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Renewal

Revitalizing the U.S.-Japan Alliance

By Patrick M. Cronin, Daniel M. Kliman and Abraham M. Denmark



Center for a
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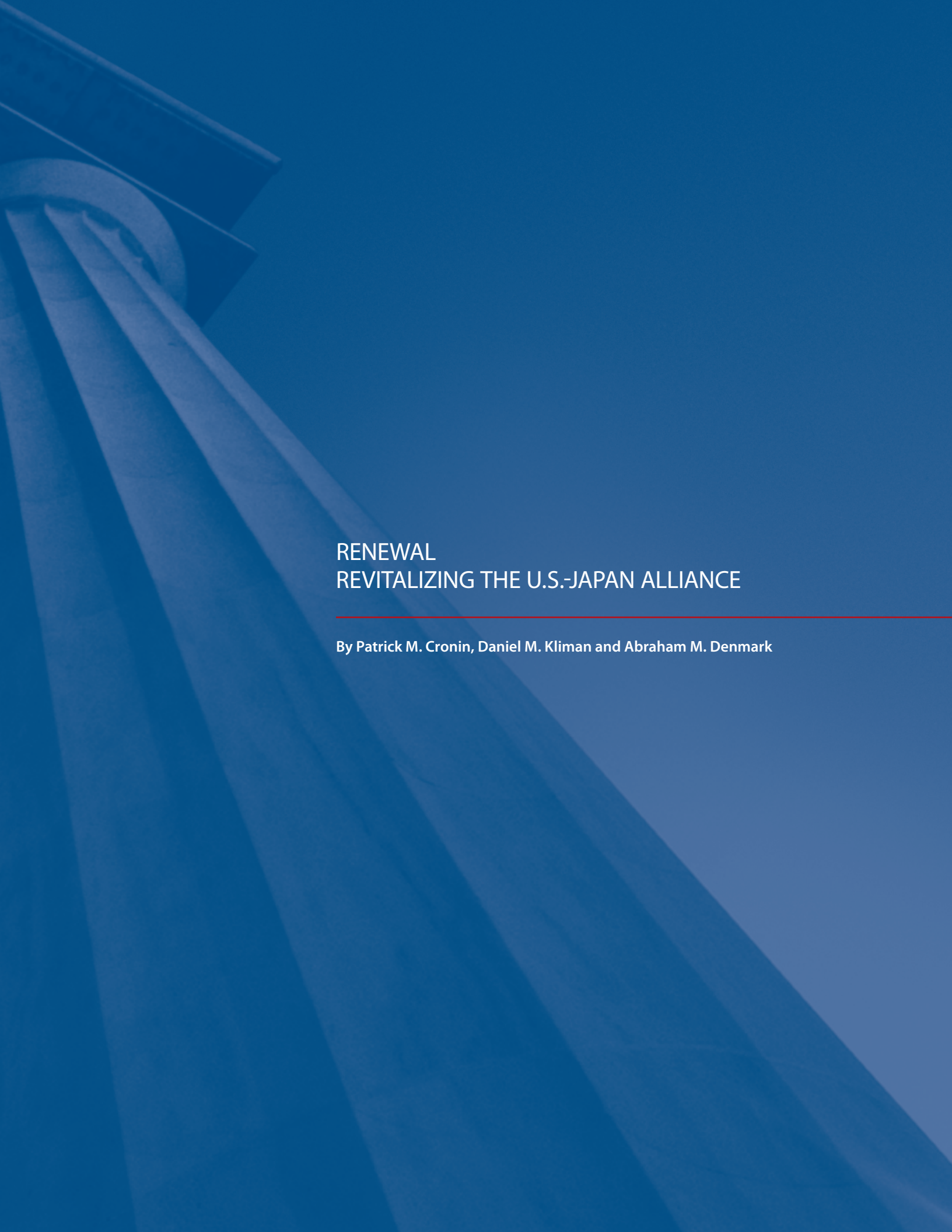
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RENEWAL REVITALIZING THE U.S.-JAPAN ALLIANCE

By Patrick M. Cronin, Daniel M. Kliman and Abraham M. Denmark

Over its lifetime, the U.S.-Japan alliance has proven a resounding success. If Washington and Tokyo can fully tap the alliance's potential, its best days will lie ahead.

