

THE BROOKINGS INSTITUTION
CENTER FOR EAST ASIA POLICY STUDIES

**PERSPECTIVES ON JAPANESE
POLITICS AND THE FUTURE OF THE
U.S.-JAPAN ALLIANCE**

**AN ADDRESS BY H.E. BANRI KAIEDA
PRESIDENT OF THE DEMOCRATIC PARTY OF JAPAN**

The Brookings Institution
April 8, 2014
Washington, DC

[Transcript prepared from an audio recording]

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

PARTICIPANTS:

Introduction:

JEFFREY A. BADER

John C. Whitehead Senior Fellow in International Diplomacy
The Brookings Institution

Featured Speaker:

BANRI KAIEDA

President, The Democratic Party of Japan

Moderator:

MIREYA SOLIS

Senior Fellow and Philip Knight Chair in Japan Studies
The Brookings Institution

PROCEEDINGS

MIREYA SOLIS: Good afternoon, everyone. I think we are ready to start. My name is Mireya Solis. I am senior fellow and Knight Chair in Japan Studies at Brookings. It is a great pleasure to welcome President Kaieda of the Democratic Party of Japan to talk this afternoon about Japanese politics and the U.S.-Japan alliance.

And I am delighted that my colleague, Jeff Bader, will introduce President Kaieda. I don't think Jeff Bader needs much of an introduction, since you all well know that he has been a major influence on U.S. policy towards the region through several administrations. Having served for over three decades in the State Department, USTR, and the National Security Council, Jeff Bader was senior director for East Asian Affairs from 2009 to 2011, and in that capacity, he led the U.S. Government's interagency response to the 2011 triple disaster, a major development obviously in Japanese history, a major chapter in U.S.-Japan cooperation.

So Jeff, I'll ask you please to come to the podium to introduce President Kaieda. Thank you.

JEFFREY BADER: Thank you, Mireya. And welcome all of you to Brookings.

It's my honor and pleasure to introduce Mr. Banri Kaieda, who will make a presentation today on the policies of the Democratic Party of Japan. I'd like also to welcome fellow DPJ Diet members who are accompanying Mr. Kaieda -- Mr. Naoshima, Mr. Ono, Ms. Arayi, and Mr. Kishimoto.

Mr. Kaieda was elected president of the DPJ in December of 2012. The DPJ was the governing party of Japan from September 2009 until December 2012. It was the longest and most substantial period in Japan in the last 70 years in which a party other than the Liberal Democratic Party held power. It was a time of turbulence and controversy within Japan and in its relations with the United States at least at the outset. The great tragedy of that period which the DPJ government had to deal with was, of course, the Fukushima earthquake, tsunami, and nuclear meltdown of 2011.

Mr. Kaieda served as Minister of Economy, Trade, and Industry under the DPJ Government. He was one of the founders of the DPJ in the late 1990s. The DPJ ruling party was a complex and diverse mix of individuals and groupings from all over the political map, and these internal divisions frankly were a problem for a party governing for the first time.

As president of the DPJ, Kaieda is attempting to reshape the party, to make it the most effective possible constructive opposition party, to give a coherent message, and to prepare it once again, the voters willing, to assume the reins of government.

One legacy of the DPJ period during which time, as Mireya mentioned, I served at the National Security Council dealing with Japan and East Asia, was this relationship with the United States and the U.S.-Japan alliance. Because of the diversity of the party, and to my view,

the lack of governing experience, there was some stumbling on this at the outset. But by the time the DPJ left office, I believe an important legacy was to demonstrate that the two likely ruling parties or coalition leaders in Japan were both committed to the alliance and the relationship with the United States. In democracies like Japan and the United States, an alliance and the relationship this important cannot be based on partisanship or on one party if it is to survive. I am pleased that this was one of the important outcomes of the DPJ tenure and something that should give all of us comfort.

I would now like to turn over the floor to Mr. Kaieda. He has kindly agreed to take questions after his remarks are done.

Mr. Kaieda.

BANRI KAIEDA: Today, so many Japanese audience, I'll speak in Japanese.

Thank you for that introduction. I am Banri Kaieda, president of the DPJ.

I come here today to the storied Brookings Institution with this opportunity to give a speech here. Let me thank President Strobe Talbott and everyone else responsible for making this happen.

As the head of the DPJ, which aims to retake power, I would like to share with you candidly about the state of Japanese politics and the U.S.-Japan relationship.

