draw about Beijing based on our experience? What conclusions does Beijing draw about Tokyo and Washington based on its experience? Again you could have a kind of vicious circle.

So we have before us a potential tragedy, that even though the United States and Japan are prepared, hypothetically, to accommodate to rising or reviving China into the international system, China's actions require us to balance against China and to kind of in some way contain that. The other side of the tragedy is that even though China may be willing to accommodate to the international systems, our actions, whether purposeful or inadvertent, lead China to decide to challenge the existing order.

The Chinese have a saying, and maybe it exists in Japanese, too, that highlights this potential tragedy. The saying is: Two tigers cannot lie on the same mountain. That whenever you have two competitors there will be a competition. So this raises the question: Can we create a situation where two tigers can lie on the same mountain? Can we create a situation where China, Japan, and the United States all coexist and even work together, and so avoid the tragedy of a competition for power?

I assume that we want to create that environment of coexistence. All three countries have too much to lose. They certainly have a lot to lose economically. Another area where we all lose is the possibility of cooperating together for the benefit of the three peoples, for the benefit of the region, for the benefit of the world. And some of the other parts of the world that we're discussing late today fall into that category.

Now, Americans and Japanese have been talking a lot about the many aspects of a global U.S.-Japan alliance: the defense of Japan, traditional security issues, nontraditional security issues, common values and so on. These are all necessary, they're all important. But I would argue that one of the most important tasks of the alliance -- and I would say it's the strategic task -- is to act in ways together that increase the possibility that China will continue to take an accommodative and constructive approach to the international system. In the end we may not succeed; there's no way of knowing, but if tragedy occurs, it should not be because of our mistakes. Now what can we do to increase this possibility of a good outcome? I have 10 suggestions:

First I think the United States and Japan need to have a clear and common understanding about the nature of China's rise or revival. We should not be naive, but we should not be alarmists. If one of our countries views China relatively positively and the

other views it relatively negatively, it's hard to carry out the strategic task of the alliance. We should encourage Beijing to be more transparent about its intentions, but we should recognize that China's already giving us lots of clues about its intentions if we choose to follow them.

Second, we need to have a shared vision. We, the United States and Japan, need to have a shared vision of China's future role in the international system. The two major possibilities, one is that it's a competitive role, the other is that it's a cooperative role. But if one of us, Japan and/or the United States, has a vision of great power cooperation that includes China, and the other has a vision about China that is basically competitive, then that's a problem between us.

Third, I think we both should challenge China's negative interpretations of our intention, because what creates, what turns a potential tragedy into a real tragedy is often misperceptions about the intentions of the other. So we should sort of challenge China when it views us wrong.

Fourth, we need to find and exploit opportunities for the United States and China and Japan to work together regionally and globally to address the major issues. If the three of us can work together on these in a positive way, it increases enormously the possibility that those problems will be solved.

Fifth, we need to solve the specific problems that I mentioned before that lead each side to draw negative conclusions about the other – East China Sea, North Korea, Taiwan. This is not always easy because third parties are involved in some of them.

Sixth, if these issues cannot be solved, we do need to develop mechanisms to regulate our interaction. For example, in the East China Sea, I think it would be very useful for there to be an "Incidents at Sea" agreement.

Seven, both Japan and the United States need to educate our publics on what China is and what it is not. Both our democracies and the publics will have a role in this.

Eight, we need to ensure that the United States and Japan individually and together have the capacity to carry out the strategic task, and here Nakai-sensei's comments about the Japanese political system are a little bit relevant.

Ninth, I think that the three governments -- Japan, the United States, and China -- should set up a track one dialogue mechanism to facilitate cooperation in a variety of areas.

And, tenth, we need to create better dialogue channels with the Chinese military, because it's the part of the Chinese system that is most suspicious about American intentions and Japanese intentions, and here Japan is probably a little bit ahead of the United States.

Now, obviously, the United States and Japan cannot be the only ones in this triangle that act to ensure that there is a good outcome. China must do its part. It must do a good job on civil military relations. It must promote positive Chinese public views of the United States and Japan. Beijing, in the end, is going to have to decide whether it wishes to be a responsible stakeholder to work with others to address challenges to the international system. Beijing has to approach issues like the East China Sea in a constructive way.

But, to sum up, if addressing the rise of China is today's strategic challenge because it will define tomorrow's global landscape, then doing this job well is the strategic task of our alliance. We must have the capacity, the will, and the skill to get this right; and it's far better if the United States and Japan do this together rather than the United States on its own.

Thank you very much.

MR. IWASHITA: Let me invite Russia to break down the traditional thinking of U.S.-Japan-China in Northeast Asian circles, to widen our scope beyond the region, so Hyodo-san, your time -- 10, 12 minutes, please.

MR. HYODO: Good morning, everyone. My name is Hyodo, Senior Research Fellow of National Institute for Defense Studies. So, National Institute for Defense Studies is a security policy think tank of Japanese Ministry of Defense. But today's -- my presentation is complete my individual opinion, not those of my organization. And I skip my forward and -- for saving some times, and I'd like to enter my main subject, and my title of the presentation is how should we view Russia after the Georgian conflict -- traditional troublemaker or nontraditional security partner?

So, before I go to main subject, I'd like to introduce Japanese situation of Russian studies in brief. The condition of Soviet studies in Japan after the end of Cold War has been drastically changed. The object of area studies has been ramified, and methods and aim of Russian studies has been completely diversified. And I think that's -- the situation is similar to that of your country, and -- unfortunately, the importance of the social needs of Russian studies is not so high in Japan, and the number of Russian

specialists in Japan is not so big when we compare them with those of the other areas, especially in my generation.

However, we cannot cut only Russia as an object of the studies. We are trying to evoke the new type of the Eurasian area studies, including neighboring countries with Russia. So, our academic task is to explore a new dynamism of Eurasian region. In this context, Eurasian big power, Russia, still has big significance, and so our relation with Russia and our foreign policy with Russia have become more important. But at this moment, Japan has not clear view about resurgent Russia.

In the Cold War era, Japanese viewed how as Russia or Soviet Union was very so simple and clear, especially in terms of national security or international security. However, after the collapse of the Soviet Union, so Japanese security concerns towards Russia has been completely lost. So, if we are making Japanese security policy, our main concerns are North Korea and emerging China. But now Russia is recovering economic power and resurgent in East Asian security arena. So, recently President Medvedev declared that in spite of the economic crisis, Russia will never cut military budget and modernize the armed forces, including nuclear powers.

Russia has restarted regular strategic bomber patrols at the end of the Cold War, and Russia military aircrafts now reach the airspace of the United Kingdom, Japan, Guam, Alaska, and the other regions. And Japan air self-defense forces had to scramble its interceptor fighters in response to the foreign aircraft approaching Japanese aircraft 307 times in the fiscal 2007. The number of times Japan scramble fighters in 2007 approached the level, the last seen immediately after the collapse of the Soviet Union.

Of those incidents approximately 82 percent were in response to the Russian aircraft and while roughly 14 percent were against Chinese planes. A number of reasons could be cited for this increase in strategic bomber patrols by Russia, including increased flight training time for the Russian air force due to large defense budgets and action by Russia to restrain the United States military in response to the deteriorating U.S.-Russian relations. So, in this sense, Russia's presence in East Asia is gradually growing in terms of security, and also energy fuel -- Japan has decided to depend on the Russian energy and will sign the Civilian Nuclear Cooperation Agreement with Russia when the Prime Minister Putin will visit Japan next week.

Before enhancing the energy cooperation with Russia, the Georgian conflict has a big impact on Japanese view towards Russia. So, how can the neighboring countries with Russia accept the Georgian conflict, which was occurred last summer? So, in August last year, Russia and Georgia clashed militarily over the independence of South Ossetia, a region with Georgia. So, Georgia attacked the main city of South Ossetia, Tskhinvali. Russia -- Russian armed forces took a heavy counterattack. The ceasefire brought to an end the short five-day military conflict between Russia and Georgia. As a result of the war, Georgia withdraw from the CIS and (inaudible) signed agreement with the United States to deploy U.S. missile defense system, and it seems to me the biggest reason for Russia's excessive use of force, and its counterattack against Georgia was its desire to interrupt Georgia's accession to NATO.

The result was that Russia was denounced by the President of the United States and Europe for its excessive use of military force and suffered major damage to its external image. So, Georgian conflict has shown that Russia has demonstrated to the

international community that despite its membership in the G-8, Russia has both the political willingness and the military capability to take such military action beyond its borders to protect its national interests.

Why did Georgia and Russia make such an unnecessary conflict? I cannot say United States has no responsibility. It is a fact that the United States supported Saakashivili administration politically, economically, and militarily; and it is also the fact that the United States pushed Russia into the corner by NATO expansion and deployment and MD system in Europe. So, I think that it seems that the United States does not have the explicit Russia policy that brings in part Russia's hawkish foreign policy. And Russia is now revising the new national security strategy to 2020, which will be signed by President Medvedev soon. Judging from the draft of this document, so its contents is more assertive than the old one. So, I repeat again, Russian foreign policy will continue to be more assertive.

The Japan-Russian relations in terms of security is a mirror of the United States and Russia relations. So after 9/11 Incident, United States and Russia established a new security cooperation in anti-terrorism issues. At that time, our security relations with Russia was so good, but Russia basically understood the necessity of East Asian ballistic missile defense system because of the North Korea's missile threat, and Russia regarded our security alliance as one of the stable factor of the East Asian regional security.

However, as United States and Russia relations become deteriorating, Russia's attitude towards Japan in terms of security is also deteriorating. I'd like to introduce one example. Russia's ambassador to Japan, Mr. Bely, came to our institute last March, and he made address, and he mentioned about two points. One of them is

further our -- enhancing close cooperation in the energy field. The second point is that Russia's worried-ness about strengthening the East Asian missile defense system and U.S.-Japan security arrangement.

So, why doesn't United States express its security strategy towards Russia? I think that reason is that the United States and Russian relations have dual structures. On the one hand, there is a clash of interests in the areas of traditional security, such as NATO's expansion, the deployment of MD systems in East Europe, and the Georgian conflict. On the other hand, there is a cooperation in dealing with nontraditional security-related threats, such as international terrorism and the spread of WMD, and also since the terrorist attacks of 9/11, cooperation on matters of nontraditional security has expanded and deepened, culminating in the United States-Russia strategic framework declaration signed last year.

While the Georgian conflict has caused relations between the two countries to skid seriously into conflict, both countries are at the same time seeking ways to cooperate in the peaceful use of atomic energy as shown by the U.S.-Russian Civilian Nuclear Cooperation Agreement. And, moreover, arms control issue boast onto START-1 treaty still remain a major issue.

Obama administration expressed that the United States needs more constructive relationship with Russia in many ways, including Iranian and Afghanistan issues by pressing "the reset button." But I think the modification of the relation is not so easy, because Russian security strategy still remains assertive in spite of the economic crisis, and after Georgian conflict Russia's security view became a more traditional one.

So, military elite in Russia has a political power in policy-making process to some extent, roughly speaking, while United States security concerns are occupied by more nontraditional factors but Russian security concerns are not so. So, I'm convinced that the future arms control negotiations between United States and Russia will show that difference. So, United States suggested to reduce the warheads of the nuclear weapons to the level 1000 in number, I think Russia will accept to reduce to the level 1500 without any heavy negotiations. However, Russia would be careful reducing them to the 1000 level, because Russian side seriously takes Chinese factors into consideration. So, Russian military elite estimate the number of Chinese warheads would be increasing near to 1000 in the future.

So, there is a big perception gap regarding nuclear forces between Russia and the United States. So, United States regards nuclear forces as non-effective weapons, but Russia regards them as a useful arms to cover the weakened conventional forces.

So, the Obama administration is concentrating its security concerns on the issues of Afghanistan, so it means that United States security concerns is being occupied by more nontraditional security factors. In this sense, the United States tends to view Russia as a constructive security partner. However, after Georgian conflict, Russia's image as a traditional troublemaker enabling countries, including Japan, has grown.

Russia straddles Europe and Asia, so Russia has two faces like a double-head eagle. Japan sees Russia from Asia-Pacific viewpoint. The United States regards Russia as a European nation. Japan sees Russia as a troublemaker from a traditional security point of view. But the United States sees Russia as a nontraditional security partner from nontraditional security viewpoint. These perception gaps regarding Russia

are essential problem among our allies. But this problem is not about Russia but about East Asian regional security as a whole. It seems to me that United States security concerns are shrinking and focusing on issues of Afghanistan. And then the United States being less concerned about East Asia -- I'm afraid that. As you know, there remains many traditional security partners in East Asia, such as North Korea, emerging China, and resurgent Russia. So, it is very important for United States-Japan alliance manager to diminish these perception gaps regarding East Asia, including Russia, in terms of security, and share common global strategic views. If we fail to do so, our alliance will face a serious, serious challenge. So, we hope that the United States will continue to engage in the East Asian security.

Thank you for your attention.

(Applause)

MR. IWASHITA: Ambassador Pifer.

MR. PIFER: Well, thank you very much. I'm delighted to be taking part in this discussion today.

I'm going to talk about three issues. First of all, some of the challenges that I think Russia poses both to the United States and Japan; second, a bit about Obama foreign policy towards Russia and what "reset" means and what it does not mean; and then, finally, I'll offer some ideas for some areas where I think there are intersections between U.S. and Japanese interests in terms of dealing with Japan.

So, let me begin with the three challenges that I see. First of all, with the -- well, going back to the time that he became prime minister, Vladimir Putin, who I think is still the main leader in the Russian policy system, has been preoccupied with restoring

Russia's status as a great power, that is, regaining some of the influence, authority, and weight in international affairs that Moscow had during Soviet times.

Now, the new factor was in 2003-2004 as the price of energy rose and you had a real increase in oil and gas revenues into Russia, it gave Moscow some of the wherewithal to adopt this more assertive foreign policy, which we've seen really from 2004 on. And that more assertive foreign policy has been especially evident in the post-Soviet space, so we saw it last year with regards to how Moscow talked about Ukraine, particularly once Ukraine articulated the goal of a membership action plan for NATO. At one point, with then President Putin standing next to President Yushchenko at a press conference in February of last year and suggesting that Russia might have to target nuclear missiles on Ukraine. Of course, it was every evident in the conflict last August between Russia and Georgia. And President Medvedev was very clear at the end of August when he articulated basic principles underlying Russian foreign policy, one of which was a sphere of privileged interest in the post-Soviet space. So, coping with that I think is going to be one challenge.

A second challenge is going to be the question of Russia's readiness to use energy as a political tool, and certainly energy seems to be very high in terms of Russian power calculations. A hundred years ago, the saying was that Russia has no allies, only its army and its navy. The modern version of that might be Russia has no allies, just oil and gas. But we have seen Russia use energy repeatedly as a political tool in the post-Soviet space, the latest episode being with Ukraine just in January. Now, the Russians have taken some care, however, to maintain the reality and image of a reliable supplier of energy to Europe. Although I think what we saw in January suggested some readiness on

the part of the Russians to undermine energy flows to Europe because of the dispute between Moscow and Kiev. So, I think the question is, you know, do we run the risk at some in the future of seeing Russia prepared to use energy on a broader scale?

Now, a third challenge is a bit more different from what people talk about when they say resurgent Russia, assertive Russia. But I think it's one policy planners in Washington and Tokyo need to have in the back of their minds, and that is the challenge posed by Russian weakness. We've seen some of it in the last five or six months with the economic and financial crisis as the contribution of Russia's energy sector to the economy goes down. We've seen other sectors of the industry that are largely unreformed. We've seen a Kremlin that is usually nervous about the economic but also the political and social consequences of economic recession most epitomized last December when, nervous about demonstrations in Vladivostok over the new tariffs on imports of used cars, the Russians moved special police units all the way from Moscow to Vladivostok.

But looking beyond just the current crisis, what you see -- and this is a mid-term problem, maybe four or five years out -- you see extremely weak infrastructure. You see a decision-making process in the Kremlin that seems to be increasingly brittle. It does not respond well to surprises or unplanned events. You have this looming problem of demographic decline, which will begin to have some fairly near-term impacts. For example, in 2017, the number of Russian males who turned draft age will be only half of what it was in 2006. And there is the ever-present concern about the revival of separatism in the north Caucuses. So, all of these factors separately or together, you know, could combine to produce a weaker Russia, and one of the questions we ought to

be thinking about is what does that mean? How will Moscow respond to increased weakness?

Now, I'll talk a bit about the Obama approach to Russia, and I'd first begin by saying that "reset" does not mean wiping everything clean. I would agree with Hyodo-san that the Bush administration lacked a coherent, explicit Russia policy, and that was one of the reasons why U.S.-Russia relations got into so much trouble at the end of last year. I think the Obama administration is trying to put together a broad Russia policy. And that's in part a recognition that the collapse of U.S.-Russia relations, as reached their bottom point in 2008, was not good for the United States, that we want and in some cases we need Russia's help on questions like controlling nuclear materials, now access to Afghanistan. So, the effort was made to try to find some areas in which U.S.-Russia relationship could begin to have some positive issues. One will be the negotiation, the follow-on treaty to START. There's talk about commercial relations. The United States is now explicitly supporting Russia's admission to the World Trade Organization. And although I think the subtleties are sometimes hard to read, there's probably more flexibility on the missile defense issue than there was a year ago, and I think that's perceived in Moscow. But the reset doesn't mean that everything changes. There are still going to be areas that are going to be difficult between Washington and Moscow, and it's interesting that in, really I think, the first major pronouncement on Obama administration policy made by Vice President Biden in Munich in early February, he was very careful to say that, while we want to improve relations with Russia, there are also some areas that are going to remain difficult. The United States does not recognize, will not acknowledge a sphere of influence in the post-Soviet space, will not recognize

independence of Abkhazia or South Ossetia, and will support the right of Russia's neighbors as sovereign states to choose their own foreign policy course. So, that does set up some areas that -- a possible friction between Washington and Moscow.

Now, on Moscow's side, I think their reset also has limitations. I do believe that Russia wants to improve the relationship, but we've also seen it's not in all areas. Examples would include the Russian effort in February to persuade the Kyrgyz government to close down the American base at Manas. We've seen the Russia pressure tactics just in the last several weeks around Georgia, so they're going to still remain difficult issues from Russia's point of view on the agenda.

Now, let me talk a little bit about some U.S.-Japanese intersections going beyond Northeast Asia, and what I'm trying to think of, where can the United States and Japan cooperate and begin to think about ways that we might shape a more positive Russia approach to the world, and I'll offer four ideas in fairly general context as things that we ought to think about.

First is how do we deal with the assertiveness? And it seems to me that the United States and Japan need to be prepared at some times to push back against this, because if the Russians succeed, if the assertive policy that they've pursued over the last several years is seen as successful, they're only going to be encouraged to do that further. And that kind of Russia is not going to be an easier country for either the United States or Japan to deal with.

Second area is going to be the area of energy, and this is an area where it seems to me that the United States and Japan as major consumers of energy have an interest in facilitating Russia's integration into global energy markets as a normal

commercial supplier and trying to minimize either the motivation or Russia's ability to use energy as a political tool. I think the United States and Japan by virtue of their economic and commercial weight may have some ability to play in this game. It probably also makes sense at some point for the United States, Japan, and the European Union to talk. Now, I think before that conversation can go very far, it would be useful if the European Union were to come up with a more coherent energy policy, and probably also we, in the United States, have to have a more coherent approach to energy questions.

A third set of issues are the issues related to nuclear weapons and nuclear nonproliferation, and it does appear to me that Washington has adopted or is in the process of adopting an approach on nuclear arms reductions that will be familiar to -- and the Russians are more comfortable with -- and that is limitations reductions, not only on warheads but also on strategic nuclear delivery vehicles. And it does seem to be that -- well, I personally like the number of a thousand for warheads. I think 1500 is probably more achievable if you're looking at what happens in the near term in the context of both sides may be able to go to 1500 without getting into very difficult questions such as third-country forces, like China, Britain, and France or missile defense with the question of tactical nuclear weapons. But it does seem that as this negotiation goes forward, I do hope that Washington will try to approach Moscow and say can this be a part of a bigger approach that addresses not just the U.S. and Russia nuclear arsenals but can Moscow and Washington use this renewed commitment to nuclear arms reductions, consistent with their obligations under the nonproliferation treaty, to reenergize efforts to contain nuclear proliferation. And there may be some area here where the United States and Washington can work together in terms of dealing with Iran containing, controlling

nuclear materials, perhaps in negotiation of the Fissile Material Cutoff Treaty, but I think this is an also an area where Japan has some weight to play, and as the United States has this discussion with Russia, a side discussion with Japan may be useful, because Japan can hopefully come to the right point and encourage this enterprise to go forward.