I. EXECUTIVE SUMMARY

By Patrick M. Cronin, Daniel M. Kliman
and Abraham M. Denmark

The U.S.-Japan alliance is at a turning point. As the two allies celebrate a half century of accomplishments, they confront a strategic environment of unprecedented complexity. Growing assertiveness is accompanying China's ascendancy. A nuclear-armed North Korea is entering an uncertain leadership transition. An evolving web of formal institutions and informal networks have emerged in Asia. The sea, air, space, and cyber domains that connect our world – the global commons – grow increasingly contested. And new environmental and natural resource challenges loom. In this strategic environment, the alliance has immense potential to advance American and Japanese interests and to contribute to a peaceful and prosperous world. Nonetheless, the alliance's potential may well go untapped. The United States and Japan should move quickly to address new security challenges together and, in so doing, renew a partnership that has benefited both allies and the region for decades.

This report outlines how the United States and Japan can fully realize the alliance's potential. We identify the benefits the alliance delivers to both partners and the costs the United States and Japan would incur if the alliance foundered. Informed by an assessment of today's strategic environment, we then lay out concrete steps to enhance U.S.-Japan security cooperation and how to strengthen the bilateral institutions, public support, and fiscal health, which together constitute the alliance's foundation.

Efforts to revitalize the U.S.-Japan alliance should address seven areas:

China and North Korea. The United States and Japan confront a rising China and a nuclear-armed, unstable North Korea. To respond to both of these very different challenges, the United States and Japan must improve the interoperability of their militaries starting with intelligence, surveillance and reconnaissance (ISR) operations. With sudden

change on the Korean Peninsula increasingly possible, the two allies should determine how they would respond in a range of contingencies, including how best to support Seoul in the event of Korean unification. As the United States draws down its nuclear arsenal and seeks global nuclear reductions, it should address Japanese concerns about extended deterrence. Given China's development of accurate medium-range ballistic missiles, Washington and Tokyo should analyze the future configuration and defense of U.S. bases in Japan. Lastly, in order to support the building of more coordinated policies, a Track 1.5 dialogue involving the ruling Democratic Party of Japan (DPJ) could help deepen understanding and harmonize U.S. and Japanese views of China.

Regional Architecture. Washington and Tokyo should work together to ensure that the multi-lateral institutions and informal networks that make up a regional architecture in Asia are rooted in democratic values and not overly dominated by China. This means expanding trilateral cooperation with Australia and South Korea and formalizing trilateral security cooperation with India. It also entails supporting the gradual emergence of Indonesia as a regional power. The United States and Japan should reinforce democratic values in the region by fully resourcing the Asia-Pacific Democracy Partnership, positioning good governance and human rights more squarely on the agenda of the East Asia Summit and strengthening the Bali Democracy Forum. In addition, the United States needs to develop a more vigorous and well-defined trade policy in Asia, for instance, by expanding the number of nations participating in the Trans-Pacific Partnership regional trade talks and by completing negotiations and winning congressional approval of the bilateral free trade agreement with the Republic of Korea.

The Global Commons. The United States and Japan must do more to guarantee access to the global commons, which are increasingly under threat.