I have a daughter. Just one. And last November, she married and is living in Los Angeles now. Her husband is Japanese, and he is working in Los Angeles. Last November, I cried every day, but once in a while I got an email from my daughter. Her very first email from Los Angeles, let me try to present it to you accurately.

In the U.S., even passersby on the street are always greeted by people in the neighborhood. Soon after moving in, someone I never met before was kind enough to say, "Welcome to my neighborhood," and I was touched. I said, "This is America. Because the U.S. is diverse, it has depth, it has freedom, generosity, and what a comfortable country for a foreigner such as myself to live in." That's what my daughter's email said.

Reading my daughter's email I thought to myself, Japan, too, must become such a country.

Now, let me tell you a bit about the background of the DPJ. It was just mentioned it was formed in 1996. Two years later in 1998, civil liberals, social democratic liberals, and conservative liberals came together with a common purpose. And the principle that we put forward in 1998 was we shall build a new road of the democratic center.

Subsequently, in the 2009 general election, we gained power and fulfilled our historic task of effecting a change in government through a general election. Unfortunately, we failed at managing the government and lost the trust of the Japanese people for a variety of

reasons, including lack of experience and immature parting governments. We were put in opposition in December 2012 and were again defeated last year in the Upper House elections.

We were one factor in creating the current political situation in Japan, but we can't forever linger in the past. We will stage a comeback. No, we must make a comeback. As long as we remain weak, Japanese society and diplomacy will continue to head in the wrong direction.

You may wonder if the DPJ can come back. In response to your doubts, President Obama has the following to say.

“Yes, we can.”

Why can the DPJ make a comeback? It's because we are at the democratic center. President Obama's Democratic Party espouses a variety of values and we have the same kind of liberal politics.

So what are the principles of the democratic center? First of all, one has to balance social justice and economic vitality. The DPJ's goals are not simply limited to economic security and wealth distribution; rather, we want to create a society where those that have worked hard are rewarded. Worked hard through competition and creating wealth. This is really a society with a solid middle class with few inequalities. Market fundamentalism, the law of the jungle, survival of the fittest, forgets workers and benefits only a handful of investors and companies; it creates a society that lacks fairness. We believe that the private sector should lead the economy in principle. At the same time, the government has a duty to provide a safety net and to correct inequalities.

When we led the government, we had a policy that was called Children First. It emphasized education in childrearing and we had policies to give everyone a place and a role to play in society. This was for the purpose of strengthening community solidarity.

The DPJ wants a nation that's cosmopolitan, multicultural, an open nation with no gender discrimination. We will thoroughly oppose xenophobia as exemplified by hate speech. Acknowledging a broad diversity of values is itself what the democratic center is about. Authoritarian state intervention robs a people of its diversity and vitality. To prevent this, various intermediary bodies, such as public interest corporations, NPOs, and community associations must create a civil society that is vital and that shows solidarity. We will fulfill our responsibility toward national security and international peace.

Unlike Japanese left wing forces of the past, the DPJ will be pragmatic in fulfilling responsibility in the area of national security. Further, we will openly reject historical revisionism. Working together with our ally, the United States, the DPJ will make every effort toward ensuring peace and building confidence in the international community, especially in East Asia.

Let me touch on the current state of politics and political realignment. Why is the democratic center necessary for Japan's party politics today? After losing the reins of

government in 2009, the LDP espoused the revival of conservative values and steered to the right. The LDP used to be considered right or center right on the political spectrum but has now moved even further right.

The LDP regained control of government aided by the shortcomings of the DPJ-led government and the increased conservatism of Japanese society. Domestically, the Abe administration has now made its authoritarian tendencies clear and internationally, the Abe administration could move beyond the realm of healthy nationalism and become a destabilizing factor in East Asia.

Meanwhile, some opposition parties, including the Japan Restoration Party, are leaning even further to the right than the LDP. The opposition parties are fragmented. There are many weak parties indeed.

However, as is evident from the history of Japan's political party since the so-called Taisho Democracy, when Japan moved toward democracy and liberalism in the 1910s and '20s, most of the transient political parties that emerged out of nowhere also disappear very abruptly. The DPJ has an 18-year history behind it. We have experience in governing. I'm convinced if we uphold the values of the democratic center and are able to achieve a revival, we can form the nucleus of political realignment in Japan.