And the last area -- and this is an area I think is probably at this point not operational but is probably something for our policy planning staffs at the foreign ministries to begin thinking about -- is how do we deal with Russian weakness? You know, what happens if the Russian state really becomes more brittle, can't deal with the challenges it faces, and what does that mean for -- what does it mean, for example, for Central Asia if all of a sudden Russia becomes a weaker player really unable to exercise the influence? Now, in some ways that may be good, but in some ways that may be bad. I mean, what does that mean in terms of, for example, China's ability, then, to go into the region? So, I think this is an area where some discussions might be useful in thinking about those hypothetical what-ifs, which at some day we may be facing in reality.

So, like I said those are four general ideas. I'm not sure I really had the time to develop them, but they are things that I think would be useful subjects for discussion between Japan and the United States as we jointly think about how we deal with a Russia that is probably going to be a difficult issue for both of us for a number of years to come.

(Applause)

MR. IWASHITA: Before opening the floor. Let me -- give me three minutes, please, because I want to show why today we put the Russia and China in the same box with our alliance. So my background of research is Sino-Russian relations, so

now the -- interestingly, these two weeks it's fashionable to study Sino-Russian relations in Washington, DC, areas. So, CNA, Pentagon based, Crystal City, the April 17, China-Russian Relations Strategy Partnership we discussed. I was invited. The day before yesterday, Department of State's intelligence guys also held a seminar -- closed seminar on the Russia-China conference. Yesterday and the day before yesterday, the next door, SAIS, Central-Asian guys also touch on the Sino-Russia relations, I was there. But I'm a little bit curious why now in Washington, DC, are enthusiastically rush to discuss Sino-Russian relations, because last year I was there nobody paid attention to China-Russian relations. It's very interesting. So -- but I feel the U.S., Washington guys discuss on China-Russia relations very -- challenges because first is most of the research often mentioned Chinese migration, Russian Far East, and other border related topics. But comprehensive analysis on the Sino-Russian borderland, nothing. So, need to reconsider our conclusion. So many guys -- I'm frustrated these events. Oh, Russia, China unite against United States -- Russia, China, unite against United States or Russia -- China would make a war soon. It's a very simple scenario. And balancing game among U.S. and China is deciding factor of Sino-Russian relations. I don't believe it. If Russia and China manage their borders badly, what happens? It greatly harm the interest of not only Russia and China but also the United States, Japan, beyond Northeast Asia, the world.

Why? The border issue is always the possible seedback (sic) for military confrontation throughout history -- Qing Dynasty-Russian Empire, Manchukuo-Soviet Union, PRC-Soviet. Even the post-Cold War period. (Inaudible), the border issues of this (inaudible) factor Sino-Russian relations. This is my topic. I repeat it. So, please imagine a map. Eurasia is a little bit -- world is complex in neighbor countries. The

United States, particularly Washington, and Japan, are a little bit far from this, particularly far from the United States. If something happened Eurasian continent, United States is always safe but Japan is a little bit doubtable. So, in this sense, please look at a map. The reality of the Sino-Russian borderland, bilateral and surroundings, if they conflict it's a tremendous damage. China -- 20,000 kilometers country bordering Mongolia, Afghanistan, Pakistan, India, etc., so even the PRC government did not officially attach on the border issue was important, they thought everyday the border security. This is the real image. Russia -- Russia is also borderland great power, 20,000 kilometer borderland, of course. Japan and Russia have shared border. So, these guys, Professor Bobo Lo's book is now fashionable in the -- here around the Washington, DC, circle. This is his book published. But this – smart analysis. But border analysis is nothing.

The two challenges. This a little bit overlapped today's thinking. Some of the U.S. strategic thinkers pretend to cover both China and Russia's (inaudible). But few can study both of them and relations well and deep. Washington perception of China, China is the main topic in Northeast Asian policy community, U.S.-Japan alliance is a necessary tool to either compete or cooperate with China. Washington perception of Russia, Russia little presence is in Northeast Asian policy community, Russia - European expansion. So, the map it shows. This is a Japanese map. So the view -- Japan is central through the Pacific Ocean. You -- the United States -- reach the Pacific Ocean and Northeast Asia. You pick up the area. But the United States map there. The Washington here and the trans-Atlantic Ocean toward Europe, then expand Russia. This is reality like Minister Shinoda suggest. I completely agree. But from our point of view, Russia and

China are neighbors. Therefore, we are very familiar to discuss China-Russia in the same box. Therefore, the U.S. community should invite Japan researcher if you discuss China-Russian relations.

So, I'm sorry to go over time. So, about maybe 20 minutes remain. So, I just open the floor. But this session must be finished on 11:00 sharp. Therefore, let me collect a couple of questions first, and then back to the panelists, because if we pick one to one answer, it takes much time, and I'm afraid to use much time. So, please -- okay, the first right. Short and -- please.

QUESTION: Chia Chen, free-lance correspondent. Dr. Nakai, you mentioned that world common currency. I think this is very important for the future world financial stability. Since you have access to the Japan leadership, what Japan think about this and how do you think since U.S. and Japan are two big economy power could start with these two country.

And for Dr. Bush, you are talking about U.S. and Japan sharing experience. What's kind of unique U.S. experience dealing with China you can share with Japan? Thank you.

QUESTION: Tom Oku, Bank of Tokyo Mitsubishi UFJ. My question is on North Korea. As everyone knows, North Korea has a different stance -- excuse me, Russia and China has little different stance compared to U.S. and Japan. My question is what factor would change China and Russia their stance to North Korea -- I mean, more proactive trying to engage on some of the North Korean issues?

QUESTION: (Inaudible), SAIS. I have two questions to Professor Nakai. First, about one of those items that Japans can do, offer moral support to Taiwan. My

question is has there been a request for that kind of support? I think it's important, particularly in view of the current rapprochement between Taiwan and the mainland.

Second, what Japan cannot do, cannot fix the alliances, the alliance structure in Asia. It implies that the alliance structure is broken. Do you want to say that, because if it ain't broken, maybe it shouldn't be fixed.

QUESTION: My name Dmitry Novik, and I have question to Japanese sides. It's well known that its tension -- it's no peace treaty between Russia and Japan, and it's very dangerous proposition, because if you have no peace treaty any time you can start to fight. So, my question is this. Why Japanese cannot -- Japan cannot suggest to Russia to lease this island for ninety-nine years for some money. Russia desperately needs -- the same as Alaska was with United States before.

MR. IWASHITA: Thank you. We understand the question.

QUESTION: Hi, good morning. My name is Ruan, Chinese Embassy here in Washington. It's said in Northeast Asia particularly, two tigers cannot lie on the same mountain unless one is male and the other is female. So, my question -- actually I'll address the panelists. Can you offer some kind of a new idea or approach to build a very constructive relationship between China, U.S., and Japan? People are somewhat fed up with the notion that U.S.-Japan allies against China, balance China. But this is different time, different world. Can we make some creative suggestion for that? Thank you.

QUESTION: This is Stan Tsai, Organization of Chinese-American, DC chapter. I think that Beijing ought to tell people about Taiwan issue is a core issue, and I think a couple days ago Japanese envoy to Taiwan talk about Taiwan's status is undetermined. My question to Dr. Nakai -- is this policy from Japanese government, or if

this issue is -- I mean, is it common sense to -- in Japan or not. If it is, then how it affect the dialogue between Japan and China? Thank you.

QUESTION: My name is Samar Chatterjee of SAFE Foundation. A comment on Mr. Pifer's proposal to push back on Russian move, such as in Georgia. I do feel that Russians have exercised great deal of restraint since the fall of the Soviet Union. It's the United States which has been playing a lot of different games both in Afghanistan and Iraq, and they've been there for seven and eight years and Russia has not been in Georgia for more than a year now. So, it's kind of ridiculous to think that the U.S.-Japan policy should push back on Russia, because if the Russians push back on Iraq and Afghanistan and Pakistan, the whole thing -- the U.S. influence in that area will fall apart. Thank you.

MR. IWASHITA: Thank you.

Please.

QUESTION: Yifei from Fudan University in Shanghai. Question to Professor Nakai. You mentioned we cannot assume Chinese economy is going to keep grow because there are internal problems with Chinese economy. My question is what are the problems that are particular to Chinese economy apart from the general problems the whole world is facing? Thank you.

MR. IWASHITA: I will collect the last question on Russia particular to Hyodo-san.

Who -- okay, please.

MR. BILLINGTON: Mike Billington, from Executive Intelligence Review. Other than the energy question, I wonder if you could address the potential for

the development of the Russian Far East and Central Asia as the new frontier, not only for Russia but for all of Asia, in fact for the world, and of course Japan and Korea's technology could play a tremendous role in that development.

MR. IWASHITA: I suggest you have a seat at the South Central Asian session -- this point.

A question, Russia?

QUESTION: (Inaudible – off mike)

MR. IWASHITA: Thank you. I just collect the Russian issues.

Please.

QUESTION: My name is Tabata from Slavic Research Center. I have a question to Steven Pifer concerning Russia's energy policy. Russia is now increasing their supply price of oil and gas to CIS countries to the level at which they are supplying to Europe. Therefore, we should regard recent Russia's policy is the attempt to abandon the use of energy as a political tool, not the other way around.

MR. IWASHITA: Thank you. Sorry for closing the question time. So, Ambassador Pifer should leave on 11:00 sharp. So you first, please.

MR. PIFER: Let me start on the last question. You know, actually, I think Russia's decision to raise prices to countries like Ukraine to European prices actually is a sensible step. I don't regard that as use of a political tool, and the thing is it was a necessary step to begin to get countries like Ukraine and other Russian neighbors to begin to make logical and rational decisions about how they use their energy. So, I think it was a good -- it was good for Ukraine that the energy price increases were phased in over about three or four years.

The one thing I think the Ukrainians have found is actually the price increases, which are quite dramatic. In 2005, Ukraine was purchasing gas from Russia for $50 per thousand cubic meters. The price in January was 360, although it's now gone down to I think about 270. The Ukrainian economy was actually quite able to accommodate that, and you have seen, for example, the energy usage, I mean, the gas usage in Ukraine, which was about 78 billion cubic meters a year, four or five years ago, was down to about 65 billion cubic meters last year. Part of that, of course, was due to the economic recession, but part of that was due to conservation that logical -- conservation decisions made by business men who were trying to save energy.

On the question about pushing back against assertive Russia, I think I said the United States and Japan should be prepared, when necessary, to push back. I mean, it's not pushing back at every time, but I would suggest that if we allow -- if the West allows Russia to draw a red line that basically says that Western countries, Western institutions stay out of the post-Soviet space, that is not going to be good. A Moscow that believes it can get away with that is going to be a much more difficult partner for us to deal with. I also simply would not equate the situations in Georgia with Iraq and Afghanistan. I just think they're very different situations.

Finally, I'd just make one last comment on the question of an alignment between Russia and China. I mean, I think we do see that Russia and China will come together in a tactical way. For example, the Shanghai Cooperation Organization seems to me as a Chinese-Russian effort basically to minimize U.S. and Western influence in Central Asia. But I see it as a tactical arrangement. It's difficult for me to see Moscow and Beijing aligning in a strategic way, and for a couple of reasons. One reason is, I

think, if you look at how dynamic China is now compared to Russia, it's hard to conclude that Russia would end up as anything other than the junior partner in that alliance, and the Russians are not prepared to accept that.

Second, there is -- and it was alluded to in the question of the borders -- I think a very real concern about what's going on in the Russian Far East. If you take that huge chunk of land from about Irkutsk on over to the Pacific, over the last 15 years, the Russian population there has dropped from about 7.5 million to 6.5 million. It's not an easy place to live, but at the same time, it houses oil, gas, gold, timber, huge amounts of resources. Now, the Russians look at that area where they have a specifically declining population, and I saw a calculation that if you then took a line and went 100 miles into China along the Russian-Chinese border opposite that 6.5 million Russians are 140 million Chinese. Moscow looks at that and they are very, very nervous about what it means 10, 15, 20 years down the road.

MR. IWASHITA: Hyodo-san, please.

MR. HYODO: So, question regarding Russian attitudes towards North Korean missile threat. So, North Korean missile threat is not a real threat to Russia. So Russian behavior I think that is based on the political motivation, so political support to China. So if the Russian and United States relation would be better, in that case that Russian political attitude regarding North Korea would be changed.

MR. NAKAI: Thank you for many, many questions, which I expected. First, common currency. Yes, I think common currency -- Asian common currency -- is long overdue. And China had a chance in '97 but because of that Asian economic crisis China missed the chance. And at the time the opposition from the United States was very

strong, and Japanese government kind of obliged to go with the United States. But I think this is long overdue problem, and I think we're taking -- I mean, China and Japan are taking some steps for -- to that direction. That is an -- I think that is a very good sign.

North Korea -- I think China and probably Japan, too, is kind of giving up hope. We are doing some, like, you know, accommodation to the North Koreans', you know, demands, but it didn't really work at all. And Chinese government will keep on pushing Kim Jong Il to start some reform, you know, in market mechanism, maybe partially but didn't really work well, so I think the present status was just we wait for the death of Kim Jong Il.

Taiwan's -- how can we support Taiwan? Moral support, yes. We support Taiwan's democracy, and I keep on saying -- I frequently visit Taiwan -- I frequently tell them that we don't really support DPP or, you know, Kuomintang, nationalist party, but we support -- Japanese people support Taiwan's democracy no matter what. And then this election -- I mean, the last election -- proved that Taiwan is really heading to the, you know, genuine democracy and we keep on supporting Taiwan's democracy.

And the -- yes, security fix. I think there is a saying in United States, don't fix it, you know, if it ain't broke, and I think our system in Asia is not really in serious damage. I mean, it just keep on working. So, I think we don't need major fix of it. Maybe we need a little, you know, quick fix somewhere, maybe glue somewhere, a little patchworks, but I don't think we are facing serious trouble in that area.

Let's see, where's -- yes, status of Taiwan, yes. I think traditional and probably say the real legitimate Japanese government standpoint on this, you know, Taiwan issue, Taiwan sovereignty is -- I think it's widely accepted by both Japanese

government and the, you know, people on the street is we leave that Taiwan-China issue to the hands of the Chinese people. And I think this bottom line and beyond that I think maybe some people here and there maybe have some, you know, slip of the tongue and that is it.

And China's economy, yes, I lived in China in year 2001, and I just realized that, you know, Chinese economy is still very booming and rapidly growing and you feel the sense of the energy, you know, the flowing to that and, hey, we had 10 percent of the growth of the GDP this year, next year we're going to have 15 percent or whatever. But Chinese economy is not really, you know, user friendly. You know what I mean? You know, you should more, you know, concern on the product reliability, on maybe, say, food safety. So, you should get rid of those, you know, poison dumplings or whatever, and then I leave the question of the tigers to Ambassador Bush.

MR. BUSH: Thank you very much.

On the question of shared experience, just one example that concerns Taiwan, in 1995 and 1996 China used missiles to express its unhappiness with President Lee Teng-hui. They saw those as a political deterrent. Then -- and the United States was very concerned about where this would go, Japan was concerned about where this would go. It happened at the same time we had a North Korea problem, and so the United States and Japan focused more on missile defense and improved their defense guidelines. Even though this was directed at North Korea, China thought it was directed at themselves and that we were acting in a way that would negate their deterrent against Taiwan, so there's more suspicion and more action and reaction.

On North Korea, I think that China and Russia will likely change their view on North Korea as long as North Korea continues acting in a provocative way.

I appreciate Dr. Ruan's amendment to my two tiger saying. I think that's very good. What can the United States, Japan, and China do? I think we can work hard to work cooperate on major regional and global issues. I think that there needs to be better mutual understanding and trust among the militaries. They really do need to talk to each other. And then, finally, I think that it would be very valuable to create a track one trilateral mechanism.

Now, on the incidents in the Yellow Sea, South China Sea, East China Sea, the activities of the PLA navy reflect a stronger commitment to asserting and protecting China's maritime rights as China defines them. In addition to the operations of ships, lawyers are very active on all sides in asserting their country's position. I think that there has to be a realization at the highest levels in all three countries that this issue is a time bomb, that there could be a clash, and it might not be controllable. Thus, we need better military dialogue, and I think it's very important that the three countries create norms and procedures for the operation of their navies in a shared space.

Thank you.

MR. IWASHITA: I apologize for failing to pick up all of the question from -- I wish you'd have a chance to discuss directly with panelists (inaudible) issue. I personally explained the situation. I'm in charge of this matter. So, thank you for coming, and please give the great panelists a big hand. Thank you very much.

PANEL 2: EUROPE AND MIDDLE EAST

MR. BUSH: Why don't we go ahead and resume? We're on a rather tight schedule. Our first session was about resurgent great powers and what they mean for the alliance. Russia is trying to revive after two decades -- China after two centuries. And now we move to various regions of the world. I guess they're all in the northern hemisphere. And we're going to move more or less from west to east. And we're going to start with Europe and our two speakers are Tadayuki Hayashi, who is the Vice President of Hokkaido University. He is going to be presenting the views of Professor Osamu Ieda, who unfortunately was -- he was scheduled to come, but then could not come -- and he'll probably have a few comments of his own. And then my colleague here at Brookings, Justin Vaisse, who is in the Center on the United States and Europe. Then we'll move to the Middle East and our presenters are Professor Keiko Sakai, who is a professor at Tokyo University of Foreign Studies, and my good friend and colleague, Mike O'Hanlon, Senior Fellow here and Director of Research at the 21st Century Defense Initiative. We have detailed bios of all of them if you want to know more, but I think you want to hear from them rather than from me. So we will start with Vice President Hayashi.

MR. HAYASHI: Iwashita-sensei told me let's go to Washington, D.C. Your duty is only to say thanks to Minister Shinoda in the embassy. So I said yes. So in the morning of our departure, he send me an email. Okay, you are pinch-hitter for Ieda. You have to make a presentation. Okay, so I do. And I would like to make some supplemental remarks to Ieda's paper. His paper refers to the history of East European

Studies in Japan and refers to new possibility of Japan-U.S. cooperation in the field where (inaudible) and so on.

So I would like to refer two points Ieda's paper does not mention. First point is relationship between Japan and Central Eastern Europe and the history of the world politics. Now hereafter I say Central and Eastern Europe is CEE or CEE countries and also I'm not economist but I would like to say something about the economic relations between Japan and CEE countries. Okay. So, now, neither Japanese nor CEE people regard each other as strategic partner in the world politics. A few days ago, our Prime Minister Taro Aso visited Prague, the capital city of the Czech Republic, and met Czech Prime Minister Topolanek. Maybe he is still prime minister, but today is the last day or tomorrow is the last day -- so, but it is important thing for me, but it is not for you. I say more. Maybe -- so anyway -- two prime minister – so, according to newspaper report, Mr. Aso and Mr. Topolanek discussed mutual information exchange on the swine influenza. This topic is perceived as much (inaudible) in Japan comparing in the United States. So it is correct topics in this meeting in the context of Japanese domestic politics -- but, no more of that.

Anyway, it seems that they did not discuss new strategic cooperation between the two countries. Of course, I think it is natural thing. Security of CEE country is in the framework of NATO and the Japan security is in the framework of Japan-U.S. alliance. So here I want to say a little two episode, I want to say. Here, first episode was two Polish politicians visit to Japan in the period of the Russo-Japanese War, 1904 and 1905. One is -- that Polish politician -- one is Roman Dmowski and the other is Jozef Pilsudski. They were eminent Polish political leaders and rival for political leadership of

national emancipation struggle at the time. Their visit did not have any impact to the course of war, but anyway Japanese authority, which invited them to Japan, and two Polish leaders who came to Japan had each different strategic intentions anyway.