In addition to fashioning a strategic approach for countering limited, coercive attempts at arbitrarily redrawing maritime boundaries, they can also bolster the navies and coast guards of key littoral states and thereby help to secure sea lines of communication. Together, the U.S. and Japanese military establishments should develop doctrine for operating against an opponent seeking to deny them access to the Western Pacific. In light of China's growing naval assertiveness, Japan should field additional military capabilities: long-haul, unmanned aerial vehicles, a replacement for the aging F4-EJ fighter, more diesel attack submarines and naval mines. But the alliance's focus on China should by no means be entirely negative; on the contrary, Washington and Tokyo should help Beijing to understand its considerable stake in an open global commons. With respect to space, the United States and Japan should champion a treaty banning the first use of antisatellite weapons and develop technology for mitigating orbital debris. In the cyber domain, a bilateral effort is needed to improve situational awareness of network intrusions.

The Environment and Natural Resources. Given their world-class scientific establishments, the United States and Japan have a unique capacity to create a "green alliance" to address environmental challenges and vulnerabilities created by natural resource dependence. To reduce their reliance on petroleum, the two allies should enhance cooperation on clean energy, including the development of non-petroleum fuels for military use and demonstration projects for critical emerging technologies. At the same time, the United States and Japan could be world leaders in nuclear waste disposal, control and management. They should also initiate a dialogue on rare earth elements, a group of minerals upon which high-technology industry depends. With water scarcity looming across Asia, Washington and Tokyo should cooperate to unleash a "blue revolution" that will address water

scarcity in the region. To better monitor compliance with climate treaties, the United States should leverage Japan's comparative strengths in earth monitoring. Lastly, both countries should enhance their capacity to respond to one consequence of climate change: more frequent and more deadly natural disasters.

Institutions for Managing the Alliance. The United States and Japan should update the institutions for managing their alliance to reflect new political and strategic realities. The alliance was once guided by a handful of U.S. officials working with counterparts in Japan's Foreign Ministry and the long dominant Liberal Democratic Party. Future institutions for alliance management should be more inclusive, encompassing members of all the major political parties in Japan's parliamentary system as well as representatives from more than just the Defense and State Departments and their Japanese equivalents.

Public Support in Japan. To ensure a hospitable climate for U.S. military bases, Washington and Tokyo must do more to reinforce the Japanese public's support for the alliance. As a starting point, leaders in both capitals need to articulate unequivocally the enduring value of a U.S. military presence in Japan. To educate reporters who influence national-level opinion on the alliance, Washington and Tokyo should send Japanese journalists to the United States for advanced education and training in regional studies and strategic studies akin to that available at some leading American universities and higher military colleges. Further engagement is needed with Japanese communities hosting U.S. bases where considerable frustrations have accumulated. Tokyo should engage these communities in a dialogue and work to alleviate their concerns. The United States should allow the governments of these communities to conduct environmental inspections of American military facilities, which is something they currently desire. Whenever feasible, U.S. military bases should be

co-located with Japanese bases to ease local concerns. On Okinawa, which hosts a disproportionate number of American troops, the U.S. and Japanese governments should take additional steps, such as revitalizing the island's economy through a "green Okinawa" initiative.

Fiscal Health. Over the long term, strengthening the alliance's foundation will require both the United States and Japan to focus on restoring fiscal health. Otherwise, budgetary constraints will reduce each partner's capacity to contribute to the alliance. To grow their economies and thus brighten their fiscal outlooks, the United States and Japan should collaborate more in two fast expanding sectors: clean energy and health care. They should cooperate on building high-speed rail in the United States, which would not only create jobs in both countries, but also deepen the bonds that underpin the alliance. In addition, Washington and Tokyo should work together to open export markets in emerging economies. Lastly, they should normalize technical standards in sectors targeted for bilateral cooperation.

The recommendations outlined above are ambitious, but possible. With sufficient commitment, leaders in Washington and Tokyo can realize the alliance's full potential to shape the 21st century in ways that benefit both their countries and the world.