Once again I will touch on the economy and security. At the outset, let me admit that the so-called Abenomics has succeeded as a sort of shock therapy for dealing with the excessive pessimism toward the Japanese economy following the global financial crisis. Abenomics has succeeded in correcting the excessive appreciation of the yen, as well as excessively low stock prices. But the reason for rising stock prices was a net purchase of stocks by foreign investors to the tune of 16 trillion yen. Therefore, we must think twice before praising Abenomics without reservation.

In the end, no Japanese person was buying Japanese stocks, which are, after all, the barometer of Japan's future. Not only did they not buy stocks, in fact, there was net selling of stocks by Japanese institutional investors to the tune of 6 trillion yen and 9 trillion yen by individual investors in Japan.

So in January of this year, stock prices decreased when there was a net selling of stocks by foreign investors of 1.3 trillion yen. With no knowledge of when there will once again be net selling by foreign investors, the market remains unstable.

Secondly, it can be said that Abenomics is a populist policy. The first of the three arrows was a monetary policy of delaying costs. The second arrow was a fiscal policy of prematurely using up demand. These policies gained popularity because they make no one worse off in the near term.

Prime Minister Abe says that while buying time through the realization of these first two arrows, he would then implement the third arrow, the growth strategy. Be that as it may, regulatory reform so far has been insufficient and the impact is also unclear. Rather, the

fact that the government is taking an approach of going so far as to interfere in private sector wage negotiations causes us concern in that it seems to be a state socialism approach.

Thirdly, Prime Minister Abe says "take back Japan." Just as the slogan says, vested interest, such as investment entities, export-oriented manufacturing companies and employees of a number of major companies who will benefit from wage increases are all favored by Abenomics. So when they say to take back Japan, they mean to take back vested interests. This will not bring forth new innovations and transform Japan's industrial structure but simply extend the lifespan of existing economic entities by another decade. It may be an efficient approach as a short-term policy, and it is no doubt a shrewd campaign strategy. However, under this approach, the private sector will lose its appetite for seriously working to increase productivity and pursue innovation. This is a repeat of past measures to stimulate the economy through public works which stood in the way of industrial revitalization in the regions.

Further, government-led wage increases that will be implemented under the name of Abenomics will be limited to a number of major companies leading to greater economic inequality among the people. As I said, I am going to go, like the Obama administration, we, the DPJ, have been pursuing a policy of creating a broad middle class. We remain steadfast in our resolve to promote investment in education and employment in order to eliminate such disparities.

During the DPJ-led government, we placed importance on the maintenance of fiscal discipline. Throughout our time in office, we improved the primary balance on the basis of settlement reports. On top of that, we took the bold course of promoting a consumption tax increase for the stability and enhancement of social security.

The current Abe administration's pork barrel approach threatens to undermine the effects of the tax increase. If the administration continues to proceed with this approach, this could affect interest on government funds, and Abenomics' exit strategy could become unworkable.

The story that the Abe administration hoped for was as follows: the depreciation of the yen would lead to an increase in exports and the recovery of the Japanese economy. So far though, instead of increasing, export levels have remained unchanged or have continued to decrease in terms of quantity. As regards future economic trends, I believe we have to watch out for what I call the risks of a fiscal deficit and the risk of a continuing widening of the trade deficit resulting from a lack of export growth despite the yen's depreciation and increasing imports. I call these Abenoriscu or the risks of Abe.

In Abenomics, the assumption is that the government can maneuver the economy as it wishes. It's an approach of state socialism. It's also based on greedy financial capitalism.

Even at Harvard Business School, once a mecca for greedy financial capitalism, a change of thought is underway. This is demonstrated by Professor Michael Porter's proposal of creating shared value. Professor Porter, as the originator of greedy capitalism, used to advocate a theory of maximizing profit by hindering the entry of new companies. But this very same

professor repented of his theory following the global financial crisis. He contended that the capitalist system is under siege and proposed that in addition to pursuit of profits, the goal of companies should be both to contribute to society through their businesses, as well as create value for society. Professor Porter argues that value for companies is both economic benefit and societal benefit or shared value, and that companies and society must jointly create this value.

This concept of contributing to society through business while simultaneously generating profits has in fact existed in Japan from ancient times. In the Edo period, the Omi Shonin were famed merchants from the Omi feudal domain that is now Shiga Prefecture, and they had a family precept called San Po Yoshi. This precept teaches that the merchant should take into consideration the benefits for buyer, seller, and society. This is precisely common shared values. A similar idea is found in the Analects of Confucius and *The Abacus*, a book written by a Meiji tycoon, Eiichi Shibusawa. As such, the concept of capitalism that realizes shared value is a familiar and easily adopted concept for Japanese entrepreneurs. It is also the DPJ's policy foundation.