And second episode took place in April 1918 -- the last year of World War I, a Czech political leader appeared in Tokyo without any previous announcement. His name was Tomas Garrigue Masaryk -- top leader of the Czechoslovak Independence Movement and he would be the first president of Czechoslovakia at the end of that year. Now, his statue is in Massachusetts Avenue. I found it yesterday. In that year, after the February Revolution of 1917, he was successful to organize Czechoslovak Legion Volunteer Corps of Czechs and Slovaks. He came to Tokyo on the way to Washington to gain the support of Japanese authority to his plan. He wanted to transfer this corps from Russia to western front of Europe. This visit also did not affect -- did not affect the policy of Japanese government. At that time, Japanese foreign ministry did not know who was Masaryk. And from May to July of that year, armed struggle had occurred between Czechoslovak region and Bolsheviks. Then at the beginning of August, Japanese and U.S. government declared their joint dispatch of troops to Russian Far East and as the pretense that they would rescue the Czechoslovak region from the threat of Bolsheviks. Thus, the history of Siberian Expedition began. At this point, a kind of triangle relationship among Japan, U.S., Czechoslovakia appeared and, of course, all three had different ambition and different intention.

So, from these episodes, we may say that a great war including political disorder in Russia were important initiator of mutual interest between Japan and the CEE. So, political or strategic distance or indifference between Japan and CEE is very good

indicator of international peace in Eurasia. And Ieda's paper says our East European Studies has kept more academic orientation and indifferent to political orientation. However, in post-Cold War period or post-Communist period, political or strategic distance did not disturb development of economic relationship between Japan and CEE countries.

So far Japan's share of trade in CEE countries, as well as CEE's share of Japan's trade is insignificant. However, in these ten years many economists pay attention to rapid increase of Japan's direct foreign investment to so-called Visegrad four countries -- namely Poland, Czech Republic, Slovakia, Hungary -- especially to Poland and Czech Republic. Japanese manufacturers -- including Toyota, Panasonic, Sony and so on -- are building new production centers in these countries for the EU market, taking advantage of relatively cheap and high skilled labor. According to report of the Mitsubishi UFJ Research and Consulting, the Czech Republic and Poland are Toyota's fourth and fifth production point in Europe in 2008. First is the U.K., second is Turkey, and third is France. But, anyway, production share of the two countries -- Poland and the Czech Republic -- in Toyota's production in Europe is rapidly increasing. It is clear that in Europe -- at least in Europe, Japanese manufacturers are shifting production centers from west to east. Of course, however, it is too early to draw a domestic conclusion for economic relations between CEE countries and Japan. For example, no one knows how recent world financial crisis will affect these young economies.

Anyway, I think that our Central and East European Studies cannot remain academic. Almost 10 years ago, one consulting company -- Japanese consulting company -- invited me to some seminar as a lecturer. Surprisingly for me participants of

that seminar were only Toyota's staff member. And they told me that, okay, you are not economist, you need -- you do not need to say something about the economy. We analyze ourselves. But please say politics and international relations and history. You can say anything which I am interested in. So I say many things about this area. So they listened. My talk -- very earnestly and maybe more earnestly than my students in the University -- so I felt -- okay I finish -- okay. I felt -- so I felt as a time when new era had come. Okay.

Anyway, so it is clear that CEE countries and Japan and the United States are in the globalized world in the economics. So thank you very much. I finished.

MR. BUSH: Thank you very much, Mr. Hayashi. Justin?

MR. VAISSE: Thanks, Richard. I was a bit surprised, but -- well, let's say I was amazed, but not really surprised that my respected colleague, Hayashi, didn't mention the fact that the summit of Monday was, of course, an EU-Japan summit and not a Czech Republic-Japan summit. And that there was not only Topolanek, but also Jose Manuel Barroso and Javier Solana and that what came out of that is a 10 page joint press statement with, I think, pretty significant conclusions. And, of course, they talked about the swine flu -- that's correct -- but they also talked about issues of lesser importance like the global financial crises, for example, global warming, where the EU and Japan are leaders, the future of peacekeeping operations, the future of the U.N, and such minor issues.

So my point, I guess -- my first point -- would be the idea that the rationale for what was called in the 1970s and what is still known as tri-lateralism remains very, very strong. By training, I'm a historian of the U.S. foreign policy --

especially in the 1970s, which is the decade where it really began. And I worked on the integration of Japan in what you can call the Atlantic World -- especially under the -- with efforts by people like Zbig Brzezinski and others. And, of course, America had a very important role after World War II vis-à-vis the, let's say, the socialization of Japan back into the international community, but let's not forget that the general idea in the '70s, '80s and which I think remain very true, is that there is natural link between the U.S., Japan and Europe.

The EU and Japan together represent about 40 percent of global GDP. With our junior partner, America, it's about 60 percent. And, of course, there is a diffusion of power and newcomers like China, Russia, and others. But the difference with them is that they cannot be full fledged allies. They can be -- and they should be -- partners. Sometimes they are competitors. But they cannot be allies. The U.S., Japan and the EU are natural partners. We share common values of democracy, the rule of law, social justice and human rights, as well as a strong commitment to free and open markets. So in this spirit, I'd like to focus not so much on what the U.S. and Japan can do for Europe, but how the U.S., Japan, and the EU can cooperate to further their own interests and world order.

So my second point is that the EU and Japan have striking similarities in their position in the international system and could, and should, do much more together and that would really help the U.S. After all, when they act on the global stage, both Japan and the EU mostly emphasize their civilian power tools of trade, aid and diplomacy. Both take multilateralism very seriously. Both face the challenge of dealing with the demands of new emerging powerhouses like the ones I mentioned without the

same clout as the U.S. And, of course, their relationship to America is strikingly similar. Granted, the security configuration is somewhat different as Japan is still more dependent on the U.S. for its security, but, by and large, we -- meaning Japan and the EU -- face a similar dilemma -- how to support our friend and ally, America, when it's doing good and useful things and how to influence it at the same time, especially when it's doing not so good things.

One example -- a good example is Iraq. This is something that by and large Europeans and Japanese were not very comfortable with to say the least. They were torn between the widely shared conviction that it was a blunder and the necessity of being good allies of Washington. And maybe you know the famous formula written by Bob Kagan about the U.S. making the dinner and the allies -- the European allies making the dishes, meaning coming after the battle and doing peacekeeping, etc. But in this case, we didn't do much of the dishes -- either Europe or especially France and Germany or Japan. Even if Japan sent some reinforcement between 2004 and the recent years, but that didn't amount to much. So that shows there was a problem. And so how can Europe and Japan avoid that kind of situation? How can they both fine tune this balance between speaking their mind and being good allies?

Well, I think one way is to increase bilateral consultations and how, you know, what world order do we want and how best to talk to the U.S. about this. And second, I think, and that's a bit more sort of concrete policy recommendation, by conceiving of burden sharing differently. At a time when the U.S. is probably over extended, I think we can help America shoulder its global responsibilities by doing more together -- the EU and Japan -- on some issue -- issues. Like, you know, take Africa, for

example. Let's take piracy off the cost of Somalia, which was discussed by Taro Aso and European leaders four days ago. This is a problem that affects us all since we have a large part of world trade -- especially in this region. And guess who is -- what's the main organization fighting piracy off the coast of Somalia? It's not the U.S. Navy. It's not NATO. It's the EU. It's the Euro NAVFOR EU mission. So why not cooperate with Japan, which has just sent escort ships there, and do more? That would be sort of different burden sharing with the U.S. -- acting where the U.S. is either not interested or doesn't have the resources, doesn't want to divert the resources to do these things.

Another example -- Darfur. The main mission to secure refugee camps was the EU Mission and it ended a couple of weeks ago to help the UN take over. But we need help and Japan can help these kinds of mission. But also I could give other examples -- the Congo or dealing with Sudan, for example. More generally we're faced with the increasing role of China in Africa, and that role is not very helpful, frankly, in the sense that what China is offering African countries goes against the policies of conditionality that the U.S., Japan, and the EU in particular have insisted on implementing. And so this is undermining our leverage for getting a better governance in Africa. And so we should do more to consult -- the three of us -- the EU, Japan, and the U.S. -- including in multilateral institutions like the IMF or the World Bank.

So at the end of the day, the kind of EU-Japan leadership -- this kind of EU-Japan leadership is really what I think could do a lot to help the U.S. make this a more stable and secure world -- probably as much as sending people in Afghanistan, for example.

That gets me to my third and last point. I think the U.S., Japan and the EU together must do a lot more in the realm of reform of multilateral institutions. I don't need to tell you what a great tradition of presence and influence Japan has in the multilateral system -- whether in the UN or its weight in the Bretton Woods institutions. It's, of course, part of the G8 since the '70s. We get back to that important period for tri-lateralism. And I think we -- the three of us should do more to reform the system. After all, we have, by and large, similar goals. We are, by and large, like minded on this question of multilateralism. We face similar challenges -- that is how to accommodate the legitimate demands made by new powers to integrate these institution and how to adapt them to our age. And third point is that we would have considerably more clout if we acted on the basis of common position. So, what does that mean concretely in terms of policy recommendations? I would like to focus on four examples -- the U.N. system, peacekeeping, G8 versus G20, and the IMF.

The UN system first -- Japan is one of the biggest contributors and, of course, its objective is to benefit from a reform of the UN Security Council or at least avoiding to see its role reduced in any reform while also reforming the U.S. -- I'm sorry -- the UN system which costs so much that is to streamline its budget, to make it more efficient, and to expand voluntary contributions versus assessed contributions and more generally increase its clout. And this is a point of convergence with EU, not a point of difference -- especially at a moment when a new administration -- the Obama Administration is sort of reinvesting or reentering the UN system and wants to reform it. There is room for what I believe should be a tri-lateral discussion. I also believe that

there's general convergence on the question of UN Security Council reform, but I'll leave that maybe for the question and answer sessions for the benefit of time.

Second example -- peacekeeping. Peacekeeping has exploded in the very recent years to the point that we are now in sort of a similar situation as we were in the early 1990s when it first exploded. We are getting close to 20 operations worldwide, more than 110,000 blue helmets around. This is very expensive -- especially for, guess who? Japan, the U.S. and EU countries. We represent about 80 percent of these costs. So basically we are the UN peacekeeping. Of course, we are not the peacekeepers. That's different. But for the budget, the three of us make up about 80 percent of that. So can we continue in times of economic crisis? Aren't we at the tipping point? Are these operations effective? Do they make a difference? Are they cost effective? Well, my answer -- it's open to debate -- but my answer is probably that yes, these operations still make sense. And they are, if we follow the conclusions reached by James Dobbins at Rand, yes, UN peacekeeping operations are cost effective and it's a cheap way to help maintain world order. But still, I think we can do better and the way to do better is to discuss together about what we want to do with something that we basically fund in almost its entirety.

Third example -- G8 and G20. Look at the -- let's talk about the G7. The G7 -- it's us. It's the U.S., Japan and Europeans -- and then Canada as well. So I would include Canada here. And then we added Russia, but we all know the specific conditions under which it was done. I think this is a very good example of dilemma for Japan, the EU, and the U.S. Shall we cling to this forum of the G8, where basically we get to decide things, but which is increasingly irrelevant? Or do we maximize our clout -- our tri-

lateral clout -- in new institutions that work better? You know, it's a matter of serious debate. After all, we stand to benefit from a strengthening of the rules of the road and multinational -- multilateral institution even more than the newcomers do -- like, you know, Brazil, India, Russia, China, etc. But the evident recommendation here on jumping from the G8 to maybe a G14 or to the current G20 is that the EU, Japan, and the U.S. -- and I would add Canada -- would closely consult and coordinate beforehand.

Last example, and I'll finish with that -- the IMF. The IMF is an interesting zero sum game because voting rights are 100 percent and you cannot expand to 110 percent. It doesn't make sense. So one's gains, is the other one's losses. And -- but if you add the U.S., Japan, and European countries, then you get about 50 percent. And if you add Canada, you have a bit more than 50 percent. So basically we are still paying for the bulk of the IMF reforms -- even more with the recent increase during the London G20 Summit. Of course, that needs to be reformed and, of course, we want to integrate the newcomers like China. We want to do that. But I think we should be very, very careful about it. One of the clichés is that oh, well, these Europeans -- well, they could get together because they are the European Union and so they could just one seat and make room for the newcomers like China, India and others. But actually if you look closer to the issue, you will see that the U.S. already made a lot of efforts and actual reform to increase the role of China, Mexico, and Turkey in particular, and it will certainly go further, but then you -- meaning Japan and the U.S. -- you really need to think twice about a unique EU seat. You know, be careful what you ask for because, of course, the newcomers would be much less likeminded than European powers are and especially because the way voting rights are assessed, they are partly based on

contributions, partly based also on trade. And so if there's just on EU seat, the trades -- the intra EU trade would disappear. So the role of Europeans would be dramatically decreased and, you know, maybe Europeans don't like that. I guess they don't. But it's not the issue. The issue is that the power balance at the IMF would be dramatically different and we don't necessarily want that to go in a direction that we don't like. And so we have to think twice. And here again, I think the logical conclusion is we need to consult -- the three of us -- EU, Japan and -- the U.S., Japan, and the EU -- much more closely.

So my conclusion -- my overall conclusion is that now that the world is more complex, that power is more diffused, that we have less and less leverage over it, it's time for likeminded poles or powers to get together. In other words, and with all due respect to the author of the formula I'm about to emulate, ask not what the U.S. and Japan can do for Europe, but what the U.S., Japan, and Europe can do for themselves and for the freedom of man. Thanks.

MR. BUSH: Thank you very much. Our first two speakers have put a lot of interesting material on the table. I'm sure that's provoked some questions and comments in your mind. Please hold them in reserve for the question period. We now move to the Middle East and we start with Professor Sakai.

MS. SAKAI: Thank you very much, Mr. Chairman. Well, it's the first time for me to speak -- to give the presentation in front of the audience on the -- not on the Middle Eastern studies. I'm specialized on the Middle Eastern studies and especially on the -- keep studying on the Iraqi domestic politics. And it's also the first time for me to speak about the U.S.-Japan alliance and actually as a researcher for the Middle Eastern

studies, I frankly have to admit that the presence of the U.S.-Japan alliance work often negatively in my study in the Middle East. So I'm afraid my presentation will not satisfy the intentions of our leader of my team, Mr. Iwashita, but I apologize from the beginning -- at the beginning.

Let's start. Whenever Japan's policy on the Middle East is discussed, the scholars finish their arguments saying that there is no policy on the Middle East other than to follow the U.S. policy. As Japan tried to search for her own policy toward the Middle East only for two decades after the oil crisis in 1973, but in most of the cases her policy has been decided in the context of her relation with the United States. It does not mean, however, that there is no room for Japan to play a role in the Middle East. Japan has a strong advantage in having her relation with some Middle Eastern countries which have no official relation with the United States. It means that Japan can act as a mediator between the U.S. and these countries. She could have been able to prepare the under the table negotiation between the United States and the Iran, for example, as she did between PLO and the United States. Japan could have provided a complementary choice to cover the lack of U.S. experiences in the countries such as Syria, Iran, and Iraq under the Saddam's regime, where Japan had some business and cultural relationship.

Let's take another example of the case of Iraq. Could Japan have done, or still can she do something to cover the U.S. failure in Iraq? One of the major mistakes of the United States in Iraq can be described as follows. The first was the problem with the immediate dissolution of the Iraqi military and the security apparatus and the purge of the Baathist from their official post. Second was over generalization of the Sunnis as supporter of Saddam. The third point was that the U.S. failed to predict the political

emergence of the Shiite Islamists properly. These failures were caused by the lack of the U.S. experience in Iraq during the '70s and the '80s. While the United States has only 60 years diplomatic relations with Iraq in the late '80s, Japan used to have a close connection with Iraq since '70s. Even though Japan cannot contribute to improve the security situation in Iraq, the experience of Japanese diplomats and the business circles that had direct contact with the Iraqi society should have contributed to give better advice in the post-war reconstruction in Iraq. Moreover, knowledge that the Japanese academics had on Iraq might have shown the different direction in the post-war management in Iraq.

I, as a researcher on Iraq for more than 20 years, share the understanding of the other Japanese scholars on Iraq as following. The first -- the Baathist as a whole should not have been considered as Saddam supporters. Second, that we could have been able to employ anti-Saddam Sunni tribal group in the post-war regime in the earlier period. Third -- difference between the Al-Da'wa party and the Supreme Council is fundamental in their nature and the ideological stance and we could have been able to restrict the power of Shiite Islamists in the post-war regime.

Well, I have published two articles on the above subject shown in my handout. In the latter article, I analyze the social and the political background of the Saddam regime using the official data on the cabinet members, members and the candidates of the Parliament as well as party politicians published in the official documents and state-read newspapers. To conclude it briefly, Saddam stopped relying on the Baath party after the mid '80s and especially after the Gulf War. Instead, he established a coalition-like ruling system among the local groups from the Upper Tigris, that is Mosul, and the Middle Tigris, that is Tikrit and Samara, and the Upper Euphrates,

that is Anbar province, and mobilize a tribal identity along that system. It does not mean that the coalition among the local groups always kept integrity as being Sunni. On the contrary, the conflict between the local groups in the Upper Tigris and those in other areas developed into the tribal feud and the military upheaval in the '90s.

The Dulaim tribe in the Anbar Province are the typical example. The Dulaim tribe revolted against the Tikriti dominance in 1995. When the United States gave the privilege to the opposition against Saddam's regime, in the post-war regime, Dulaim's should have been considered as a possible partners. Once the United States failed to do so, they started anti-U.S. militant activities. Same can be said to the member of the Baath party. Many of them used to be enrolled in the party simply for their job promotion. In the '90s, the Baathist member no more enjoyed the political privilege in the regime. It was wrong to categorize those Sunni tribes and the Baathist members as a whole into remnants of the Saddam regime.

As for the other article that I mention in my handout, I have pointed out the nature of the Da'wa party differs a lot from the Supreme Council although both of them are Islamist based on the Shiite belief. Studying in the history of the activities and the political thought, we can see the Da'wa party pursues the separation of the religious circle and layman political leadership and aim for the institutionalization of the religious authorities. On the other hand, Supreme Council is inclined to depend on the social network of the religious authority in their activities. In addition, it was proved that some of the founding members of the Da'wa party used to participate in the Muslim Brotherhood or (Arabic), the Sunni Islamist organization in the '50s. It hints that the

Da'wa party may have more connection with Sunni Islamists than the Supreme Council has.

If the United States or Japanese policy makers take these academic findings into consideration, they should have come to the conclusion that the Da'wa party and Supreme Council should not be treated in the same category from the beginning before they formulated the Shiite coalition. There was a possibility for the Da'wa party to establish a coalition with Sunni Islamists before the sectarian conflict happened in year 2006.

Well I have reached the above conclusion, which might be quite different from that of the scholars in the United States through analyzing the primary data from Iraq. It seems to me that the reason why our understanding on Iraq differs from that of the American scholars is that our analysis is mainly based on the empirical evidence. Japan had an advantage in collecting the primary data from Iraq either directly or indirectly. It is one of the feature of the Japanese academism to attach importance and rely on the primary sources from various actors in the area. In the tradition of the Middle Eastern study in Japan, long-term field research is essential to understand the area. For them, the most important thing is to know the history and the language and shed light, the role of the traditional religious network in the society. It is obvious when we see the composition of the member of the Japan Association of the Middle Eastern Studies, the biggest academic organization that was established in 1985. About 60 percent of the scholars in the Middle Eastern study major in the humanities. Only less than 20 percent are social scientists.

Unfortunately, the Japanese government does not necessarily appreciate the huge accumulation of the historical and agricultural and the linguistic knowledge among the academics and does not utilize it in their policymaking. On the other hand, skepticism among the Japanese scholars against the Japanese policy -- government policy towards the Middle East seems to be an obstacle for the scholars to be involved in policymaking. One of the reasons is that the antipathy on the Japanese dependency on the United States and her policy towards the Middle East. Most of them are critical on the U.S. stance on the Middle East and insist that Japan should keep distance with the United States. It might be irony, however, that the Japanese government often emphasize the fact that the Japan differs from the west in having no colonial past in the Middle East. It is true that the people's expectation in the Middle East towards Japan is very high in this sense. It is a sympathetic mood -- there is sympathetic mood among the Iraqi people towards Japan, mainly because Japan was hit by atomic bomb.