II. INTRODUCTION

Fifty years after the signing of the U.S.-Japan Mutual Security Treaty, America's alliance with Japan boasts an impressive track record. The alliance effectively countered communist expansion in Asia during the Cold War, enabled Japan to peacefully emerge as an economic superpower and stabilized the world's most dynamic region. Recent strains in the alliance, however, show that past performance is no guarantee of future success. Unless Washington and Tokyo take action, the alliance's potential to shape the next 50 years in ways that benefit both partners and the larger international community may go unrealized. The United States and Japan must do more to enhance their security cooperation and respond to the strategic environment of the 21st century. The alliance's foundation – effective institutions to manage the alliance, public support and long-term fiscal health – also requires strengthening.

The Mutual Security Treaty's golden anniversary has coincided with a period of drift in the alliance. At the beginning of 2010, Washington and Tokyo were at loggerheads over where to relocate Futenma, a U.S. Marine air base on the island of Okinawa. The new government formed by the DPJ insisted on reopening negotiations over Futenma. Meanwhile the United States argued that a 2006 agreement was still binding, and that revising the agreement would jeopardize a larger effort to transfer some 8,000 Marines and 9,000 dependents out of Japan to reduce the American military's footprint there.¹ The Futenma dispute subsided in May 2010 with a reaffirmation of the original accord, but a period of political instability followed in Tokyo. With his support in free fall and his governing coalition in revolt because of his handling of Futenma, Yukio Hatoyama, the DPJ's first prime minister, resigned. Hatoyama's replacement, Naoto Kan, presided over his party's defeat in July elections for Japan's Upper House. This opened the way for Ichiro Ozawa, a DPJ founder with

ambivalent views of the alliance, to challenge Kan's leadership within the party.² Who would head the DPJ – and by extension, the identity of Japan's next prime minister – remained uncertain until mid-September, when Kan won a convincing victory in the DPJ's intraparty elections.

The time is now ripe for alliance renewal. After an initial series of missteps as the new ruling party, the DPJ has learned to wield the levers of power in Tokyo. In addition, the DPJ's internal election has brought to the fore a younger generation of party politicians who take a pragmatic stance on security issues, strongly support the alliance, and understand the need to work more effectively with able career bureaucrats. Coupled with the DPJ's new willingness to work with the United States on basing arrangements, these changes appear to present, in the final months of the alliance's 50th anniversary, a springboard for a long-term effort to realize the alliance's potential.

This report lays out concrete steps to revitalize the U.S.-Japan alliance. We first identify the alliance's overarching rationale, the benefits the United States and Japan currently derive from it and the costs they would incur should the alliance unravel. The report subsequently describes the increasingly complex strategic environment that both alliance partners confront and presents an enhanced security agenda for the alliance that encompasses four areas: China and North Korea, a regional architecture in Asia, the global commons (the maritime, air, space and cyber domains over which no country governs), and the environment and natural resources. We then outline how the United States and Japan can reinforce the alliance's foundation.

This report draws extensively on the work of a U.S.-Japan Study Group convened by the Center for a New American Security (CNAS) in partnership with the Tokyo Foundation. Launched in April 2010, the study group identified a future alliance

agenda that could inform governments on both sides of the Pacific. The study group convened first in Washington, with distinguished scholars and former policymakers attending.³ U.S. and Japanese participants then held a number of meetings in their respective capitals. Finally, the entire study group reconvened in Tokyo to draft a joint statement. To complement the activities of the study group, the authors of this report met privately with Japanese lawmakers and civil servants, consulted with American officials at both the senior and working levels and commissioned short papers from a number of U.S. experts. The opinions in this report draw heavily on discussions with the groups and experts noted above, but the views expressed here are our own.

Our conclusion is clear: the alliance remains an irreplaceable asset to the United States, Japan and the larger international community. A secure and prosperous 21st century will require tapping its potential more fully.

The Alliance's Enduring Value

The 50th anniversary of the Mutual Security Treaty presents an opportunity to assess the state of the U.S.-Japan alliance. What is the alliance's rationale? What benefits do the United States and Japan accrue from the alliance? What costs would they bear if the alliance foundered?