It just so happens that in the January 2013 edition of *Bungeishunju*, a monthly news magazine, Prime Minister Abe proposed the capitalism that emphasizes ethics and morality. Regrettably, in September of the same year, Prime Minister Abe visited Wall Street. There he said, "Buy my Abenomics." He flattered the proponents of greedy financial capitalism by saying that. We, at the DPJ, take a serious attitude toward promoting capitalism that realizes shared value and not in a stop-gap way.

Next, let me touch on understandings of history. The DPJ respects the post-war international order that was established by the San Francisco Peace Treaty. With regard to the Tokyo Trials, the government of Japan accepted the judgment of the tribunal under article 11 of that treaty. Therefore, the DPJ deems it unacceptable for a Japanese prime minister to visit Yasukuni shrine which enshrines class A war criminals who were convicted in the Tokyo trials. Prime Minister Abe's visit to Yasukuni shrine in December of last year caused concerns not only for China and the Republic of Korea, but also for the U.S. and Europe.

Further, regarding comfort women, several times they have made it clear that they are taking a posture of revising the Kono Statement. Prime Minister Abe recently expressed the position that he would not revise the Kono Statement. We appreciate that statement.

However, shortly afterwards, an aide of the prime minister's noted the possibility of releasing a different statement, thus de facto revising the Kono Statement. A series of developments, including statements made by the prime minister himself and his aides, as well as executives of NHK, Japan's public broadcaster, whose appointments prime minister has said to have influenced, are fueling suspicions that Prime Minister Abe may be a historical revisionist.

I clearly reject historical revisionism and will oppose it. Certainly, the DPJ will clearly adhere to the statements of previous cabinets, including the Kono Statement and the Murayama Statement. We, the DPJ, will safeguard the mature democracy fostered by post-war Japanese society.

I was born in 1949, four years after the war ended, and I grew up preceding the education of Japan's post-war democracy. The years of my adolescence in particular were a period of peace, prosperity, and growth. I want my daughter and grandchildren to enjoy a similar period of peace, stability, and prosperity. I will safeguard Japan's mature democracy. This is a personal resolve which I absolutely will not compromise.

Now, let me touch on the U.S.-Japan alliance and diplomacy with neighboring countries. Past cabinets have forged friendly relations with Japan's neighboring countries while making clear as stated in the Moriyama statement that Japan has deep remorse over the fact that through its colonial rule and aggression, Japan caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations. This kind of traditional and sincere understanding of history has served as the foundation of Japan's friendly relationship with the United States. Japan and the United States have been allies for over half a century since fighting against each other as enemies. This understanding of history is like a shared value between Japan and the United States regarding diplomacy and security. I'm convinced that in a multi-polar international community, our two countries can overcome the limitations of the kind of chauvinistic realism that relies on simplistic national interests by sharing principles that extend beyond the nationalistic and xenophobic trends worldwide. On this basis, as the United States adopts a policy of rebalancing toward the Asia-Pacific, I hope to hold talks with the United States regarding how the Japan-U.S. alliance should be deepened.

I believe that there are many issues we should be working on together, including the guidelines for U.S.-Japan defense cooperation that are currently being discussed between Japan and U.S. authorities, as well as cooperation on outer space and cyberspace, nuclear nonproliferation initiatives and the promotion of free trade schemes, including the Trans-Pacific Partnership.

At the same time, the DPJ will work to build trust with Japan's neighboring countries based on a correct understanding of history. I do not deny that Asia today is in a difficult situation that reflects the changes in the balance of power. However, as neighboring countries, we have no choice but to live and flourish together. Certainly, expressing remorse for the past in no way precludes us from expressing our opinions on current issues.

We stand ready to make efforts in a future-oriented manner to establish a mutually beneficial relationship based on common strategic interests with China and a key partnership with the Republic of Korea.

Let me now touch on a collective self-defense. The security policy of the democratic center is deeply committed to protecting Japan's territorial land, sea, and air space, as well as the lives and property of the Japanese people. We pledge to proactively fulfill our international responsibilities in accordance with collective security.

The following are our views regarding the use of force, the use of weapons, and the interpretation of the constitution of Japan currently being debated by the Japanese government.