When the Self-Defense Forces was dispatched to Samawah and in Iraq, Self-Defense Forces tried hard not to be perceived as a part of occupying force. The people in Samawah fortunately recognized the Self-Defense Forces as a kind of the construction company because they still keep a good impression on the Japanese companies which used to construct almost everything in Iraq in the end of the '70s. It means that the role of Japan is highly appreciated in the Middle East when Japan does something different from what the United States does.

To summarize, Japanese government should show that there is room for building up their own policy toward Middle East, utilizing the knowledge and the

information and the search for the possibility of doing what the United States cannot do in the Middle East. Thank you very much.

MR. BUSH: Thank you very much, Professor Sakai. And now we go to our cleanup hitter, Mike O'Hanlon.

MR. O'HANLON: My first job is to make you forget that it's lunch time. That's a pretty tall order. So I'm just going to try to be quick and echo some of the points, add a couple more and then look forward to the discussion as I know we all do.

And by the way, Keiko, very interesting presentation and I would like to add a point which is that because of Prime Minister Koizumi's relationship with President Bush at the time when some of the Iraq decisions were being made, there was the potential -- although it was hard for anybody to have this impact -- but there was the potential for Japanese scholars and the Japanese Middle Eastern expert community to have an impact that some of us might have liked to have in the United States but didn't always find receptivity. Not that I have the detailed knowledge of Iraq that Keiko does, but that some of the themes that I heard her speak about were, in fact, prevalent among American critics of Bush Administration policy, but there are often moments when a key relationship between two major alliance leaders can actually provide an opportunity for the experts in that country to indirectly have influence here. And I don't think it would have been very easy to do this because George Bush was fairly set on his ways and even Tony Blair couldn't have much impact. But nonetheless, it's a point worth keeping in mind for the future.

I just want to make three points on three subjects, all of which Justin raised. And so I'd, in some ways, like to echo his perspective. He was speaking partly as

a Brookings scholar and partly as a European I think. I want to echo some of those points from an American point of view thinking about the U.S.-Japan relationship.

Let me start with the counter piracy mission in the Gulf of Aden and other parts of the waters near Somalia and I think here there's an opportunity and a need to do quite a bit more. Justin is right that Europe has played a substantial role, but so has the United States, and Japan has played at least some role. I think that we're going to need to do more, however, to protect the waterways going south from the Gulf of Aden, such as the waterways and the routes over which the American ship, the Maersk Alabama, was recently hijacked and thankfully that turned out okay, but it runs the risk -- that particular scenario, runs the risk of being repeated. And I think it would be unwise for us to wait until Al-Qaeda is part of the next kidnapping before we decide to take the threat more seriously. And so I think that we need roughly a doubling in the number of international ships and certainly the United States and Japan can both play a role.

I would also encourage Japanese friends to think about, frankly, being a little more robust in the rules of engagement and being willing to risk the use of force. I know Japanese sailors are willing and able to do it. I would think the Japanese people would be supportive because the mission is fairly unambiguously legitimate and so it's an opportunity for Japan to continue to broaden its international security role not just by being present in the mission, but by willing to be an assertive participant in the mission with even more ships and even more robust rules of engagement. I think Americans will have to do more as well by providing more ships. And that's a part of our military that does have capacity, despite our current preoccupations in Iraq and Afghanistan. So that's the first point.

The second point -- speaking of Iraq and Afghanistan, don't worry, as an American, I'm not going to ask Japanese friends to do more in Iraq. And, in fact, Justin is tired of me making this joke, but he had an event on the possibility of the United States and Europe doing more in Iraq together, and, frankly, I learned a lot at that session and I decided there were some opportunities, but I still couldn't help but notice that the event was held on April 1st, which as American friends know is April Fool's Day. And let's face it, that one the United States decided to do largely on its own and it's more -- more than ever our joint responsibility with Iraqi friends and I don't think it's realistic to expect a lot more help. Certainly it's good to hear the expertise of people like Keiko and international companies will have a role in developing Iraq's oil. And I hope everyone will do that responsibly because there have been some efforts by some companies to sell Iraq things that it probably doesn't need or can't make good use of and I think we have to watch out for frankly a little profiteering tendency -- not from any one particular country, but from the international community on the whole. But generally, this is an area where commercial companies can help, but we're not going to expect any Japanese direct governmental activity above and beyond what we've already seen.

But Afghanistan is a little different. And Justin mentioned Darfur and Congo potentially more likely opportunities or maybe slightly more appealing environments for the Japanese to deploy forces to and that would be fine. But I hope the Japanese friends between Afghanistan, Darfur, Congo, in particular -- but for today's purposes, let's say Darfur and Afghanistan so I don't go too far beyond the Middle East -- would consider, frankly, taking the next step in international security obligations and being willing to risk the mission -- a kind of mission that has Japanese ground forces on

the ground. My guess is that Japanese friends will be more comfortable with this in Congo or in Darfur than in Afghanistan, but I would as an American scholar, ask you to keep your minds open -- Japanese friends -- about trying to do a bit more on the ground, because the resupply mission in the Arabian Sea is appreciated, but it's not enough given the severity of the challenges.

We're also going to need a lot more help from all of us in supporting the Afghan development effort financially and also with civilian expertise. We've heard President Obama talk a fair amount about this. The needs are only going to get bigger -- especially because we are probably still under-sizing the degree of our commitment -- the degree of the need in Afghanistan in terms of security forces, government capacity and so forth. So I think whatever aid and assistance people are giving now, will probably have to be roughly doubled and then sustained if this mission is to be successful.

Final point -- and if you don't mind my broaching the sensitive topic of UN Security Council reform -- it's, I think, one of those topics that some people care about more than others and some people think is a more realistic area for action than others. I'll be blunt, Americans don't think about this very much. We feel like we have enough problems to think about and also, more than that, no one knows how to make UN Security Council reform and expansion actually work. Most Americans would certainly support a Japanese seat. The problem is once you do reform, it's very hard to add on a single deserving country without raising the broader question of how do you bring the UN Security Council up to date for the 21st century in general. And it's pretty clear to most of us who have thought about this -- or at least I, maybe I should just speak for myself -- that Japan and probably India need to have some kind of permanent status on a

reformed UN Security Council. But after that, the consensus ends and it's not, therefore, realistic with any of the models that I've heard to think about how we can do this correctly.

President Obama cannot afford, in my judgment, to promote UN Security Council reform that brings aboard Japanese and Indian membership, but does not bring aboard a major Muslim country at this moment in our history when we have such a challenge with the broader Islamic world. Recognizing, of course, that India is one of the world's largest Islamic states in a sense because of the number of Muslims, but you know what I mean. That doesn't really count in the idea -- in the mind of the Muslim world. And so we're going to need intellectual help if Japanese friends really want this issue to be on the table. We're going to need intellectual help figuring out how to bring in a Muslim voice to a permanent UN Security Council -- whether that is the organization of the Islamic Conference rather than a nation state, whether that should be Turkey because it's a democracy, whether that should be Indonesia because even though it's not an Arab state and not from the Middle East, it is the largest Muslim country and a country that is showing some signs of impressive movement towards democracy and reform.

These are the kind of questions we're going to need help with and without Japanese friends help, I don't see the issue moving because, again, the United States has enough on its plate and we don't know how to solve this problem and, frankly for us, it's -- to be blunt -- just not enough of a high priority. And so to the extent it is a priority for Japanese friends, we're going to need to work on this one together to figure out the right formula. I'll stop there. Thank you.

MR. BUSH: Thank you, Mike. We now have about half an hour or so for questions and comments. I'm going to follow the Iwashita model and take about five questions and then let the members of the panel answer those and then we'll go for a second round. So who has the first question? Somebody must have a question. Back in the back, and then I'll come here.

QUESTION: Samar Chatterjee from SAFE Foundation. Ms. Sakai, you mentioned that Japanese would have given good advice to Mr. Bush or the U.S. Administration instead of giving all the details of Baath party and Sunnis and Shiites and all that, it probably would have been better if you had told him not to invade Iraq. It would have been better. But anyway, he wouldn't have listened as Mr. O'Hanlon pointed out. So that's the end of it. However, I do feel on the United Nations seat, Japan should not get one because it very closely, and almost blindly, follows U.S. policy. So, therefore, the suggestion of Japan being on the Security Council would be meaningless. Of course, India and a Muslim state may be one of them. Thank you.

MR. BUSH: Okay. The gentleman from SAIS. Just wait for the mic. It's coming.

QUESTION: I would like to take issue with one item in the written presentation that was given here. I understand it is the presentation by Professor Ieda -- namely the statement that East Europeans need a counterbalance to the heavy presence of Germany in the post-Communist era. It is my understanding that for most East Europeans, the problem is precisely the opposite -- that they see Germany too weak. So I just wonder how can that statement be justified? And second, this I can only assume is some kind of a misprint -- namely saying that in the military sense, NATO plays the role

of a counterbalance -- that is to say against Germany for East Europeans and politically the EU steps in to fill that role. It just doesn't make sense to me, so I would like anyone to address this question.

MR. BUSH: Okay. Another question? Sun-won?

QUESTION: I'm Sun-won Park from Brookings. I would like to ask question to Michael and Professor Sakai about East Asian allies commitment to the Afghan war efforts. So, as you, Michael, said that NATO (inaudible) has a lot of difficulties, agonies to legitimate their war efforts in Afghanistan because NATO should not cover Asian part for their own security, and when especially Asian allies like South Korea and Japan does not take any commitment and responsibility in closely working with the United States under the war efforts in Afghanistan. So, however, there is a problem that U.S. side need to show up. What is the real goal of the Afghan campaign of the United States? And also need to make sure and make more clear that what is the commitment U.S. side want to receive from Asian allies. So I would like to hear about.

MR. BUSH: Okay. Over here.

QUESTION: Thank you. Mike Billington from EIR. I wonder if Ms. Sakai could comment on Japan's current role in regard to the crisis with Iran and if to what extent you're actually working to facilitate better relations and prevent a new war from breaking out? Iran.

MS. SAKAI: Iran?

MR. BILLINGTON: Yes, Iran. Yes, yes -- to prevent a repeat.

MR. BUSH: Okay. Over there. Mark?

QUESTION: To sort of link what was said in Professor Ieda's paper as well as with some of the discussion of China in the earlier panel, Professor Ieda is making the suggestion that there's maybe a special role for Japan with its strengths in pollution control technologies to play with environmental issues in Eastern Europe. I heard a very similar proposal made by Professor Lieberthal at Harvard just a couple of months ago with regard to China -- that the U.S. and Japan could play a special role. In terms of rethinking these geometries, is there any special advantage for Japan to be playing the role, sort of, out of area rather than in Northeast Asia? And I guess I address that as well to the Chair who could maybe speak for the China side. Thank you. Sorry. David Wolf from University of Hokkaido, Slavic Research Center.

MR. BUSH: Thanks. I think Professor Sakai had the most questions. So, you can -- what? We'll have a second round. And I'll do you first. Okay?

MS. SAKAI: Well, as for the question about the possibility of the Asian alliance for the security in Afghanistan -- I think that's what you mean. Well, actually I'm not quite specialized on the security issue. I'm sorry to say but it’s quite natural for the Japanese scholars to be quite unaware about the defense and security policy. But, anyhow, what I'm thinking is that -- well, of course, it is very important to have some kind of security alliance concerning Afghanistan, but at the same time the root cause of the conflict in Afghanistan and Pakistan is religious issue and socio-economic problem in that area. And well, I think that Japan or an Asian country can play some role in -- how can I say -- eliminating the poverty in there or the shrewd economic and the social support may be -- there can be some role in the cooperation among the Asian countries,

especially Japan can help. But as far as a defense policy or security policy, maybe I better ask Professor O'Hanlon to answer this question.

As for -- as for the role of Japan in Iran -- I mean what they are doing in Iran now. Well, as far as I understand, Japan was very active in a -- how can I say -- keeping touch with the Iranian government to persuade them -- to persuade them to be the partner with the West, especially under the Khatami's regime. And the Japanese government were very active in encouraging the so-called dialogue between the (inaudible) and they tried to keep in touch with the Khatami regime. But, unfortunately, currently I think that there is no specific effort to make some pressure on the Iranian government. And I'm sorry they don't have any -- how can I say -- special policy on Iran unfortunately. This is what I understand.

MR. BUSH: Mike, do you want to sort of comment on Sun-won's question?

MR. O'HANLON: A couple of points. First off, I appreciate the comment in the back, although I'll come to the defense of Japanese friends in saying that no permanent member of the Security Council is perfect and I think Japan qualifies by virtue of its commitment to development, its resources, and now its exemplary role in energy technology -- speaking of the issue about pollution and environmental stewardship. So, I would like to see Japan broaden its global perspective a bit and care about human rights issues and conflict issues a little farther away from Northeast Asia. I think it actually might be easier for Japan to do that farther away in some cases. So I prefer that, but I'm not going to wait for any country to be perfect before I support its

membership. My problem is with not knowing how to move beyond Japan and India, and that's where I think the process still breaks down.

On the issue of what it would be nice to see East Asian allies do in these conflict zones, I would personally say, of course, they have to decide for themselves and the Obama Administration knows that which is why it's not asking for very much, because it knows what the answer will be. And that's a bit tragic, in my mind, at a time when Japan and Korea are really two of our most impressive allies in their resources, in their military capabilities, when President Obama is bringing a kind of leadership that should illicit more international support. And yet, from what I can tell, he doesn't even feel he can ask the question of getting more meaningful help on the ground because he knows the answer will not be favorable and, you know, don't ask a question when you know you're going to get an answer you don't like. Now, I would leave it to Japanese and Korean friends to decide which of these three big conflict zones they are most comfortable contributing to, but the international community is on record needing more capability in Congo, Darfur and Afghanistan. And my own view is that Japan and Korea should each send a brigade to one of the three. And I don't personally see any historical reason or any geostrategic reason or any financial reason why they can't. So I'm pretty emphatic on that point myself. And then I think that's probably the main issues that I was going to address, so I'll leave it right there.

MR. BUSH: Professor Hayashi, do you want to respond for Professor Ieda -- to put you in a very difficult position?

MR. HAYASHI: Okay. I see. I didn't want to shadowboxing against Ieda, so I didn't say nothing. I didn't say. But almost I agree with you, Professor Mastny

is right. But there exists some discourse -- only discourse -- against Germany. That is exist. Majority -- majority of Central East European political parties think that Germany is not threat or its presence is too weak. They don't think so. But, for example, the typical case is Czech Civic Democratic Party or Mr. Klaus -- he uses some kind of rhetoric against German existence. For example, Iraqi war, for example, they criticized the so-called Moscow-Berlin access exists now -- or Moscow-Berlin-Paris access exists. Only rhetoric of his way, but there exists some kind of discourse exists against Germany. But I think it's not a policy or so. And unfortunately I cannot understand also the controversial words may be. But anyway, for the Central Eastern European people, NATO's existence, framework itself is very important to feel safe against Germany. It's very important. So -- only I say so. Okay.

MR. BUSH: Justin, do you want to address the geometry question? About --

MR. VAISSE: No, just to say that I agree and that in the 1990s, basically I guess you had three phases during the Cold War, of course, as the famous phrase by Lord Ismay went, NATO was built to keep the U.S. in, the Germans out and the Russians -- I'm sorry -- the Germans down and the Russians out. And, of course, part of it -- especially when it was integrated in 1955 – which was precisely to keep the Germans down. Then a second phase in the 1990s in the post-Cold War world where in Eastern Europe you did have some fears about the resurrection, the resurgence of a sort of Mitteleuropa which would have been largely dominated by Germany and where, by the way, most investments were made by Germany and where German presence was extensive and so there was a -- not a resentment, they were welcoming these investment -

- there was a fear of too big a Germany. And then I think in the most recent years, this has been replaced by the fear by smaller countries especially in the east that the big countries -- not only Germany, but also France and the U.K. It's more of a sort of big versus small divide. So I would mostly agree with my Japanese colleagues here that there is an issue.

MR. BUSH: On David's question, I think there's no sort of automatic answer to how this should proceed. Each of the four actors -- the United States, Japan, China and the EU -- have to first create an internal consensus on how they're going to address the big issue of climate change. And then I think that the ones that are ready the first will probably sort of form a sort of leading group to push the issue forward and whether that's U.S.-Japan-China or U.S.-Japan-EU, I think it just depends on circumstances. But hopefully our diplomats are talented enough to figure that out. So let's start a second round. The gentleman right here.

QUESTION: My name is Dmitry Novik. I have two sort of questions. Number one -- it's wondering that no one said about the role -- potential role -- which Japan can use to help the solve the problem in Palestine. It's Middle East region. And my question about what mentioned by Mike and its number one, fight with pirates. Japan can do very important impact, because Japan is highly scientifically advanced country. And the only way to stop pirates to use this science because we have satellite, we have unmanned aircraft. I don't see any problem to fight pirates. Of course, maybe we have not enough (inaudible) commands to do it, but we have another tools. It's unbelievable so many times since it's no solution. Solution is so simple from my point of view.

And the second question is to bring Muslim voice in as permanent member of Security Council of UN. It's absolutely wrong idea because Security Council is last useful organization of United Nation.

MR. BUSH: Okay. We get the idea.

QUESTION: Only because we have veto power. Try to remember history. It's useless. It's propaganda organ instead to security order.

MR. BUSH: Okay. Thank you.

QUESTION: And I need to --

MR. BUSH: Other people want to ask questions, too.

QUESTION: Give me -- give me --

MR. BUSH: Go ahead.

QUESTION: -- 10 seconds to finish this point. And therefore if we will be instead five veto powers, seven veto powers -- it will be mess. Not -- and that's it maybe.

MR. BUSH: Okay. Thank you. Other questions? Okay. Stan?

QUESTION: Thank you. Stan Tsai from Organization of Chinese-Americans. My question – I think Mike just mentioned about Japan is looking for a seat in the Security Council of the United Nations. I don't know if Japan needs to know why most of Eastern Asia countries do against it. And I think maybe you could give me the answer. Do you know why or how you're going to fix it or how to resolve it -- the issue? More precisely, why those Asian country do that and why cannot resolve the history? Okay. Thanks.

MR. BUSH: There's a question over here -- at the back of the room.

QUESTION: Hi, good morning. (Inaudible) Wen, Global Times. Most recently, I mean the Japan-U.S. alliance have been frequently mentioned here and also in the think tank have been frequently discussed. Wondering is -- they may have a lot of expect it can be alliance and also the history -- from history perspective over 60 years up to now. I wonder is how to -- what's word -- and also the China-Japan relationship of historically there's a lot of back and forth. Wondering the right now, in the new circumstances, how to dealing with this three triangle? Thank you.

MR. BUSH: Okay. Yes. Back there.

QUESTION: I have a question on U.S.-Japan relations to our Japanese speakers. At one time, during the Reagan Administration, in his first phase, there was a pretty hostile relationship between U.S. and Japan, especially with some issues relating to advanced bombers and so on and the manufacture of that. And so much so that Sony chairman once said that if we had mistreated by United States, we would develop chips that would go to U.S. defense industry and would undermine the U.S. military power. Having said that, I would like to know how was that solved? Is there -- how did this relationship suddenly become smooth again and Japan continues to follow lots of policies which are pro-U.S. and some of them are very -- most of the world kind of condemns U.S. policies and Japan continues to follow it. So, how was that problem resolved by the way? And it happened during Reagan's second term.

MR. BUSH: Why don't we take those? Mike, do you want to do the UN Security Council one and --

MR. O'HANLON: I can be pretty brief on that I think. Dmitry, most of the ideas for UN Security Council reform would not add veto-wielding permanent

members. There would be some kind of a third status for countries that would be permanently part of it, but would not have the same kind of absolute veto. Recognizing to some extent the point you made, although I wouldn't personally have put it quite so -- in quite those words. I think the UN Security Council has accomplished some important things. But the basic point, we don't want too many vetoes. I agree with that and most of the models for reform would not bring in additional veto-wielding members just to clarify.

MR. BUSH: Does anybody want to address the question of Japan's role in the Israel-Palestine dispute? Professor Sakai?