The rationale behind the U.S.-Japan alliance transcends shared security challenges such as an ascendant China and an unstable, nuclear-armed North Korea. Defining an alliance solely in terms of challenges would limit the alliance's potential. Today's U.S.-Japan alliance has a positive and inclusive rationale: Sustaining a liberal international order in which the global commons remain open, democratic governance retains the highest form of legitimacy and rules long agreed upon in international institutions govern a growing subset of state behavior.

The alliance delivers considerable benefits to the United States. It serves as a pillar of an international order facilitated by the U.S. military's worldwide presence which promotes American values and provides the United States with institutional mechanisms to manage disputes with other nations. In Asia, the alliance constitutes an unrivaled platform for maintaining the United States as a "resident power."⁴ Because Japan hosts American bases, Washington can quickly deploy military assets throughout the region, as epitomized by the dispatch of U.S. ships to Indonesia following the 2004 tsunami. Moreover, bases in Japan enhance America's capacity to respond to sudden change on the Korean Peninsula and any contingency in the Taiwan Strait. Beyond anchoring an American presence in Asia, the alliance provides financial support to the United States as it maintains these capabilities. Funds from Tokyo defray a substantial portion of the cost of stationing U.S. troops in Japan.⁵ Under the umbrella of the alliance, the United States can also share the burden of developing new weapons systems with Japan, for instance, in cooperation on a sea-based missile interceptor.⁶

Like the United States, Japan derives numerous benefits from the alliance. The alliance's role as a pillar of the liberal international order advances Japan's security and prosperity. Importing more than 80 percent of its petroleum from overseas, Japan cannot survive as a modern economy without open access to the maritime commons.⁷ Japan's export industries, the mainstay of its otherwise troubled economy, would wither if the World Trade Organization did not keep nations from closing their markets in times of distress. As a non-nuclear state in a neighborhood with three nuclear powers (China, North Korea and Russia), Japan relies on the alliance for extended deterrence. The alliance enables Japan to retain a comparatively modest military because U.S. capabilities such as long-range strike fill gaps in its arsenal. This has two benefits. First, Japan enjoys significant financial

savings – it spends less than 1 percent of gross domestic product (GDP) on the Japan Self-Defense Forces (JSDF).⁸ Second, Japan avoids having to develop an expeditionary military, which would provoke concern among some in the region with long historical memories. In addition, the alliance gives firms, such as Mitsubishi Heavy Industries, access to U.S. defense technology, strengthening Japan's defense-industrial base and capacity for self-defense. Lastly, on the diplomatic front, an alliance with the United States elevates Japan's profile in Asia and grants Japan greater confidence in dealings with China.

Although the alliance serves the core interests of the United States and Japan, it substantially benefits other nations as well. The alliance upholds a liberal international order that is highly advantageous to China and other Asian countries. Indeed, the combination of open commons and open markets that exists under today's liberal international order has greatly facilitated Asia's rapid economic growth. In a world where the security of sea lines of communication was uncertain and protectionism reigned supreme, the region would have enjoyed fewer opportunities and faced greater obstacles. This recognition is one reason why China ratified the U.N. Convention on the Law of the Sea in the mid-1990s. The alliance also directly contributes to regional stability in Asia by deterring North Korean aggression, moderating a rising China's assertiveness, and allowing Japan to refrain from acquiring military capabilities that could provoke a regional arms race. This stability benefits the entire region, China included, since instability would hamper economic growth.