We must realistically deal with Japan's security needs and international responsibilities. On the other hand, we must uphold the fundamentals of a modern democratic nation, notably constitutionalism and the rule of law, and increase the predictability of Japanese security policies. From this perspective, it is not acceptable for interpretations of the constitution to be changed arbitrarily depending on who happens to be in power at the time. To be changed in such a way that ignores the clauses of the constitution or the series of previous government interpretation of the constitution. The DPJ is now giving serious consideration to how we can pragmatically respond in light of the security needs and the new demands of international responsibilities I've just described while still maintaining consistency with the existing interpretation.

Recently, the Asahi Shimbun conducted a poll on collective self-defense and those who believe that Japan should not exercise that right, the number was 56 percent a year ago but the number increased to 63 percent this year, opposing the right to exercise the right to collective self-defense. And the poll with respect to article 9 of the constitution, people who said there was no need to change the interpretation were more than 50 percent. And there were more than 44 percent that took the opposite position. These numbers show that the peace-oriented nature of the Japanese people is still healthy, and even that it's gotten stronger over the one year of the Abe administration.

On March 11, 2011, Japan was struck by the Great East Japan Earthquake and there was a serious nuclear accident in Fukushima. Three years have passed. The people in the areas hit by the disaster have overcome grief and have been bravely tackling the calamity head-on. They are a testament to Japan's resilience. However, it cannot yet be said that their lives have completely returned to the way they were. The reconstruction work is only half done and there are a plethora of challenges in connection with the nuclear accident. The DPJ held the reins of government at the time of the disaster and will continue to devote maximum efforts to reconstruction. We are determined to ensure that we achieve reconstruction of the afflicted areas and the revitalization of Fukushima.

And then the U.S. forces of Japan and the Pacific Command through Operation Tomodachi made tireless efforts and invaluable contributions. We will never forget this. Of course, the friendship the U.S. showed at the time was not limited to the military. Many Americans, including those here in this room, extended support to Japan in many different forms.

Once again, from my heart, let me express my gratitude for this support lent to us, this helping hand extended to us from the across the ocean.

The DPJ, as a party that pursues the democratic center, hopes that we can foster mutual friendship and common values in cooperation with the United States, and that we can work together towards the peace and prosperity of the world and of the Pacific region.

Thank you very much for your kind attention.

(Applause)

DR. SOLIS: Thank you so much, President Kaieda, for very interesting remarks this afternoon. You have covered a lot of ground, and there are so many different issues to discuss.

So I would like to start this conversation, and we appreciate very much the fact that you have agreed to take questions from the audience. I will take the opportunity to ask you two questions. One, regarding domestic economic policy and the other regarding diplomacy.

So if I can start with the economic revitalization issue. I think that one of the main tasks for any party in the opposition is to design an alternative project to tackle main national problems, such as how to generate growth again in an economy. And I believe that your speech today has been very useful towards that end because you have drawn a very clear contrast between Abenomics and this other model that you refer to as shared value capitalism. And I would like to take the opportunity to unpack a little bit that model. And if you could please describe how in the Japanese context will that model of capitalism be achieved? What sort of economic policies would be required to move in that direction?

You mentioned the issue of structural reform and the skepticism that there has been about the ability of the Abe government to tackle structural reform. And I wonder if you think that the problem is that there hasn't been implementation of the policies, or do you think that the approach itself on structural reform is flawed? And if I can be a little bit blunt -- and I'm sorry to be putting you on the spot but this is a very interesting opportunity for us -- if there was a new DPJ administration, how would you pursue structural reform? What vested interest do you think should be tackled and in which manner?

Thank you, President Kaieda.

MR. KAIEDA: For a long time, Japan was languishing in deflation, so how do we recover growth? How do we conquer deflation? It's the same thing. Without growth, you cannot defeat deflation. Mr. Abe, to overcome deflation, he's in the process of it right now and so I don't need to explain that to you, but what we think about the process of conquering deflation, during three years and three months in power, we had begun part of our process. In my speech just now I touched on it. It's really a broad middle class trying to achieve that.

The wages of people that work over a period of about 20 years has gone down about 600,000 [yen]. People blame it on deflation. I don't necessarily think it's a result of deflation. I think that that's rather one of the causes of deflation. So in order to overcome deflation, we have to create a broad middle class and that broad middle class has to get fair wages for its work. And this is also tied to how one works. As you know well, there's a lot of irregular work in Japan. It's almost 40 percent of the workforce. Our workforce has moved from being regular to irregular which has caused wages to fall sharply. We are not saying that everything has to be regular employment, but irregularly employed workers, it should be equivalent to regular employees if they're doing the same work.