MS. SAKAI: Well, you are right. Japan played a role -- a big role in the Palestinian issue actually. But it was -- how can I say -- they were very active also during the '80s and '90s and the beginning -- especially the beginning of the '90s. And after the Madrid Conference in 1991, well Japan became the chair country in one of the committee of the Middle Eastern peace process. I think it's the chair of the committee for the environment or something like that. And Japan played an important role in pushing forward the peace process in the '90s. But, at the same time, well, once -- after the Oslo Agreement, unfortunately -- well, fortunately for Japan, but fortunately for maybe the Palestinians -- well Palestinians had direct contact with United States or other major actors with international politics. So, while Japan lost the role to substitute the -- how can I say -- the lack of the U.S. role. So, I think that such kind of the importance of the Japan in the Palestinian issue is decreasing -- unfortunately decreasing and now a days.

And, of course, our Prime Minister Aso insists that Japan is helping -- establishing the kind of -- constructing the kind of the corridor for the peace and what

richness or something like that. But, as there is a lot of criticism among the NGOs working for the Palestinian issues, insisting that such kind of the effort is making the Palestinians alien from the other Palestinian committees and well, that happen -- that Japanese effort may have the negative effect for the autonomy of the Palestinian people there in the West Bank especially -- West Bank and Gaza. Well, this is what I understand about Japanese role in the Palestinian issues.

And as for the pirates, I'm sorry I don't have any idea about the possibility of the Japanese Self-Defense Forces to supply the -- how can I say -- the technology to prevent the pirates in Somalia. Maybe Professor Hyodo may answer that question more better than me. Thanks.

MR. BUSH: Do either Vice President Hayashi or Professor Sakai want to address the question of why U.S.-Japan got -- U.S.-Japan relations improved from between the late 1980s and now?

MR. HAYASHI: Okay. I'll try, but probably is out of my specialty. But, only very amateur scholar say something. One thing – so-called trade war in 1970s and 1980s -- from that period and between that period and now there is very big differences. For example, now Toyota, Nissan, or Honda is biggest producer in United States. So, trade structure drastically changed and this is first. And second, now for United States -- China is more problem -- have a trade problem and not Japan. So, I don't think this answer is not -- enough for you, but I -- only I say so. Okay.

MR. BUSH: I would just supplement it. I think that's right. But I would supplement it to say two things happened. One was that the Japanese economy went into a decade long decline. The real estate bubble collapsed. The financial bubble collapsed.

But more importantly, the bubble of self confidence collapsed as well. Second, Japan's security environment changed. It went from being benign to one in which Japan was increasingly concerned about North Korea and China and in those circumstances it saw the need to hug its ally close. On the question about the U.S.-Japan alliance in China -- we really discussed that in the morning and my answer to that was that it's really an important task of the U.S.-Japan alliance to work very hard to further accommodate China into the international system and we should work very hard to do that. Is there one last question? Anybody? Okay. That's fine.

We're now in for a real treat -- and I'm not talking about Brookings food. We're going to have lunch, and I'm sure the food will be just fine -- but more importantly, Dr. Kent Calder from down the street is going to talk about his new and very important book. So, before we all sort of get up and move, I would like to ask the general audience to stay seated for a couple of minutes so that the speakers can get in line for the buffet first. And, particularly, Kent because Kent has to sing for his lunch. So if the other speakers could move through these doors and out the back, you'll find the food and once you've gone, we'll release everybody else. So, thank you very much to all the speakers for an excellent panel.

LUNCH AND KEYNOTE SPEAKER

MR. BUSH: Ladies and gentlemen, if I could have your attention. We don't have too much time, so I think we should go ahead and get started. I think our two panels this morning were very productive with a lot of useful insights. Now we are very

privileged to have Dr. Kent Calder give us our keynote address. Dr. Calder is an important force here on Massachusetts Avenue. He is the Director of the Reischauer Center for East Asian Studies at Johns Hopkins University, and we are very pleased that he could join us today. He has a long bio in the materials that were provided to you so I won't repeat it. Please join me in welcoming Dr. Kent Calder.

MR. CALDER: Thank you very much. It's a real pleasure to be here to see so many people who know so much about this relationship, U.S.-Japan relations, in a global context. From what I've heard, and I am sorry this is our oral examination day at SAIS and so I haven't been able to be involved as much as I would like to in the conference so far, but I have been very impressed with the value of this kind of a bilateral exchange on third-country issues. I think both countries, one of the themes as far as I could see it, is that perspectives are somewhat different, and I've always thought that the dialogue between our two countries is both extremely important, and it needs to be a two-way dialogue, that there are differences in the way that we see Russia or Iran or various parts of the world and we can learn from each other.

The only thing that I could see, that I wish -- given the specializations, particularly tremendous backgrounds on Russia and Central Asia, it's natural that that would be the focus. In a global sense it does seem to me that Southeast Asia as well is a crucial area for U.S.-Japan interaction. There are many ways that they can cooperate in strengthening a crucial part of the world, a part of the world that is crucial for both of them, and particularly with the Obama administration, President Obama having spent around 5 years in Indonesia. And the next upcoming APEC summit of course being in Singapore, that Southeast Asia certainly as well is a very important area for U.S.-Japan

dialogue, especially because Japan, for example, knows so much about Indonesia and deals with it so closely. And also where the two countries have much to their synergies in their abilities in that area with Japan in the energy efficiency area for, for example, and the United States on the energy upstream area having very complementary strengths. That's just by way of preface to saying that I think this is an extremely important type of conference to look at third-country issues in a balanced sort of way that draws on the strengths of both sides and is the kind of dialogue that we need a great deal more of.

By way of preface, the other thing I would want to say, I think, is speaking particularly to your Japanese participants. This program, the Center for Northeast Asian Studies here at Brookings, of course it has a long history, I believe Michael Armacost, former Ambassador to Japan, when he was president of Brookings played a key role in establishing it, saw its importance. And it really strikes me as a bit of an outsider but as someone who is located close-by to have an extraordinarily important role and of course particularly now with the close ties that it has with the administration.

Now, what I would like to talk about today to focus on is my new book, *Pacific Alliance: Reviving U.S.-Japan Relations*. It's also been published recently last November in Japanese as *Nichibeidoumei no shizukanaru kiki*. Those of you who know Japanese will probably – you'll note that the title is slightly different. And you'll also note that it contrasts -- that the thrust of that title contrasts a bit from the tone of the last part of our discussion just before lunch. Somebody asked I remember why is that U.S.-Japan relations have gotten so much better, you know, since the Reagan years or something like that. I thought there was a very thoughtful response from our Japanese

participants, and in some sense certainly right, the waning of the economic frictions in trade, the prospects of trade war and all of that sort of scene.

But in a very important sense, I do think just as the Japanese title of my book suggests that there is a quiet crisis in U.S.-Japan relations, and if it simply goes on automatic pilot without proactive additional steps to strengthen the relationship, and one of them is the quality of the intellectual dialogue, the sort of things that we have seen today. But if there are not important steps to strengthen this relationship, that the two countries will gradually drift into a much more distant relation with each other and we will see some very important problems between them beginning to arise. I know that that is a counterintuitive notion. Ambassador Mansfield years ago said this is the most important bilateral relationship bar none and then a lot of people have said it, you know, as in the tone of our discussion just now, that basically things are fine.

So, what is happening to create a quiet crisis in U.S.-Japan relations? Let me note just a few dimensions of that. I think it's most easily seen if we contrast the world that Dulles made. That's the first chapter of my book, the world that John Foster Dulles created in the Pacific through the San Francisco Peace Treaty of 1951, if we contrast that world to the world that we have today. In 1951, of course, the Korean War was underway. China had just or the volunteers had just come across the Yalu. There was -- Korea itself of course was in turmoil. Southeast Asia was under colonial rule. The United States and Japan stood as the only major economies -- political economies in the Pacific. And the world today of course is very different in, I would say particularly, three dimensions.

First of all, of course, Asia, the rest of Asia, has revived. China is growing explosively. Korea has revived both economically and politically, as those of you who know Korea's very active activities here in Washington, D.C., also will appreciate very effective representation. Globalization of course has proceeded very rapidly. And in a globalized world, China is particularly strong given its size, given its broad geographical scope, relationship to various areas of the world, large population, energy issues, environmental issues, there's a whole series of reasons why China naturally in a globalized world becomes quite central. And one might say similar things perhaps with regard to India as well.

For Japan of course globalization is a more complex proposition. I do agree with the participants that I have heard and from what I've read, I have read their summaries of their comments both morning and afternoon, that there is much that Japan has to contribute. But at a national level, Japan itself in the global system of course has particular problems of adjustment and also certain complexities in its broader relationships within the region that arise out of globalization. It is not I think it's fair to say, or has not so far been, the beneficiary in a global sense of globalization in the same way that China has or India has or the United States of course in many ways as well. The United States I think has greatly benefited, its multinational corporations, its networks. Anne-Marie Slaughter's interesting piece in the current issue of *Foreign Affairs* points out the breadth of how America's heterogeneity and diversity actually gives it very important strengths in a globalized world.

For Japan of course many underlying strengths in terms of efficiency, in terms of high capital exports, in terms of technology, industrial organization, there are

many, many underlying strengths of Japan and I think these are not sufficiently appreciated. But whether they are magnified by globalization or not, or whether they have been magnified so far because, of course, the Japanese economy has largely been in recession Japan has been in a complex period politically, possibly of political transition. It's been hard for Japan to be proactive on the global scene. Perhaps what we have seen today is the beginning, one would hope, or an intensification of an outward reach toward a global world. But the world today is globalized and it's not clear to me on the face of it that globalization is benefiting Japan.

Another important change, which to me helps to create the quiet crisis of the alliance, is the way that domestic politics is changing. In Japan I think what it is doing because it is unclear as to what the future is going to hold, it's preventing people who have tremendous expertise or insights potentially from speaking out in a very clear way or for Japan as a government to be really decisive. Now, there have been some important initiatives. I would certainly point to the Toyako Summit and important environmental initiatives that I think have not been appreciated enough. And my hope would be that given the new receptivity of the United States, at last, on environmental issues and energy issues, that there is an important area for cooperation, hopefully with whatever government arises in coming months and years in Japan.

But the Japanese political scene without question I think creates complexities and particularly for alliance, and particularly in many ways for the kind of alliance that we have. In the last 8 years, I think on the military side certainly there has been an important expansion of U.S.-Japan cooperation. Japanese forces in the Indian Ocean, at one point, for better or worse, Japanese forces in Iraq and in Kuwait in support

of the broader multilateral effort. But this cooperation which in a military sense has expanded is based it seems to me on a very, very narrow economic, cultural, and social base, and political base as well. The trading relationship has narrowed. Trade between China and Japan since 2004 has been greater than trade with the United States. Trade between the United States and China since 2005 is greater than U.S.-Japan trade which for many years was the largest trade across the Pacific. Financial relations of course have grown in many ways more complex as the U.S. becomes such a huge debtor and Japan as a very large creditor, and a certain community of interests with China which of course also is an extremely large creditor on the official account at the same time, so interests in the economic area have shifted.

Cultural ties quietly have also eroded I think sadly. For example, the number of Japanese foreign students in the United States is down significantly, about 10 percent from a decade ago. The number of Korean students conversely has sharply risen and is now greater than that of Japanese students even though there are of course nearly twice as many people in Japan as there are in Korea. Cultural relations, major conferences, the Shimoda Conferences that once were very dynamic have not been very active recently. Fortunately we have discussions such as we have today and some of the people here in this room of course are playing very important roles. Yet they are more isolated and alone than has been true in the past, and so the cultural relationship has been narrowing, the economic relationship, precisely at a time when as I say in the military area the relationship has grown stronger and more intimate for better or worse.

Now, we could be on a point of political transition in Japan. In the United States as well politics have been shifting. I have been tremendously heartened by the

visit of Secretary Clinton, and President Obama's meeting, of course, with the Prime Minister early in the administration. I think it probably surprised a lot of people who predicted that a Democratic government could not get along with Japan. I think if you look at history, it's very important to note that Democratic administrations have often gotten along very well with Japan. And conversely, many people seem to have forgotten the Nixon shocks and Richard Nixon's relations with Japan which contrasted of course greatly to those of John Kennedy and the Kennedy Administration and the Kennedy-Reischauer years.

I talk a lot about these things, how the relationship has evolved. I don't want to go on too long because I really would be interested in your comments. Let me just summarize briefly a few of the points that I make about how -- what the problem with U.S.-Japan relations is and then what to do about it.

To define the problem, I basically use an historical analysis. I look at Britain's relationship with Japan, the Anglo-Japanese Alliance of 1902 which contrasts in some very interesting ways to the post-war relationship, and then most importantly, I look at what's happened from the world that Dulles made to the world that we have today. Broadly speaking, the theme is one of deteriorating networks. Networks are really quite crucial. Conversely, it seems to me, U.S.-China networks have greatly strengthened partly because of how they developed from Nixon's visit to China and so on. The U.S.-Japan networks, many of them came --historically of course they came out of the early post-war period which involved major reform and transformation in Japan but also of course was intensely hierarchical. It was an occupation relationship that gave birth to the

post-war structure of U.S.-Japan relations. Now, that was fortunately changed over time, but I don't think we can forget in thinking to the future the embedded historical elements.

So, in summary, I think the problem that one has is a certain asymmetry that flows from history, a certain one-sidedness if you want perhaps to put it that way. Another is the decline of what I call common equities, that is to say, the stakes that the two countries have in the strength of their bilateral relationship. I do believe firmly in the importance of U.S.-Japan relations. I am not a narrow bilateralist. I have criticized many of the things that evolved particularly over the last 6 or 8 years. I think that it was -- in a sense reaffirmed many of the asymmetries in the relationship. But over time, what we've seen is we've seen the two countries beginning to go their separate ways in a relationship that needs to be for strategic reasons, for economic reasons, for cultural reasons, I think there are many reasons why a strong U.S.-Japan relationship is important for both countries and can also be positive for the broader world.

What to do about it. I look at four cases basically, four other countries, which I think can all give us a few ideas as to how to improve U.S.-Japan relations. First of all, Britain. Secretary Armitage and many others of course have said that U.S.-Japan relations should be the Anglo-American relationship of the 21st century or that that in any case is a positive model. I think there are some things that one can learn from Anglo-American relations, but I don't think that's the best model and maybe I should cite in the positive side what I do think can be learned. Britain has been very early into the bilateral policy process with the United States. It has realized again partly just because of longstanding networks, longstanding personal ties, that there is a period of germination as policy begins to evolve that's very, very important and it's found various ways of getting

actively involved in that. A second thing is symbolism. As many of you if you take a walk, it's a little far to walk -- a cab or whatever -- a ride up Massachusetts Avenue to the British Embassy, you'll notice a statue of Winston Churchill right in front of the embassy. Winston Churchill's mother of course was an American. Britain and the United States fought together in World War II. Naturally Churchill becomes evocative. There have been times of course when in the Oval Office there have been statues and representations of Winston Churchill, although I don't believe that's true at the moment. The other thing Britain as a matter of practice created the illusion and usually the reality that at the end of the day it will be on board as they say. The British have talked about steering the unwieldy barge of American policy. Right from the 1940s they talked about this, but ultimately they have with sided with the U.S., they have fought with the U.S., they have been on board, and I think this is one of the reasons why they have had credibility. Another part, the last element, of course, is the nuclear dimension. For various reasons including the last of those, it seems to me that really this is in many ways -- it's been effective for American diplomacy and certainly even more so for British diplomacy. It really isn't the best model for U.S.-Japan.

The better one I think is Germany, the U.S.- German relationship. What is it about it that strikes me? One thing I should point out right at the beginning, there is a tremendous amount of very active intellectual dialogue and joint research projects going on between the two countries. Germany has the largest Fulbright program in the world, for example. The German Marshall Fund was created, an initiative of Willy Brandt, as returning to the United States for the Marshall Plan that aided Germany's reconstruction. Of course it's become very large. It sponsors a lot of joint projects. For example,

scholars of the two nations work on immigration and how to deal with that, or industrial change and the impact on labor, there are a large range of social and political issues and defense issue that they consider together.

NGOs play a very important role in the U.S.-German relationship. The political parties of Germany all have institutes here in Washington. Because the German NGOs are so active here in Washington, they are I think much more effective than many countries on Capitol Hill in strengthening ties. The Werner Fellowships for example invite Americans, congressional staff members and scholars and different people to Germany, so there is a very intense dialogue. This flowed as in the case of U.S.-Japan of course from an asymmetrical relationship. It flowed out of a war in which the two sides were antagonists, and yet they have succeeded I think to a significant degree in neutralizing, in deepening a dialogue which is much broader also than the military and it doesn't include the same sort of nuclear dimensions and so on as the U.S.-British relationship.

U.S.-China, interestingly, I think also provides some lessons for U.S.-Japan. Of course, it isn't an alliance relationship of the same kind, but China has been very effective on Capitol Hill through American corporations who do very significant business in China. Chinese leaders when they come to the U.S. rather than just flying into Washington, they very often have gone slowly across the country and visited local areas, meeting with governors and local businesspeople. They have announced contracts -- prime minister along the way, so have done many things to broaden the base, the geographical base of the relationship. And the U.S.-China Business Council it seems to me also has been rather effective here in Washington. I could go on and on, but just to

give you a flavor of what I tried to do is to suggest that there are things that the U.S. and Japan could do to strengthen their relationship by looking at some other countries in the world.

In policy terms, again I don't want to spend too long on this, maybe we could discuss it briefly in a Q and A, foreign investment, there needs to be more foreign investment in Japan I think clearly. If you contrast U.S.-European relations with U.S.-Japan, they are strikingly different in that regard and that has been a handicap for Japan I think here in Washington. Reciprocal presence, a diplomatic and NGO presence in the capitals of the two countries, again what is happening here is a good antidote, but there hasn't been nearly enough. There aren't enough Japanese NGOs here, there are not enough -- American presence in Japan is not nearly broad enough. There have been many American cultural centers for example which have been closed in the last decade. Koizumi and Bush might have gotten along well personally, but at a lower level there was much that was eroding, and as I say, particularly on the economic and the cultural side.

Rapid reaction capabilities -- I remember I was with the U.S. Embassy at Tokyo during the tragic "Ehime Maru" case when an American submarine surfacing accidentally hit a Japanese fishing boat. The crisis exploded very rapidly, as also incidents in Okinawa and so on often did. And very frequently if you weren't there right at the beginning with a response and an explanation, then all kinds of misunderstandings very easily proliferated. So in the internet age, the ability of policy to respond quickly to sudden developments I think is tremendously important.

Finally, political economic networks, some of the sorts of things that Anne-Marie stresses in her, I think very good, "Foreign Affairs" piece. A reverse JET program, the JET program that some of you I know have been involved with, has been a success. Japan has invited many foreigners, not only Americans, to Japan. They work in schools and international affairs institutes in Japan and I think have contributed to understanding or some way that we could create some reciprocal flows. The Boao Conference that China has. International conferences that provide networking opportunities. Shimoda has deteriorated. China has the Boao or Korea has Cheju Forum. Does Japan have anything like that? Internet dialogues. We have initiated a Skype dialogue between the Tokyo Foundation and our center a couple of times a month which has been quite successful. What new kinds of dialogues can we think of? Is it time for some more analytical thinking about how to strengthen the relationship, a new Wise Man's Group or something like that? There are a lot of other ideas that we have tried to develop in this book or in the course of this work.

The conclusion that I have as I say is that we really need to look beneath the headlines. In the headlines themselves of course things look as though they're going fine, but the trends of history, the wheel of history, is moving in a different direction particularly if one considers the nature of the world as it was 50 years ago and the fact that many of the institutions were created then and they haven't changed. So we need to think about the future and how to configure for a new sort of world, and I think this conference has been an excellent step in that direction. Thank you very much.

MR. BUSH: Thank you very much, Kent, for a creative and stimulating approach to a very important issue. We have about 20 minutes. We can take a few

questions. Why don't you field the questions yourself? If you have a question, wait for the mike, which will be with you very soon. So, Aki we'll give you the first question.