The unraveling of the alliance would prove costly for the United States and Japan. The loss of bases in Japan would diminish America's long-term presence in Asia. Although the United States could redistribute some military forces to Guam or elsewhere, its capacity to respond to developments on the Korean Peninsula and contingencies in the

Taiwan Strait would decline. The cost of stationing forces in the region would likely rise, as no other country appears ready to offer the level of host-nation support the United States currently receives from Japan. Even more detrimental to U.S. interests, Asia would become a less stable region, with North Korea increasingly bellicose, China emboldened and an insecure Japan ratcheting up military spending. This level of instability would augur poorly for the future of a region that imported 747 billion dollars of U.S. goods and services in 2008. With exports critical to the creation of American jobs, a destabilized Asia and the accompanying loss of export opportunities (or the slower growth of regional demand for exports) would harm the United States economically.⁹

For Japan, the unwinding of the alliance would prove even more costly. Without the alliance, Japan would lack any form of deterrence vis-à-vis China and North Korea. Chinese pressure to concede disputed territorial waters would surely increase, as escalation would appear more attractive without a U.S. military commitment to defend Japan. Minus the alliance, Japan would have little recourse but to spend considerably more on defense, exacerbating an already yawning government deficit. Moreover, Japan's already waning diplomatic clout in Asia would decline even faster without a binding security link to the United States.

Fortunately, a world absent the U.S.-Japan alliance appears increasingly remote. China's growing assertiveness and North Korea's nuclear weapons and ongoing leadership succession place the value of the alliance in sharp focus. In the final analysis, the United States will maintain forces in Japan for U.S. national interests, and Japan will host them for Japanese national interests.

III. THE STRATEGIC ENVIRONMENT

The U.S.-Japan Mutual Security Treaty was inked during the most crisis-ridden period of the Cold War. Although framed as an instrument to uphold peace and stability in the Far East, the alliance was intended primarily to counter the Soviet Union and, more broadly, communist expansion in Asia. Of slightly lesser importance was ensuring that Japan would remain a staging ground for the U.S. military if another conflagration broke out on the Korean Peninsula. China at the time had little capacity to directly threaten the United States or Japan; it was still reeling from the aftereffects of the Great Leap Forward, a failed attempt at forced industrialization. The rest of Asia remained mired in poverty. Japan, the locomotive behind the region's economic takeoff, was only then experiencing the first stirrings of rising prosperity.

The strategic environment that spurred the U.S.-Japan alliance has faded into history. In its place is a new international landscape with at least five main facets: an ascendant China; a nuclear-armed North Korea in the midst of an uncertain leadership succession; an emerging regional architecture of formal and informal institutions; increasingly contested maritime, air, space and cyber commons; and an array of complex environmental and natural resource challenges.

China Rising

Napoleon Bonaparte reputedly warned, "Let China sleep, for when she wakes, she will shake the world."¹⁰ Almost two centuries later, China's long slumber has ended.

Roused by capitalist reforms enacted under Communist Party rule, China has experienced remarkable economic growth. Since China opened to foreign trade and investment in the early 1980s, its GDP has multiplied tenfold while its trade with the world has mushroomed at an even faster pace. Put in human terms, China has lifted 300 million

people out of poverty in the short space of 30 years. In 2010, China dethroned Japan as the world's second largest economy, and if current trends continue the size of China's economy will surpass that of the United States within two decades.¹¹ China's economic ascent has also reshaped trade and investment flows in Asia, with China displacing Japan as the regional export hub. As the Japanese head of the Asian Development Bank recently noted, China was the dominant power in Asia for some 3,000 years, and the past 100 years or so have been an aberration that is now ending.¹² China's growing economic stature is reflected in the rise of the Group of 20; China intends to play a more significant role in the future of Bretton Woods institutions such as the International Monetary Fund or their successors.

China's economic rise poses a number of challenges to the United States and Japan. To begin, its breakneck economic growth and resilience in the face of the global financial crisis has given luster to its authoritarian model of development, undercutting for some the greater legitimacy accorded to democratic governance.¹³ More practically than the general concern over its model of state capitalism, Chinese economic practices such as rampant copyright infringement and currency manipulation cost U.S. and Japanese firms at least tens of billions of dollars each year.¹⁴ For Washington, Beijing's status as one of the world's largest purchasers of U.S. Treasury Bonds poses an additional challenge. Namely, U.S. reliance on China to fund recurring budget deficits deprives it of leverage on issues such as an artificially cheap renminbi.¹⁵ Over the medium to long term, China's increasingly sophisticated industrial base threatens to undercut the competitive advantage the United States and Japan currently enjoy in high technology. As one author forecasts, "We are likely to see Chinese firms become major competitors in high-tech areas such as aerospace (AVIC I), telecommunications (China Mobile and Huawei), computers (Lenovo) and perhaps in renewable energy (for example, Suntech Power Holdings)."¹⁶