So in that sense, during Japan's deflation period there was more and more irregular work, wages went down, and we think that that was one of the causes of deflation. So

the first thing to do, we think, is to raise wages. For that purpose, jobs have to be protected. Now, we cannot hope for wages to rise at the midterm, and so what can the government do? We can have allowances for children or we can make middle school and high school--in substance--free. So we can't directly affect wages but we can engage in policies that increase the disposable income of these households. It has the same effect as raising wages. That's the kind of policy that we took. For economic reasons, some secondary students had to leave school prematurely and it can lead to them dropping out of society.

The children have no responsibility for this. It's because their parents were economic failures, perhaps, or perhaps because the company went belly up. And because of that, it seemed unacceptable for us for children not to be able to receive a middle school or high school education. And we were able to reduce the number of children leaving high school, by giving child allowances.

Actually, households raising children are having a tough time making ends meet, so thanks to our policies, they weren't necessarily having it easy but they were able to have a bit more leeway, and some families, as thanks for our policies, were willing to have more children. So that's our track record and we want to continue that. Try to make disposable income increase for families by the government giving allowances, and we said that we would reduce the tax exemptions and increase the allowances. That was our policy.

And what kind of shape would it take for a business model or a societal model? Economic entities, we think, shouldn't be just limited to companies, the traditional kind of thing. NPOs, a diverse array of economic actors in the community in various fields should be active, and then they should pay a fair wage to people. The social security environment is not sufficient now for people that work. Companies and organizations that work in the social area are not sufficient and they should be supported. Companies and organizations, if they are healthy financially, can also contribute to society. That's the kind of model that we have in mind.

As to structural reform at the DPJ, whether the DPJ does it or the LDP does it, the substance is not all that different. When we were in government for three years and three months, we did have a growth strategy, life innovation, green innovation, agricultural initiatives to increase growth. So Prime Minister Abe's names of the strategies, did he change the growth strategy to revitalization? Maybe he would have been embarrassed to use the same. The issue here is whether one has the will to do it. We certainly did, but then we unfortunately lost power. If we had had a bit more time, we are sure that we would have done a good job.

Sorry that it's such a long answer.

DR. SOLIS: Thank you, President Kaieda. That was really interesting.

Because we are running short on time, I'm just going to ask you a question very briefly and then give the opportunity to the audience to also ask you some questions. This has to do with diplomacy.

President Obama's visit to Asia at the end of this month is going to take place in

the aftermath of one of the most serious international crises in recent times with the Russian annexation of Crimea. And some Japanese observers have pointed at the crisis in Crimea exerting a very large impact in regional dynamics in Asia because it has created the unfortunate precedent of national boundaries affected or changed through the use of force and coercion.

Do you agree that there is indeed a so-called Ukraine effect in East Asia? And if so, what should be the role of the U.S.-Japan alliance to address this concern?

MR. KAIEDA: At the end of the month, President Obama will be coming to Japan.

We certainly welcome this. As to the annexation of Crimea and its effect, for one, as came up earlier, I think that it will have an effect on the U.S.'s rebalance, but the U.S.'s rebalance 10 years from now, 20 years from now, is a necessary policy for the world. So certainly, the rebalance will continue, but the policy resources that can be input into the rebalance may be changed because of Ukraine. Up to now, one of the premises of the rebalance was that Europe was stable and that Asia is the center of economic growth and that militarily it's been getting bigger and there are greater threats that are being felt by countries near China and that it should be checked. But the policy resources that America might have put into the rebalance may have to be somewhat diverted to Europe. But the effect that Crimea will have on Asia for us in the Democratic Party, from the outset we opposed changing borders through force, for separation and independence based on a referendum that doesn't respect either domestic or international law. This is the direction taken by Prime Minister Abe as well, but we will continue to make these points on Crimea and cooperation within the G7 is important. The question is changing borders through force becomes a problem in connection with China. For the Senkaku Islands, changing the status quo through force certainly we would never agree to that.

But for China, in the western area, there's one other issue. Movement towards separation, independence shall we say, it's the Uighurs in Xinjiang. And so we see that as posing a challenge for China as to how to respond. The U.S., at first, was thinking a very positive kind of rebalancing. We would certainly like to see that maintained and fully intend to cooperate with it.