QUESTION: Thank you, Dr. Calder. A very impressive speech. Let me explain shortly my concept on Japan's foreign policy. The so-called lost decade discussion was very passionate in terms of economy in Japan, but I think we pay much attention to the lost decades of the foreign policy chance in Japan, particularly in the 1990s. Let me brief -- I agree that the starting point of our foreign policy reshape of the post-World War II, San Francisco Treaty and the U.S.-Japan security arrangement in the 1950s. But in the 1960s what happened, before the 1960s? After the reshaping the relations with wartime countries, Japan tried to keep good ties with the Soviet Union in the middle 1950s. We tried to normalize relations but we failed. So in the 1960s what happened? We had good relations with Korea, normalization. The 1970s, Japan-China relations normalization. Japan and the Middle East good relations. Japan and Southeast Asia also advanced. And in the 1980s we tried to resolve the two remaining issues, the Soviet Union and North Korea. Then we tackled particularly after Gorbachev's perestroika period, but we failed. In the 1990s we again did the issues with Russia and now sometimes we repeat with North Korea and we failed. So in this sense we have yet to overcome the past issues. So after finishing the two obstacles, Russia and North Korea, Japan could be – hold new stage I believe, so it's very critical for the United States I think. Therefore I would like you to give your impression of my assessment on how to overcome the lost decade in foreign policy (inaudible) chance it's very critical.

MR. CALDER: Thank you very much. I think there are two dimensions. First, the descriptive part, what has happened over the last several decades, a declining

capability it sounds like you are suggesting in achieving Japan's foreign policy goals recently for example in respect to North Korea. I don't know, maybe in the missiles, you might mean the abductees or issues like this that Japan hasn't been too effective and earlier things went better.

As a general matter, I agree that there has been that sort of a drift and I think the relationship to the quiet crisis of the U.S.-Japan relations is important. Why is it that Japan is finding it more difficult to achieve its objectives? I think this is partly because Asia is changing. Other countries are becoming stronger. American politics in some ways is changing. I think the Obama Administration will prove to be receptive to U.S.-Japan, a strong relationship. But ethnic politics are changing. The population of Japanese Americans is pretty much stable, about 800,000. There are now 4 million Chinese Americans in the U.S., and in 1985 there were less than there were Japanese Americans. So I think the structural changes that are occurring in the Pacific and then in the United States are one factor that's at work.

Another factor I think could be political uncertainties in Japan and the lack of a structure which is suited to global diplomacy. For example, the Prime Minister's office, of course, it's begun to get stronger, but it hasn't probably been strong enough to support a really global diplomacy. You're dealing today I believe with Eastern Europe and Central Asia and all of these things and the *Kantei*, also the Foreign Ministry -- Japan's Foreign Minister is maybe about one-third of the size of the State Department, I believe -- my guess is that it's not probably strong enough to support a really global diplomacy. Also think tanks. Your center is really the distinguished center in Japan I know on Russian Studies and Slavic Studies, but does Japan have the think tank

infrastructure like Brookings or other centers to sustain a global role? So the two points that I take away from what you are, first of all, that the quiet crisis of U.S.-Japan relations has made it more difficult for Japan in some ways to influence policy.

The other thing is that Japan has not institutionally developed the dynamic structures to respond to globalization. Globalization has occurred basically since 1985 and Japan's Foreign Ministry, its *Kantei* has not changed, or its political role have really not changed very much.

One last point I really think is important. I hear this from many Japanese leaders, that the Diet, the *Kokkai touben*, the fact that they have to stay, the Finance Minister, the head of the Bank of Japan, all of the key leaders, have to stay in Japan to respond to Diet interpolations prevents them from developing the sort of international contacts. They all come to Washington now during Golden Week and they can't come at other times, or to Beijing or wherever. In a world of globalization, I think that that's unfortunate.

QUESTION: Chia Chen, freelance correspondent. You were talking that U.S.-Japan military alliance is the cement of this relation. I would like your comment to undercurrent. First of this, both people in Okinawa and Japan are concerned about the huge military base in Okinawa. And second is this, I keep hearing the voices from Japan and from here that are we trust the other side is reliable when really crisis happens.

MR. CALDER: You say the other side. Do you mean the United States?

QUESTION: Yes, I said U.S. -- Japan would be reliable or trust if military crisis happened? And also the USA – would Japan be reliable when the things happens?

MR. CALDER: Thank you very much. Those are both really important questions. Let me take first the question of U.S. bases in Okinawa. Okinawa of course has a very strategic location right in the center of the East China Sea. I was at the Peace Park, there may be some others who were there, when President Clinton spoke during his visit in 2000. And I was very struck by what he had to say about the importance of reducing the footprint of the U.S. military in Okinawa, at the same time, retaining the credibility and the deterrence -- the stabilizing role of the presence that the U.S. had there. So over time I would broadly agree with the thrust of what he said, that the U.S. should be trying to reduce the inconveniences and obviously the environmental problems and crime and all of that sort of thing. There is always too much of that, although I think sometimes it's over-exaggerated.

There is a major transformation proposal underway as you know. Talk is all of Futenma. I think Futenma does need to be closed, but the agreement that was made back in 1996 at the summit between the two countries provided for some alternate facilities. What we have now is we've got a downsizing by 2014 of the Marine presence, both countries have agreed to that, and to close Futenma and to open an alternate facility. Broadly speaking it seems to me that that is a sensible arrangement. Whatever we do, we need to maintain the credibility of the alliance.

But that said, to get an agreement if it really would cause things to move forward, I suppose some sort of minor adjustments might be possible by mutual agreement. The big picture, we can't forget the big picture, really is the stability and the credibility of the alliance itself. History of Europe in the past showed that a balance of power world does not produce stability and the U.S.-Japan alliance in that sense I think

does provide -- aid the stability of a very important and increasingly prosperous part of the world.

Now, would Japan be reliable in a crisis? I think it depends on what you mean by reliable and what kind of crisis. I would say that the fundamental role of Japan in the Pacific is not primarily in the military area. Japan's tremendous capabilities in energy efficiency, also extraordinary successes on environmental issues. ODA, it was for a long time the highest in the world, it's now down around number five. It's quietly declined which I think is unfortunate. That said, I think the alliance is fundamental to the broader relationship of the two countries. If Japan did not come through in a crisis in some key area where the two countries had mutual expectations, then that would be very unfortunate. It would help I think if the collective self-defense provisions or the interpretation of the constitution were changed. That would make the alliance more flexible.

Personally, I think the alliance should not be too ambitious. Let me put it that way. Fundamentally I don't think the main thing the United States needs from Japan is military. For symbolic reasons I wouldn't disagree with what Mike O'Hanlon was saying before lunch that some commitment in major crisis areas of the world would be desirable, but I don't know that it necessarily needs to be boots on the ground. If we look at Japan's Iraq involvement, for example, I'm not sure that it was necessarily so fundamental. It cost a lot politically. What it contributed, could Japan potentially have contributed more by a more detached stance in the ability to influence key nations in the region like Iran? There are various ways to look at that issue. But I do believe that if we define the alliance realistically and it does include a military dimension, and one

dimension that I think on that side that is important is rapid reaction in cases of terrorism, joint cooperation against terrorism, probably missile defense, in certain ways a limited version that doesn't stir an arms race in East Asia. So there is a core of military dimension where cooperation is needed and the security treaty is important. And if we define the alliance in a sufficiently narrow way and if we strengthen, and this is the point of what I was saying before, if we strengthen the political base, the broad base of the alliance so that what we agree to do is politically feasible, then I think Japan would be reliable.

QUESTION: My name is Dmitry Novik. I have this question, as we know from history, territorial disputes is the basic problem of the next war, and after the Second War we have three territorial disputes. Number one was divided Germany, that is solved. Second is dividing the Korean people, and territorial dispute between Japan and Russia about four islands. What international community, alliance between the United States-European Union can do to solve this problem? Because in the long run, is the most dangerous situation which we can wait in years to come.

MR. CALDER: Thank you very much. I think first of all I need to repeat what I said about the importance of the U.S.-Japan alliance being both credible on the one hand, and precisely for that reason not too ambitious. If it is so ambitious, then I think in the last years it pushed into many areas of military cooperation that potentially are difficult to sustain unless there is a very strong political base of cooperation. I don't think on territorial disputes that the U.S.-Japan alliance is really suited for direct involvement. I don't think, and I think this is a theme of the conference, that on every issue just the two countries being seamlessly unified and acting on the same issues is

necessarily the right model. I think triangulation in some cases is useful, although the countries need a coordinated diplomacy.

On Korea I think it's really rather difficult for Japan to be too directly involved because of historical reasons. This is why I think the Six-Party Talks and the Northeast Asia format that the center here is promoting is important. On maybe the one where there is some interrelationship is Japan and Russia. Fundamentally I think the United States needs to stand diplomatically with Japan on the question of the territories but also recognizing that there could be possible ways that the countries could cooperate economically. Fundamentally though I would say on this question of territory that it's not really an area where they can be too involved. That said, I guess I would also say that the issue of Middle Eastern stability, the future of the Palestinians, on that question probably there is some significant role in terms particularly of Japanese assistance to make a settlement viable.

QUESTION: Thank you, Kent. What you were saying I found both very important and very moving especially for those who have built lives that bridge between the United States and Japan. No one can sail against history and in that sense there really is no way to sail against the forces of globalization that you're describing. On the other hand, history has left us -- the last decades of the alliance have left us with very large human capital that can be built on in the form of constituencies that believe strongly that this is an important alliance – do you possibly recommend this in your book? I haven't read it yet. Is there a particular organizational locus that you would recommend as the place from which to organize, promote and to potentially mobilize those constituencies for a renewal of the Japanese-American alliance?

MR. CALDER: That's a very interesting question. I think some of the existing NGOs that already are on the map is an important place to start. I mentioned the JET Network. I found those people, many of them of course young, the numbers are increasing. They're very important among our students and alumni. I think building on that sort of a group. Japan-America societies across the country I think are another potential. There I should note that there is a tremendous imbalance between New York City and the rest of the country. The Japan Society of Washington, D.C., -- John Foster Dulles went straight from being the negotiator at San Francisco to being chairman of the Japan Society of New York, and from there to being Secretary of State. The president of the Japan Society in 1952 was John D. Rockefeller III. So you had Dulles and Rockefeller together right after the peace treaty. They expanded. They're huge. They've got lots of money. They got a beautiful headquarters right near the United Nations. And nobody else in the country including Washington, D.C., can compare with it. So the NGO structure of U.S.-Japan relations is badly skewed. I think some place that we ought to start is with improving the structure supporting the Japan-America Society, the Brookings Center, some of the institutions in Washington, D.C., that have a concern for this relationship.

Also, I think the cultural side is very important. I'd like to talk more about that.

MR. BUSH: I think we'd better conclude, but thank you again, Kent. Please join me in expressing our appreciation for a really outstanding talk.

PANEL 3: SOUTH ASIA AND CENTRAL ASIA

MR. TABATA: Okay. Good afternoon. My name is Tabata from the Slavic Research Center. I specialize in the Russian economy and am now serving as a chief project leader of the big program financed by the Ministry of Education of Japan, entitled "Comparative Research on Major Regional Powers in Eurasia."

This project will compare Russia, China, India, and other regional powers in Eurasia in various aspects, including political, economic, historical, and cultural aspects.

The detail of this project is explained in this leaflet placed on the table at the entrance.

So please take it.

In this context, I'm glad to come here to meet American specialists in this field, and especially happy to chair this session, which deals with international relations in important parts in Eurasia; that is, Central and South Asia.

Now I'd like to introduce our distinguished speakers of this panel. Two speakers from the Brookings Institution -- Dr. Johannes Linn and Steven Cohen.

And from our side Tomohiko Uyama from the Slavic Research Center and Osamu Yoshida from Hiroshima University.

Both of these two professors are important members of the project I mentioned.

So, first, Uyama-san? And you have 10, maximum 12 minutes.

MR. UYAMA: Okay.

Thank you. I have to begin my speech with an unpleasant statement. U.S. policy toward Central Asia in recent years can hardly be called successful.

Its call for democracy has failed to produce tangible results. The governments of Central Asia remain autocratic, and even the Tulip Revolution in Kyrgyzstan, which many Americans initially hailed as a move toward democracy, led to the formation of the Bakiev administration, which proved to be more authoritarian than the previous Akayev administration.

Uzbekistan evicted the U.S. military base in Khanabad in 2005, and Kyrgyzstan also decided to close the U.S. base near Bishkek this year. The latter case is especially alarming, as the decision was taken not because of U.S. criticism of autocracy, as was the case with Uzbekistan, but because of the Kyrgyz citizens' disappointment at the lack of economic benefit of the base and anger over the behavior of U.S. military service members.

In fact, when the base was opened in 2001, some in Central Asia predicted that there could be a situation similar to that in Okinawa. Although U.S. soldiers did not commit such serious crimes in Kyrgyzstan as they do in Okinawa, the result proved even worse in a sense. While in Okinawa, the U.S. bases are a part of life, whether people like it or not, in Kyrgyzstan Americans are regarded as aliens who do not bring any benefits.

A decline in the image of the U.S. in Central Asia began as early as the 1990s, when the U.S. call for democracy was dismissed for its inconsistencies and double standards. The war in Iraq further exacerbated the U.S. image. In recent years, I have repeatedly heard from American scholars who visit Central Asia that they are received with negative attitude. This concerns not only authorities' harassments, but also ordinary

people in Central Asia who call the Americans imperialists. This is a tragedy that was almost unthinkable in the early 1990s, when Central Asians admired the West as civilized countries. And this is undoubtedly a result of the failure of the U.S. policy during the past 15 years, and especially under the Bush administration.

By saying this, I don't intend to underestimate the tremendous efforts made by Americans in various spheres -- various spheres of aid, especially education. I and other Japanese specialists on Central Asia have evaluated the aid programs conducted by USAID and other U.S. institutions as more wide-ranged and effective than Japanese programs, involving a large number of American volunteers and local activists. The American University of Central Asia, in Kyrgyzstan, is regarded as the best university in the country. And thus, the American efforts can contribute to fostering civil society in Central Asia, and mutual understanding between the peoples of Central Asia and the United States in the long run. But this does not compensate for the negative image of the U.S. at the present moment. Some people in Central Asia even say that local activists who cooperate with U.S. institutions are either wasting grant money or working as spies.

In contrast to the United States, Japan does not place a great emphasis on the democratization of Central Asia, although it does refer to the need for democratization in number of official documents. Some Japanese diplomats have even demonstrated their sympathy with authoritarian presidents, such a Karimov, an attitude I have repeatedly criticized; while others have sough to promote dialogue rather than making simple accusations on political issues. The Central Asia Plus Japan Dialogue was launched in 2004.

Regardless of whether the Japanese government's attitude should be interpreted as cynicism or pragmatism, it is certain that Japan has aimed at contributing to the economic development of Central Asia through ODA rather than engaging in a sort of Great Game or imposing its own values. Japan is praised for helping Central Asian countries without excessive ambition, and its image among the Central Asians as a country with a rich tradition and high technology is definitely positive although its presence remains low-key because of the small scale of investment and trade. Japan's aid policy is also sometimes regarded as haphazard and ineffective.

Generally speaking, both U.S. policy and Japan's policy toward Central Asia have their positive and negative sides. But it is essential that the two countries have played different roles and provided a complementary choice of partners for Central Asia.

However, there have been some worrisome tendencies in recent years. First, Japanese officials began to speak about universal values, which is, in effect, very close to American values, as manifested by the idea of an arc of freedom and prosperity proposed by the then Foreign Minister Aso Taro. He's now prime minister. Although this idea is little known in Central Asia, there is a tendency among local experts to view Japan as a U.S. proxy. This is beneficial neither to Japan nor the United States.

Second, Japan and the United States have increasingly connected their Central Asian policy with Afghanistan. Especially some people in Japan expect that the development of transportation between the two regions will improve their economies and open them to the Western world. This does not always harmonize well with the Central Asian nations' intention to give priority to security over economic contacts with Afghanistan.

Generally, in Japan, the views of officials and academics sometimes are significantly different, although, of course, views inside the two circles also vary. When the war erupted in Georgia last year, it was totally evident for those who knew the South Ossetian and Abkhazian problems and the domestic political situation in Georgia that Saakashvili bears the primary responsibility for the war, which is vastly unpopular in Georgia itself. And it was very embarrassing for us to see the Japanese and U.S. governments supporting Georgia -- supporting the Georgian government in a one-sided manner.

What can academics do in this situation? Central Asian studies have made tremendous progress in Japan and the United States during the past 20 years. And academics have acquired experience in cooperation and dialogue with the people of Central Asia. In both countries, governmental circles often take it for granted that it is good for Central Asian countries to rid themselves of the Soviet legacy and to distance themselves from Russia. But academics, especially historians, understand that the Soviet past continues to frame the Central Asians' world view for better or worse. For the most part, Central Asians consider the Soviet period to be a model for relative stability, are proud of having been once a part of a superpower, and see Russia as a familiar partner. Academics in Japan and the United States can recommend that their governments be mindful of Central Asians' pride and treat them differently from Afghanistan and other underdeveloped countries.

The Japanese and Westerners have a prejudice that Central Asia is an unstable region. But, in reality, the Central Asian countries since their independence had never been a source of serious threat to the outside world, despite sporadic incidents of

local significance such as the Tajik Civil War. A stable Central Asia in the heart of Eurasia is an invaluable asset for the world's security, and outside forces should not try to radically change the situation in this region.

Japan and the United States also have to avoid confrontation with Russia and China over Central Asia. Although political relations between Russia and the Central Asian countries are not always smooth and their interests may differ, they are based on mutual trust as former compatriots. Every opinion poll conducted in Central Asia indicates that Russia's image is more positive than any other country, despite some Russians' contemptuous attitude toward Central Asians and in spite of the fact that Central Asian migrant workers are harassed and even killed in Russia. Japan and the United States cannot match this level of trust. And it would be useless for the two countries to weaken Russia's position in this region. It would be also unwise to oppose China's presence in this region when Central Asians have a high expectation to China as a new neighbor and rising economic power, and, at the same time, they are ready to prevent possible China's negative impact themselves -- Central Asians themselves.

While Japan and China have a number of problems with each other, the two countries constitute a single region that will serve as one of the locomotives of the development of the world for the decades to come and are obliged to expand the possible positive influence of East Asia on surrounding regions, including Central Asia. It is essential to extend prosperity and cooperation, not confrontation, in East Asia to Central Asia. For more details about my idea of Central Asia as a part of a broader East Asia, please read this book, "Japan's Silk Road Diplomacy: Paving the Road Ahead," published by the Central Asia-Caucasus Institute here.

In conclusion, I think that Japan and the U.S. can further exchange their views on Central Asia and learn from each other. Japan can learn more consistent and strategic thinking from the U.S., while the U.S. can learn from Japan a more humble and respectful attitude to the Central Asians, recognizing that the U.S. has unfortunately so far failed to acquire trust among the Central Asians. Both countries should further promote dialogue with Central Asian countries without imposing their values on them. But, at the same time, I want to emphasize that division of labor is very important, as Minister Shinoda suggested. Japan should continue to focus on development of Central Asia, while the United States should concentrate on preventing the instability in Afghanistan from spreading to Central Asia and also nurturing civil society in Central Asia.

The two countries should avoid making their stance identical in relation to Central Asia in particular and to world politics in general. Too much similar policy would only contribute to a conspiracy theory that the Americans dictate everything. We have to be different from each other. An increased presence of Japan in Central Asia, and the world, as a country that behaves differently from the U.S., and is not rejected as a U.S. proxy, but shares basic values and interests with the U.S. as a democracy and developed economy would ultimately benefit U.S. goals as well.

Thank you.

(Applause.)

MR. TABATA: Thank you very much. Dr. Linn?

MR. LINN: Thank you very much. It's a great pleasure to be here and join this illustrious group and discussion on this particular moment on Central Asia,

which is an area I've long been interested in, which, for somebody who grew up in Europe and now lives in the United States, is maybe a bit unexpected, just as I think one could say it's a little unexpected the U.S. and Japan would have a great interest in Central Asia. But the fact is it's there. I'm interested. Japan and the U.S. obviously have an interest in Central Asia. So let's explore what are these dimensions of common knowledge, maybe differences of interest by Japan and the U.S.

Let me say, however, first of all, that I have much that I could agree with that Professor Uyama was saying, and, in fact, in the end we'll end up in very similar places.

I want to talk about five points very briefly. First of all, a few words about the Eurasian economic integration process, where Central Asia, in my view, is at the core; secondly, reflect a little bit on the interests of Japan and the U.S.; thirdly, talk a bit about the presence and engagements, as well as the constraints, that both countries face in Central Asia; the fourth point a few thoughts about the major risks that the region and its partners face; and finally, what might be topics for joint engagement, complementary engagement, by the U.S. and Japan in the region. These are the five points I want to briefly cover.

Now let me start with the Eurasian economic integration topic, which is, I think, quite similar to what Professor Uyama mentioned. From my perspective, economic integration process that the Eurasian supercontinent -- and I include here all of Europe and all of Asia -- now faces since the opening up of China and the breakup of the Soviet Union is, in fact, I think a defining element of the sort of completion, if you wish, of the globalization process in the first half of the 21st century. What we see is a rapid

integration in the energy field, trade and transport, capital investment, migration, environmental issues, tourism, and also, of course, negative areas, such as drugs, terrorism, and so on across the whole supercontinent of Europe and Central Asia. As I said, in this sense, there's a catch-up in terms of the globalization process, which, up to that point for about 200, 300 years, had been mostly transoceanic and now, I think, is becoming for Eurasia a transcontinental integration process.

Now Central Asia is right at the center of this process of economic integration as a potential transit hub that could facilitate the integration process, but also, of course, if it were to be unstable, if it were to be an area of failed states, could become quite a disruption to this integration process. Of course, Central Asia has important natural and human resources, which are important to many of the players around it, although I would say, in the end that is probably from a long-term perspective less important than this central location and potential for an effective transit or disruptive force. So this is my sort of sense of the Eurasian integration process, economic integration process, and the role that Central Asia can, and I believe will, play in this context.

Against that backdrop, let me turn to the interests of various players, in particular Japan and the U.S., in this -- in Central Asia. Now the Eurasian integration process and the role of Central Asia is of critical importance for its immediate -- for Central Asia's -- immediate neighbors, especially Russia, China, India, and Iran, and more indirectly to the European Union. All of them are -- and I should be, and I think are -- interested from the long-term perspective in a stable, prosperous, and well-connected hub of Central Asia in the long-term, and all of them are interested in access to the

natural resources and, to some extent, Russia, of course, especially access to the human resources in the short- and medium-term.

Now let's be clear: Japan and the U.S. are more distant, and, to them, the -- their interest in Central Asia is more secondary. But still, as Professor Uyama pointed out, for them also, for the U.S. and for Japan, a stable, successful, prosperous Central Asia at the hub of this integration process of Eurasia also is of important concern and significance. Specifically, for Japan, I think, they, of course -- you didn't mention this -- but I think I've often heard about it and seen it as a link to Central Asia based on certain cultural and historical interests. There is, of course, interest in, although somewhat indirectly perhaps, access to Central Asian resources. There's access to Central Asian markets and through Central Asia to the rest of Eurasian markets. And I think there may also be an interest in limiting the drug trafficking through Central Asia that, at least, indirectly reaches probably also Japan.

For the U.S., the interests are somewhat different. There is very importantly and I think at this point probably primarily access to Afghanistan. There is, of course, the broader issue of limiting the spread of violence, terrorism, drugs, and the prevalence of failed states. There is also playing into the picture now the limitation on the spreading influence in the region and beyond of Iran. There is an indirect, but nonetheless, it's there, and interest in the natural resource base of Central Asia. And there is, of course, pervasive -- that you stressed very much -- an interest in the independence and in the democracy and human rights situation in Central Asia, which particular was stressed by -- also by the previous administration in this country.

Now against those interests, what are some of the limits on the presence and engagement by Japan and the U.S.? And these limits are actually from both sides, I would argue -- from the sides of Japan and the U.S., on the one hand, and from the side of Central Asia, on the other hand. The reality is, for reasons that I think may be obvious, is that for both Japan and the U.S., at least it's my impression, Central Asia is low on the list of national priorities. It's there, but it's not pervasive, not at the top. So I think one has to realize, for somebody like us who are interested in Central Asia, that, you know, on a Friday afternoon there are not that many people in the room. If we talked about Iraq or the global economic crisis right now, there would be, I can assure you, with such brilliant people at the table here, there'd be a lot more people in this room.

So let's be realistic. From the Japanese -- and maybe you disagree -- and the U.S. side -- but I've been to Japan; I've talked about Central Asia in Japan quite a few times -- yeah, you find people interested, but it's not right there on the top 10, let's say. There's actually, therefore, limited attention, limited financial engagement. You know, in the aid business compared to Africa, Central Asia, even in the aid business, ranks right -- quite low. There's limited private investment, although there is some. There's probably more Japanese -- I haven't looked at the figures recently -- than there is U.S. And frankly, their engagement is sporadic. At the political level, that's at least my impression of the Central Asia plus Japan Initiative. It's, you know, it's there, but it's not terribly consistent or effective, I would argue. And, of course, the same, as you pointed out, maybe with spades applies to U.S. engagement in Central Asia.

Now that's the sort of the Japanese-U.S. side of this coin. On the other hand, of course, there's limited receptivity on the Central Asian perspective, and you've

stressed as Professor Uyama. The governments are mostly interested in Japan and the U.S. as a sort of way to balance the big neighbors as part of their multilateral foreign policy. The publics pay little attention to either Japan or the U.S., as surveys would indicate. As you pointed out, Russia is way up there; next in line is China. And the negatives prevail, as you pointed out, in Kyrgyzstan, for sure, on the U.S. Regional organizations, which you didn't mention -- there are a number of regional organizations -- the SCO, Euroses, ECHO, CAREC. Japan and the U.S. are not represented in any of them. So, by definition, they are already, in that sense, although all the organizations are quite weak, one could argue. But the U.S. and Japan are not represented.

So why should one worry? I mean, if it's low on your priority, sort of our priorities, it is low on the Central Asian priority, why worry? Well -- and this is the fourth point -- there's some major risks. Of course, first of all, the spillover from Afghanistan and Pakistan to Central Asia and the destabilization that could come of it, with a destabilization and possibly of the -- or through relationships between China and Russia with more failed states -- fundamentalism and whatever spreading. That, of course, is of concern, I think, to all, including, of course, the further spreading of drug trafficking and so on.

Then there is right now a major problem in Central Asia, which is sometimes referred to as the compound crisis. There is a major crisis of water, energy, food, and now the global economic crisis that has hit -- is hitting Central Asia very severely, which could result in social conflicts. The reflow of migrants from Russia is a particular severe problem, but there are other major issues. And there is around the water issue, there is a potential -- rising potential -- for interstate conflict between upstream and

downstream countries in Central Asia -- Tajikistan, Kyrgyzstan, on the one hand, and especially Uzbekistan, but possibly also Turkmenistan and Kazakhstan on the other hand.

Now you rightly pointed out that, over the last 15 years, Central Asia has been free of conflict, largely free of conflict, with the exception of the Tajik Civil War, despite some of the sources of tension. And that's very encouraging and very important. However, those of us who worry about the water and energy tensions, I think, also worry that this could unfortunately not be sustained into the future; that, indeed, conflict, interstate conflict, is possible.

Finally, of course, there's always potential for conflict over succession of the autocrats that remain in power. And there are now also worries about whether Russia and China, in fact, increasingly exerting control over the resources of the region, which might, therefore, exclude other and sort of competitive access, if you wish, by the international community, including Japan and the U.S., to the natural resources.

So those are the concerns that one currently has and I think a potential for an increasing -- increasing risks facing the region, which indirectly could spillover and create difficulties for Japan and the U.S., despite a great distance from Central Asia. Now if we take all of this into consideration -- I now come to closure -- what can Japan and the U.S. do together? Professor Uyama stressed the sort of a sense the division of labor. I will perhaps stress more what together they might consider wanting to achieve.

First of all, I think both could do more now and in the immediate future to shore up the vulnerable countries against the compound crisis that I mentioned with more financial assistance, remembering that it's not only Africa that matters when you look at

the aid and aid distribution. I think Central Asia deserves much more attention from the aid community.

Second, I think this is the time where diplomatic efforts are needed to limit the risks of an interstate conflict over water resources. And I believe Japan and the U.S., together with the EU, Russia, and China, should be sure that all players in the region, especially Uzbekistan, understand that the threshold in terms of international patience with any conflict over this resource is very, very significant so that whatever can be done to limit the risk of conflict is being done.

A third area would be support -- to support actually an adjustment to the water and energy crisis by, in the short-term, helping Tajikistan, Kyrgyzstan respond to what is a very severe energy crisis in the winters in particular; in the long-term support access to hydro resources and access to multiple power markets region; and in the long-term deal with what is going to be increasingly a problem, namely the results of climate change that will affect the region very severely.

The fourth area is to support investments and improvements in the transport and trade area. And here there is a regional organization called CAREC, Central Asia Regional Economic Cooperation Forum, which includes eight Central Asian countries, including China, as well as six international organizations. They'll be a partnership forum organized that is planning to bring in all countries interested in Central Asian transport and trade. And I hope Japan and the U.S. will play a very active role in this.

The fifth area is to both I think can support good governance, reforms, and particular civil society development.

And finally, I think the U.S. in particular could contribute tremendously to the long-term stability and success of Central Asia by finding ways, however they might be found, to bring about a peaceful resolution to the Afghan and Pakistan conflicts and violence, because that is, in a sense, the single most biggest risk I think for things going bad in Central Asia.

So I think overall, my sense is that there are a number of areas, very practical areas, where Japan and the U.S. can and should actually work together. I think your concern about Japan being seen as a proxy is an issue, but I think it's an issue that can be managed.

Thank you.

(Applause)

MR. TABATA: Thank you very much. Now we are going to the second part, to South Asia. Professor Yoshida?

MR. YOSHIDA: Thank you, Professor Tabata.

We have a very small community of South Asia specialist in Japan, and particularly small is the researchers on politics and international relations of this region. And we got very little attention by the public or anybody until 1998, when the two powers, India and Pakistan, exploded nuclear devices. And we are all of a sudden invited by the media to make comments on nuclear issues or the bilateral issues of this region. We were also invited by the academic community as a whole to speak on issues of the region and the nuclear problems. And since I was in Hiroshima, even at that time, so that Hiroshima itself was very much affected by the new development in the nuclear bomb field, so that I was also involved in very many kind of this development.

And but, I still remember the remarks made by our then Prime Minister Hashimoto saying that we Japanese didn't give much attention or much understanding about the Kashmir issues for the two powers in South Asia. And this was the position of the Japanese at that time, and partly this was the sake of our disability to explain the situation in South Asia to the Japanese public. And we -- yes -- Kashmir matters, but we should explain more about the complexities of the South Asian situation and many other problems. But anyway, that was the position of the Japanese audience at that time, and we know that India and Pakistan have been playing a zero-sum game due to these very big problems.

And what was most important for us as a researcher of South Asia was the -- especially research on politics of South Asia -- was the matters of the legitimacy for these two states, especially for Pakistan. And for that purpose, India and Pakistan have been playing a zero-sum game since the very beginning of their existence as independent states. So -- and particularly Pakistan as an inferior rival sought for the additional boost in this rivalry in various ways and first from the United States, then from China, and finally through the nuclear devices and so on and so forth.

So the -- this kind of zero-sum game was a very common phenomenon in South Asia. But this situation changed drastically after 9/11, I mean 2001. That was due to the U.S. military presence in Pakistan during the Afghanistan war, and then in Afghanistan other occupying force. So this brought a very big change in the security situation in South Asia. In other words, India's security concern has been significantly reduced at the expense of Pakistan's internal stability. I mean, there's a -- it was probably the first time that India could see the United States as a credible partner, and India's

security could be kept by the existence of U.S. military force which could control the situation and particularly in a nuclear situation in Pakistan.

So this is a very fundamental change in the security situation in South Asia. And after that, Indian relations with the United States became very much decisive, and no other power could play somewhat different roles in this region. This is the point.

So this is a real beginning of the U.S.-India partnership. And so there's very little room for other powers to play roles in this region, because of the very strong and crucial relations between the two powers in this region.

So there's a -- but this -- I just say because the Japan has a -- now has a very limited role to play in South Asia, and because of this new development in the region. Japan had some special role before 9/11 or maybe in the 1980s particularly. And Japan was important in the 1980s and the situation of the various elements, including the second oil shock and the Soviet-Afghan war. And all those elements pressed India to start to moderate economic reform in the 1980s. And since that was still in a Cold War time so there's a -- and India could not get credibility from the United States. So that's a -- just kind of moderate economic reform should be started without major U.S. involvement. So then Japan came into the picture and started some economic relations with India. You know that Japan's automobile industries came into action in South Asia -- that is, Suzuki and motor car companies started production in smaller cars there. So that in such a way, Japan contributed to modernizing India's manufacturing capacity in the context of the 1980s, that is in the final years of the Cold War.

But this position of Japan as a contributor in modernizing India's manufacturing was taken over after the '91 reform, which was, again, placed by the

external factors of the Gulf War -- I mean, the Gulf crisis and then the Gulf War. So the -- India's import figures are shown right now, and you can see that from 1991 -- well, still, Japanese contributions to India's imports was very much stable, while the others, and especially the United States figure, was -- going up very swift. So after the 1991 reform, emphasis was shifted from manufacturing to service and investment. So Japan's role in India's economic reform was very much limited during the 1990s and up to right now. And while Japan didn't stop any presence in India but continued active in its comparative strengths that was established in the 1980s.

So there is some different ways that Japan pursued after '91 reform and others, including the United States, did to involve in the Indian economic development. So these two parallel roles was there in India, and but much of the attention was given – paid to the new tendencies in Indian economic reform. But what we are now seeing is that the -- these new trends were also resisted by the popular and democratic ways, especially expressed in the 2004 general elections. And now we -- India is going through new general elections, and we do not know the results right now. But probably -- again, very new developments will take place.

Why the Japan -- the Japanese effort was more to create a mass-based society probably in the longer run so that's kind of two different developments in political economies in India was going -- is going on right now and Japan may have so far contributed to the more real based development.

So that -- in the political field, between India and Japan, no real political or strategic partnership has emerged yet. But the -- so that a -- it is no matching with U.S.-India or U.S.-Japan relations. But so far, our foreign office or our government is

emphasizing the common democratic values to unite these two democracies in Asia. But this didn't make very good progress. I don't -- I do not say that India and Japan will not come together for this, but what I would like to say is democracy didn't bring very similar things to the two countries. But the democratic system brought two different stages of development in these two countries.

And we are probably in the near future facing some similar problems that India has so far faced. But we also could have created a mass-based society so far. So these two issues should have converged into bring the newly democratically stable societies based on popular participation in the political process. So that we can show the real strategic or political partners with common democratic values. But this is not yet the time for this kind of democratic development.

So there's a -- we can expect a truly complementary trilateral democratic alliance in the future, but for this we have to probably continue the efforts of strengthen the socio-economic situation in India, as well as our own effort to function more of the -- our own democracies in the near future.

So finally, I just touched upon the Pakistan-Afghanistan issues. Very little we can do so far as military operations are given priority right now. But, as I told you, that it was a zero sum game situation, and the present stability in India was at the expense of Pakistan's internal stability. So there's -- Pakistan's internal stability should be restored before American disengagement. This is part of the point -- and then the economic rehabilitation with Japan playing a substantial role. This might be very much opportunistic, but I think that such kind of a conference that was organized by Japanese government in last April should have been organized maybe 20 years before so that we

could have more possibility at that time. But it was only 10 years after that the Prime Minister Hashimoto realized that we didn't have much attention to the situation and problems in South Asia so that we could not expect at that time to start that kind of things. But now we have to start with these kinds of things, and then we can have very much complementary roles, I mean, in promoting democracy in South Asia, together with the United States.

Thank you very much.

(Applause)

MR. TABATA: Thank you very much. So the last speaker. Yeah. Okay.

MR. COHEN: *Konnichiwa*. I want to use the podium. This way, I will speak more briefly.

I'd like to bring you some good news and some bad news. Do you want the good news first or the bad news first? We should take a vote.

First, let me thank the organizers, especially Richard, for inviting me. I spent a wonderful year in Tokyo in 1973 and learned a great deal about not only Japan, Japanese societies, and Japanese universities, where I taught, but also about Japan's role in Asia, the U.S.-Japan alliance, and I learned a little bit about China, because at Keio there were some excellent China specialists. So I go back to Japan whenever I can, and I met Professor Yoshida I think in 2003 in Tokyo at a U.N. conference.

I think I'll give you the good news first. Or do you want the bad news first? The good news is that the United States has an administration which is open and receptive not only to Americans, but to other governments and other people. That is, it is looking very hard for ideas, people, new approaches, as we make our way in the world. I

think it's eight of our colleagues in foreign-policy studies are now in the administration or will be in the administration. And that's just Brookings. And I know I'm at another National Academy of Science committee where three of my colleagues are in the administration serving in various positions. So, in a sense, we've never had a better opportunity as scholars to influence policy of the United States.

That's the good news.

The bad news is that, as they came into office and as they were read into the material, they discovered that in South Asia, in Pakistan in particular, things were much worse than they had thought. And it was President Obama who raised the Pakistan issue first in the campaign. In one of the primaries, the whole discussion between the candidates -- I think it was the Republican primary -- was about Pakistan. And I thought this was bizarre. Why Pakistan? And they really didn't know what they were talking about, but Obama had introduced the issue, and arguing that Afghanistan was the most important place in the world for American interests, and Pakistan was, therefore, also important.

When they came to office, they discovered that it was Pakistan that was more important than Afghanistan. We could lose in Afghanistan without any serious setback, although I think we will probably win. But in Pakistan, I think you have the possibility of an event which would be unequaled since the end of World War II; in other words, on the scale of the defeat of Germany and Japan in 1945. Not only is Pakistan an unstable state in many, many ways -- I don't go into the details -- but it also has right now at least a hundred nuclear weapons, and, by the time I finish talking, perhaps they'll have 105. In other words, it is going to open up a new clue to a new production line to

supplement its uranium production line, with the assistance of the Chinese, I might add. So the projection is that they could have 150 or so within five years. And the numbers will keep on growing like that.

There is, in fact, a nuclear arms race on in South Asia between India and Pakistan, although I don't know that the Indians are aware that they're in it. I could talk about India separately, but certainly the Pakistanis believe that nuclear weapons are -- preserve their state like no other device, and, therefore, the more nuclear weapons they acquire, the better off they'll be, which is a totally false argument, but that's their problem. But it's also ours.

I think there are many areas where the United States and Japan can cooperate regarding South Asia. And I could go down the list in terms of economic development, cooperation at sea, counter-piracy operations, the expansion of the four-nation naval cooperation -- Australia, the United States, China, Japan and India -- as a result of the tsunami. But I think that the nuclear issue is central. And every time I've been lecturing or giving talks to people on Pakistan, since I wrote my Pakistan book in 2004, I warn my audiences that you will be less happy -- you will be more unhappy when you leave than when you came in. In other words, from the time I finished that book, five years ago to the present, things have gotten steadily worse, and they've reached a crisis state five year -- four years ago, and I think we're going to see one crisis after another in Pakistan. And this, of course, should affect Japan directly. It does affect Japan directly, and I know Japanese officials are very concerned about this.

There are many ways in which Pakistan could be a problem in terms of its nuclear capability, let alone its other problems. But there are really I think three or four are the most important.

Here there's been an obsession, as you -- as those who've been in the U.S. for the past couple of days know, with the Taliban somehow getting hold of a few Pakistani nuclear weapons and running off with them. That, I think, is the least likely possibility. The Taliban are -- is a name that is given to an assortment of Pakistani groups -- Islamic radicals of different kinds. They have no technical skills whatsoever. If you gave them a nuclear weapon, they wouldn't know what to do with it. In fact, they couldn't. There's no way they could deliver it, although five years from now I might have to change that judgment.

More likely is the theft of a nuclear weapon not by a Taliban but by a more educated, informed Pakistani with an inside job. And, in fact, there have been two cases where civilians have taken nuclear technology out of the system and tried to sell it to others or give it to others. One was A.Q. Khan. And the other was a Pakistani nuclear scientist working in one of the weapons labs who had a contact with Osama bin Laden and Al Qaeda. So looking ahead, there could be more. Again, that's hard to predict. Low probability. There's not much Japan could do about it. There's not much we can do about it, except to hold the Pakistanis responsible for what happens.