DR. SOLIS: So we have very limited time left but I would like to ask the audience if you have questions, to please identify yourself, wait for the microphone to reach you, and please be very, very concise because we're almost out of time.

So this gentleman with the red shirt.

QUESTION: Yes, hello. My name is Adam Behsudi. I'm a reporter with POLITICO.

I had a question about the Trans-Pacific Partnership Agreement and what the DPJ's stance is currently towards that and generally what the stance is towards the government's negotiations on sensitive agricultural goods, and then briefly how you see that playing into the

structural reforms that the Abe government is implementing.

DR. SOLIS: One more? Do you want to take one more? One more question. Yes, this other gentleman.

QUESTION: I wanted to ask about Japan's nuclear over the long term, particularly with the opening of the Rokkasho plant and what the DPJ has any stance on that.

DR. SOLIS: Thank you.

MR. KAIEDA: First, let me respond to Adam's question, the DPJ's stance on the TPP.

The DPJ government was the first to advocate the TPP in Japan. When Representative Naoshima was METI minister, he led that effort. The DPJ, with respect to an ambitious open trade stance, is fundamentally in favor. I would say though that when one gets down to specific negotiations, there's one big issue, and in this visit I heard directly that there's a similar problem in the U.S. Congress, but information is not disclosed. The amount of information that's released is very limited. Since it's a negotiation, you do have a responsibility to keep a certain level of confidentiality, but the amount of information that comes out is just so limited. Are the negotiations going well or not? It's not clear, especially for Japan. There are five agricultural products that are sensitive and they have been included in Diet resolutions, so it's important to protect them. And we have no idea what the status of the negotiations is. So above all, we would like to see more information being released. That is our stance. And then we would have to look at whatever was agreed to, to see whether it respected or not the resolutions of the Diet.

The second, Kichiro's question, Rokkasho facility, there's a power plant at Oma. I think that's what you're referring to, and then restarting power plants in general, nuclear power plants. In the 2030s, we'd like to see zero nuclear power, by 2039. What was it exactly? 2039 or 2040? Well, in the 2030s. By 2030s at the latest, we wanted to see zero nuclear power. But the most important is natural energy, renewable energy, to increase that percentage where it's limited now but we should have several tens of percentages and also thermal energy should be more environmentally friendly.

So if you look towards the 2030s, the U.S. has shale gas. It has shale oil. And by then it will be being produced more, and we have methane hydrates in Japan that are hopeful, and we could put more effort into that so that we would be able to create conditions to achieve zero nuclear power in the 2030s. That is our stance.

As to restarting the nuclear power plants, we're not saying that it's unacceptable totally. We have to assure safety. And we also think that the local community's agreement is very important. I've traveled about and I think that evacuation plans are important in terms of getting the agreement of the local communities, and so it becomes then a practical problem as to restarting them once safety is assured. New power plants would not be built, and 40 years out we would eliminate them. We have decided on that.

DR. SOLIS: I think the time is up, or can you take one more question? Do you need to leave right on time?

This gentleman here.

QUESTION: Mr. Kaieda, as you mentioned, the DPJ is trying to regain control of the Japanese government in the next election. If you succeeded in doing so, how would you handle the Japan-China relation, especially how would you try to deescalate the tension between the two countries and the dispute over territory issues? Thank you.

MR. KAIEDA: Territorial issues. Japan giving up something? That's not on the table at all. But aside from territorial issues, Japan and China must deepen their friendly relations. I don't think that's an impossible proposition even from the Chinese perspective. Earlier during my speech I touched on the fact that East Asia's stability and prosperity has to be something that we take responsibility for, Japan does, and so does China. If we take that basic stance, then Japan and China will be able to achieve friendly neighborly relations. Currently, between Japan and China, private sector exchanges have rebounded. This time last year, almost all of that had dried up. Almost no Chinese visitors came to Japan cities, but in the Lunar New Year this year we had a lot of visitors, many prefectures have sent delegations to China. These kinds of exchanges can build up and develop our relations. It's important.

DR. SOLIS: You have been very generous with your time.

Before I close the event, I just want to let everybody know that we have copies of President Kaieda's speech in English that can be picked up as you leave this room. And also, to please ask you to remain seated until President Kaieda has left the room because he has many other commitments. And please join me in thanking President Kaieda for coming this afternoon.

(Applause)

* * * * *