Thirdly, I think -- and really more likely and perhaps equally troublesome -- would be a Pakistani decision to do what they've always been able to do, but the political incentive might be growing; that is, to share their nuclear technology with another country, officially and openly. And that is by doing what we did, the Americans

did in Europe, and that is to loan or loan our nuclear capability to other states -- the United States-based nuclear weapons and nuclear-capable airplanes and ships all around the world during the Cold War. What's to prevent Pakistan from doing the same with Saudi Arabia, should Iran get nuclear weapons? Nothing. In fact, the Pakistanis would be warded for it. They would feel -- you know, they would regard this as an act of Islamic solidarity, and I think the Saudis would need that kind of umbrella should the Iranians go nuclear, which is a possibility, but not a certainty.

Finally, there's a prospect which is perhaps even most likely of another India-Pakistan crisis which could escalate to a nuclear war. In the bookstore, right behind you, there's a book called *Four Crises and Peace Process*, which I wrote with an Indian and a Pakistani colleague. And we looked at the role of nuclear weapons in all the four India-Pakistan crises since 1987. And except for the first one, which actually triggered a nuclear arms race, the other three did feature nuclear threats, nuclear movements, unknown or shady nuclear arrangements within each country, and a suspicion in each country that the other was preparing a nuclear attack. Fortunately, all four crises were defused, but the fifth crisis could have happened last December or a year ago December after the attacks in Mumbai, and I would predict with certainty that there will be more India-Pakistan crises. So, therefore, this is the landscape we're looking at. And I'm only looking at the nuclear landscape, not other aspects of Pakistan as a troubled and troublesome state.

Now what can Japan and the U.S. do? I think there are actually a number of steps we could take which would improve our security and lessen the risk of nuclear proliferation and nuclear war in South Asia. Some of these run counter to widespread

assumptions about nuclear proliferation, but let me go through a couple of these steps, and we can discuss them in the Q&A.

First of all, I think that we should not take too seriously the proposal for global nuclear disarmament as proposed by the gang of four, because I think it's idealistic, it's nice, but it has no relevance at all to a region like Pakistan or South Asia, none whatsoever. From an Indian point of view, from an Israeli point of view, from a Pakistani point of view, and maybe from a -- certainly from a North Korean point of view and Iranian point of view, nuclear weapons protect the existence of the state. That's especially true of Pakistan and Israel, probably true of North Korea, it protects the existence of the regime, and, therefore, any talk about global disarmament is nice, but forget about it. It's irrelevant to their security concerns. They will not give up their nuclear programs willingly, and we certainly can't force them to do that for fear of retaliation. So I think the first step towards wisdom, which is definitely going to be opposed by this administration, I would add, would be don't take too seriously the gang of four that's plying for global nuclear disarmament unless you have built into it a systematic approach to the nuclear weapons states or the possible nuclear weapons states addressing their security problems. And, otherwise, it's just a waste of time. It's nice, but it's a waste of time.

Secondly, I think we should offer Pakistan the same kind of nuclear deal that we offered India, and this, I know, would be opposed by the Japanese government, absolutely. But it's been talked about here, and I think that if you cannot stop a country from going nuclear, if they do go nuclear, it's better to have them in a halfway house that is not part of the NPT, but not outside the NPT, where they accept most of the restraints

and the conditions of being a nuclear weapons state as defined by the NPT; and, therefore, are half in the tent rather than completely out of the tent. Now about a month ago, Jim Steinberg, Deputy Secretary of State and our former boss, stood at this platform and actually welcomed the -- I won't say he welcomed -- he acknowledged the India nuclear program and urged the Indians in a sense to be -- to follow NPT guidelines, even though legally they cannot be members of the NPT. This, I think, would rub up against Japanese policy. I've talked to Japanese officials who are very much against the Bush plan to -- the Bush U.S.-India nuclear deal. But I think it's better to have somebody halfway in the house than completely outside the house.

So that's a second strategy.

Thirdly, I think that we should recognize the U.S.-India nuclear deal as a done deal. We should not try to go back and try to twist the Indians' arms. We should complete it, and, in a sense, allow them to develop civilian nuclear power under the auspices of this international framework. Again, the Japanese government is ambivalent about this, but, on the other hand, it's better to have an open, verified Indian nuclear system than one that's completely closed.

Finally, I think there is a lot that the United States and Japan can do together in terms of integrating South Asia, as Professor Yoshida said. This is the least integrated region in the world. There's virtually no travel and transit between India and Afghanistan, except through Iran. India and Pakistan have no significant trade with each other. It's a region on the verge of crisis. Two of its members are nuclear weapons states. China abuts it. China is a new clear weapon state. And I think that the U.S. and Japan have a common interest here in addressing the lack of integration of South Asia.

This can be accomplished, in part, by supporting rail, road transport agreements, and especially work on water resources, ensuring water resources. So this is -- while I would regard the situation in South Asia, especially the nuclear aspect as grave, I think there are positive steps that the United States and Japan can take together to help resolve it.

Thank you.

(Applause.)

MR. TABATA: So now, I'd like to open the floor, so any comments, questions are welcomed.

QUESTION: Yeah. Chia Chen, freelance correspondent. Mr. Cohen, really when you say the bad news, I think that's very good news, because when you realize the problem, that's good news. And so now the critical thing is a safer Pakistan and one way is your neighbor, Mr. Yoshida has said disengage Afghanistan. But is that politically feasible, because now the war Afghanistan is Obama war. And another thing is this: to have Pakistan and India willing to be friends and not enemies. So could you comment on how to do this, too? And is this politically feasible or not? Thank you.

MR. TABATA: I'd like to collect questions. Okay.

QUESTION: Hi. Mike Billington from the EIR. Professor Uyama, I'm sure you know that the so-called Rainbow Revolutions -- the Orange Revolution and the Rose Revolution and so forth -- in Georgia and Ukraine and also several in Central Asia were run and financed lock, stock and barrel by George Soros and by his friend Lord Malloch-Brown, who's now the British foreign office official responsible for Asia. But they're very proud of it. That's not hidden. They brag about putting Saakashvili in power and they were directly involved in Central Asia. Now this was all done under the

banner of democracy, but I would argue strongly that they're not so much concerned with democracy as old-fashioned British imperial destabilizations and so forth. And I would ask, as you may know, George Soros is also the world's pre-eminent sponsor of legalizing drugs. And I'd like you to comment both on that role, how Japan and how you see that, and also how you think this drug issue is related to these destabilizations that go on?

QUESTION: Just a question to Steven Cohen. In your opinion, how would India be disposed to the same kind of nuclear deal for Pakistan as the U.S. extended to India itself?

MR. TABATA: Other questions. If not, then, Professor Cohen.

MR. COHEN: Let me take the last question first, then? We don't know how they would respond. The Bush administration was told that this was an idea they should try and they refused to do it because they were so interested in getting on India's good side that they didn't want to bring in Pakistan. The irony is that the policy of de-hyphenation, which is what they called it, of treating India in one category, treating Pakistan in another category, when we went ahead with an Indian -- with the U.S.-Indian nuclear deal, which I supported, that was proof to the Pakistanis that we had chosen India once and for all over Pakistan and that the Pakistanis would not be treated fairly.

Now the alternative would have been a criteria-based agreement, like the Millennium Challenge Accounts. We had to meet a certain set of criteria, and then you are eligible for additional assistance. I think we could have had four or five criteria for any state -- or any of the three states -- Israel, Pakistan, and India -- or in India. And they would have met the criteria, fine. If they didn't meet them, they would know exactly

where they stood. So I think if we announced that we had a criteria-based system; that is, reveal your past bad actions, in a sense, be truthful about the past, demonstrate that you have a comprehensive good system of control over your nuclear weapons and nuclear establishment, abide by NPT restrictions in terms of transferring nuclear technology and so forth, India would meet the cut and Pakistan would probably not. But at least they would know where they stood. And I've talked to Pakistanis about it. If we had offered them this kind of deal, you know, the deep anti-Americanism which persists in Pakistan would not be there. I think the Indians would accept it now. They might not have then but they accept it now, because they got a very good deal, in fact, a really great deal.

In terms of your question, sir, I think that Afghanistan will be Obama's war. You're right. But I think that there's a pretty good chance that we could win it, at least militarily. Actually, in this room, a lot of things happen in this room, President Karzai stood up here and gave a talk, and I was not impressed by him at all. But I think that the U.S. military understands how to fight counter-insurgency wars now. And we're putting the kind of resources into Afghanistan which we never put in before. So I think there's a better than even chance we'll do well militarily in Afghanistan. The Pakistanis may see this and what the reaction will be I don't know. But I think we have to persuade them that we are in this for the duration, which most people estimate between five and six years. So I think this will be Obama's war. How he does in it will affect his presidency and whether he gets a second term or not. But I think it's important to demonstrate to the Pakistanis that we are serious about this.

The problem is how much influence there is between Afghanistan and Pakistan, and Pakistan and Afghanistan. The Pakistan intelligence agencies are fighting

both sides of the war. That is, they support us in many important ways, but they also are supporting the Taliban in Afghanistan. But they realize now that the Taliban actually are turning against Pakistan itself. So the hope is that they will come to their senses and begin to take their own Taliban threat seriously. But I worked for George Schultz for a number of years, and George Schultz told me once, he said, "Hope is not a policy." That is, we have to have policies to deal with these threats and these eventualities. So I would say prepare for the worst, also. Hope for the best, but prepare for the worst because there's no guarantee that we'll have victory in Afghanistan or that Pakistan won't collapse.

MR. UYAMA: Thank you very much for your question. I studied the Tulip Revolution in Kyrgyzstan, and, together with my colleagues who are specialized in Ukrainian and Georgian politics, I wrote a booklet in Japanese on comparative analysis of the color revolutions. I took interviews from people in Kyrgyzstan, both Kyrgyz and foreign activists, and I am aware that American and European NGO activists and diplomats were very proud of having contributed to the so-called democratic revolution. But this event -- this incident was caused primarily by a combination of various local factors, including the Kyrgyzstan people's dissatisfaction with Askar Akayev and his family, and fights among various local politicians and groups of people. And those Kyrgyz people who are active in NGOs and contributed to this revolution, they quickly disappeared from the political scene after that revolution. So here, we can observe a perception gap between Central Asian people and foreign activists and diplomats. Foreign people tend to see change in government as a move toward democracy. But, in

reality, it is deeply immersed in local context, where fierce fights among various factions are constantly lit.

So I personally support promotion of democracy in Central Asia, but I think we have to be very, very careful what foreign initiatives can be perceived by local people and what results these initiatives can bring about. It maybe -- it can bring opposite results from that was expected. Thank you.

QUESTION: (Off mike, follow up question) (Inaudible)

MR. UYAMA: In Kyrgyzstan? Well, I know that there are many rumors that some people who are so-called drug kings contributed their money to various groups of politicians. But, well, I don't think that the single drug issue had a great meaning in this process. The point is that there are many sources of -- many illegal or partly illegal sources of money in Kyrgyzstan, and politicians, both pro-Akayev and anti-Akayev, they freely distributed this money to poor people. And these poor people were mobilized through demonstrations and various half violent acts.

MR. LINN: Maybe just on the drug issue in the connection with the preparation of the Human Development Report for Central Asia by UNDP, we looked at the challenge that drug trade and transit represents for Central Asia as a principal -- not the only -- but a principal transit route. What became clear to us at the time is there's no simple answer to the problem. As long as, however, as long as you either don't control the supply side -- and this, if anything, has gotten worse since then -- or you do something on the demand side, whatever it is, to stop the demand or legalize and decriminalize, the answer is alone cannot be to try to stop the transition and to put the burden on Central Asian countries to be sort of the plug that seals this problem. It's

simply unrealistic. And as long as supply and demand problems continue at the rate they are proceeding now, Central Asia is, in many ways, an unwitting victim of this entire process.

So my view of this, not being an expert in this business, but my view is that there is legitimate debate to be had. How and what balance of dealing with the supply and the demand problem is the right approach. So I -- you know, you have obviously your own view, but what to do on the demand side. But certainly without either demand and or supply constraints, Central Asia will continue facing huge problems and the criminalization of the countries resulting from the transit and the increasing also local use and even cultivation that is -- comes along with this is a very, very serious problem.

MR. TABATA: Are there any questions? Oh, okay.

QUESTION: Keiko Iizuka, current CNAPS Fellow from Japan, and my question goes to Dr. Cohen.

You quite explicitly slashed the effectiveness of President Obama's proposition for a nuclear-free world. But having said that, is there any area in which Japan or the U.S.-Japan Alliance could contribute to avoid the further complication of the nuclear rivalry or competition between India and Pakistan?

QUESTION: I guess my comment is addressed to everyone on the panel. I think that all of you said, when speaking about slightly different areas, that there was an important role for Japan ODA to play in building infrastructure to tie together Central Asia and I think I heard it for Pakistan and India as well. And, of course, those are linked by Afghanistan. So are you all saying that Japanese ODA can really build a new core of

Eurasia, that's Central Asia plus South Asia? I'm not even sure what to call this new region, but maybe someone can come up with a name.

QUESTION: I'm Peter Rutland from Wesleyan University. It seemed to be a consistent theme today that the strategic arguments trumped always the economic arguments. So, as soon as people started talking about nuclear weapons leakage or something, that gets all the attention. And the long-term building of economic prosperity is less attractive as an urgent issue. And obviously, this maps onto the partnership of Japan and the United States that that imbalance, focusing always, at the end of the day, on the strategic issues favors the U.S. and leaves Japan rather in the sidelines. So specifically making that point with regard to Central Asia, I'd just like to ask Mr. Linn what he sees as possible ways to turn that around, to get the U.S. to look at Central Asia from a long-term economic development perspective rather than just as a transit route to Afghanistan; and whether that long-term development can take place without the cooperation of Russia and China.

QUESTION: I raised a question this morning. This is (inaudible) Wen from Global Times. Thanks very much for the -- for this very good panel right now. One reads from your political perspective I think Japan may be more practical to play more role in the -- with the neighbors, like the North Korea, even China, rather than, I mean, go even pretty far to the South Asia. I think that the India as one of the kind of recent power in Asia is may -- for the Afghanistan; also the Pakistan may play more a role there. I just want you get the comments on that a little bit more. Thank you.

QUESTION: My name is Hao Zheng from CNAPS Brookings here. I have a very quick question about the relationship between the SCO or Shanghai

Cooperation Organization, between this organization and Japan or Japan plus USA., because, you know, I have heard a lot of voice from Japan that they want to join this organization. But the problem is maybe the SCO want to know that what -- for what real proposal, for what reason that Japan want to join this organization and what kind of contribution they can make if the SCO accept them? Thank you.

MR. TABATA: Okay. Now, I'd like to give all the panelists one and half minutes to answer questions. Okay. Professor Cohen, first.

MR. COHEN: What can Japan do? I think in the case of -- I didn't use the term development aid -- but there may be opportunities in Pakistan, for example, specific projects such as metros or subways transit, which you know what you're going to get for your money. And this would do more to improve the image not only of Japan, but the West than just about anything else; in other words, help Pakistanis in their everyday life.

I think the most important thing Japan can do in terms -- is really to keep the Alliance tight. Nuclear weapons -- especially in the case of dealing with the proliferation of nuclear weapons -- nuclear weapons have now formed a chain of the way from North Korea to Israel. There is a link -- all these systems are linked and inter-linked. Japan does not want to be part of that change, certainly, so it must remain in the U.S. Alliance or in alliance with the United States and work with the United States in developing plans, strategies, and diplomatic activities, which will make it unnecessary for other countries to start transferring and sharing nuclear weapons. So preemptive diplomacy, I think, is important, not simply recalling the memories of Hiroshima and so forth, but really working with the Americans and other countries -- the Europeans -- to

develop practical, workable arms-control programs, not simply -- and I'm in favor of the gang of four in terms of global disarmament. But that doesn't cut it on the ground in Pakistan, India, or, say, North Korea. So I think working with other countries for practical diplomatic purposes and using its economic leverage as a way -- as a factor here.

MR. YOSHIDA: So, yes. Maybe the ODAs can play some role, but not just the ODA, but the ODA with some other economic activities on the part of Japan together to work for the more involvement of those particular states and globalized economies. So there's a -- Japan could play some very globalizing role in giving economic cooperation with those countries. And I think that South Asia can be the places that can use Japanese economical cooperation more effectively than any -- than other, I mean, neighboring countries to Japan since didn't have much of a very politically negative history in the past. And also I think there's a -- South Asia, so far, had a very strong political influence from the United States. Maybe the United States is too powerful a factor in this region so that there's some replacement by Japan as a rather independent or different element to suppress more roles in this particular region. So that there's a -- this very long -- the zero-sum game will be played somewhat differently.

MR. LINN: On the question of how and whether Japan can contribute to the regional integration through infrastructure investments. The short answer is yes. And it has already invested quite a bit in this regard. Interesting enough, the U.S. has contributed also through not so much infrastructure investment, but through support for trade, customs, and trade facilitation, which actually, when you put them together, are very helpful.

Now each of them are too small. The U.S. program on the one side, on trade facilitation, and the Japan investments in infrastructure are too small to make a difference on their own. And indeed, there are other aid organizations, whether the EU, the World Bank, Asian Development Bank, and so on who are all also active in these areas. So the trick is now to actually find a way for these various entities and organizations to work together and I mentioned early on the CAREC, Central Asia Economic Regional Cooperation Program, which is actually led by ADB, which is the -- the largest shareholders are actually Japan and the U.S., if I'm not mistaken, and strongly supported by the World Bank, also again, the U.S. and Japan are the largest shareholders. So it would only be natural that in this forthcoming forum, partnership forum, where CAREC is hoping to attract Japanese-U.S. participation -- by the way, also Russian and Iranian participation, Indian participation, and so on -- that actually one finds together to support a CAREC program on regional trade, transport, and trade facilitation that I believe is a very strong, potentially strong, program that's well articulated, with very specific projects and programs, and very importantly, a monitoring of costs and time reductions along the corridors that will actually give everybody a sense of whether progress is being made. So I think there's an opportunity here for the U.S., Japan, and the countries of the region, as well as the international organizations, to work together.

The last comment is on the U.S. -- how to shift the U.S. focus from sort of more geopolitics and maybe also more from the democratization, human rights to more the economic issues. While some balance, I think, between those is obviously among those goals is important, but I would agree that the economic dimension had been, I think, neglected -- the development dimension. Here the fundamental problem that I see

relates to the continued fragmentation of the U.S. foreign assistance framework and system where it is very difficult, especially in countries that are somewhat remote and low on the priority pole, as I mentioned early on, to actually get a systemic, systematic approach of U.S. foreign assistance. And then what happens is if you have multiple agencies doing a bit here, do a bit there in the development area, but you have a strong Defense Department or strong State Department set of objectives, then they tend to take the precedence. And so, unfortunately, until the U.S. administration really decides to reform the foreign assistance approach and framework, which is apparently not in the works right now, it's -- I don't have a lot of hope that the U.S. foreign assistance approach in Central Asia will be changed too much and get more of a sense of priority relative to some of the other objectives, which is, I think, it's unfortunate, but that may be the reality.

MR. UYAMA: I also think that Japan, the United States, other countries, and international institutions have contributed and have more to contribute to economic development in Central Asia. But I also think that Central Asian economies have been too much busy in reacting to foreign initiatives and world economic situations. After the fall of the Soviet Union, they had to adapt to the changing situations of transition economy and had to think to what extent to accept conditions of IMF, the World Bank, and so on. And later, some countries, and especially Kazakhstan, could -- was able to make use of the high price of oil in the world market; and could not develop other economic sectors. And they are also busy in accepting and rejecting various proposals from foreign aid institutions and investors. Now when Central Asian economies and the

world economy as well is in crisis, I think this is -- this can be a good opportunity for Central Asians themselves to develop strategies for their economic growth.

And about the SCO. As far as I know, almost no one in Japan proposes for Japan to join the SCO as a member. But there are some proposals about interaction between the SCO and Japan, and Professor Iwashita is one of the proponents of this idea. And the important point is to avoid confrontation between the SCO and other regional initiatives. When the Central Asia plus Japan dialogue was launched in 2004, some Russian media reported that this is a reaction to the SCO; the Japanese want to hinder the development of SCO, and so on. But, as far as I know, there is no such intention from the Japanese side. And it would be beneficial if the SCO and the Central Asian and Japan dialogue and the other initiatives can interact, cooperate with each other.

MR. TABATA: Thank you very much. I'd like to close this session. I'd like to thank all the paper presenters and the audience. Thank you very much.

(Applause)