China is not destined to become an adversary of the United States and Japan. However, the uncertainty surrounding China's intentions and its growing assertiveness warrants, at a minimum, careful attention and preparation for various eventualities.

Like rising powers before it, China has translated its economic prowess into greater military strength. China's defense budget has increased at or near double-digit rates for nearly two decades. Ever larger military allocations have enabled China to make major strides toward fielding enhanced power projection capabilities – a blue water navy (or what one China naval expert calls an “incipient expeditionary PLA [People's Liberation Army]”), a modernized air force and more accurate medium-range ballistic missiles, including antiship ballistic missiles.¹⁷ China has also developed a robust cyber warfare capability and tested an antisatellite weapon. To develop its own sea lines of communication and secure land routes linking its southern provinces to the Indian Ocean, China is building ports in Pakistan, Sri Lanka, Bangladesh and Burma.¹⁸ Though the United States, alone or in combination with Japan, remains the dominant military force in Asia, China is steadily eroding America's military predominance. The regional balance of power is shifting in China's favor.

China insists that its intentions amount to “peaceful development.” But because China's military planning and political deliberations remain opaque, uncertainty surrounds its true strategic trajectory. Whether China will follow in the footsteps of some previous rising powers and ultimately seek to overturn the international order remains unknown. Especially since 2008, China's behavior in the maritime seas off its coast has become more assertive.¹⁹ Incidents in the South China Sea, the Yellow Sea and the Senkaku Islands are troubling indicators.²⁰ In the case of the Senkakus, China appears to be sending or encouraging fishing trawlers to enter the territorial waters around the islands to reinforce its claim that they are disputed territory, even though Japan regained control of the islands as part of the June 1971 Okinawa reversion agreement with the United States.²¹

To be clear, China is not destined to become an adversary of the United States and Japan. However, the uncertainty surrounding China's intentions and its growing assertiveness warrants, at a minimum, careful attention and preparation for various eventualities.

A Nuclear North Korea in Transition

The Democratic People's Republic of Korea (DPRK) has emerged as the most potent source of instability in the region, with repercussions that reach globally. Clinging to an ideology that embraces political isolation and economic autarky, an impoverished North Korea has devoted its scarce national resources to the development of nuclear weapons. The DPRK tested nuclear weapons in 2006 and 2009, with mixed success. During its episodic participation in the Six-Party Talks, North Korea has indicated scant willingness to abandon its nuclear ambitions.²² Plus, the DPRK has sold nuclear equipment to Syria and others and poses an ongoing threat of nuclear proliferation.²³

In parallel with its development of nuclear weapons, North Korea has expanded and improved its missile capability. The DPRK has deployed hundreds of

short-range missiles capable of striking Japan and U.S. bases there. In addition, it has tested long-range missiles. A Taepodong-1 launched in 1998 overflew Japan before disintegrating over the Pacific Ocean. In 2006 and 2009, North Korea tested the Taepodong-2. Neither launch proved a success: the first blew up almost immediately, and the second failed to deliver a satellite in orbit. Still, North Korea could one day deploy a missile with sufficient range to attack Alaska or Hawaii.²⁴

With North Korean leader Kim Jong-il in declining health, this impoverished and nuclear-armed country is now entering an uncertain leadership transition. A special Workers' Party conference conducted at the end of September 2010 in Pyongyang pointed to Kim Jong-il's third son, Kim Jong-un, as his likely successor. Not only is the younger Kim untested and largely unknown, but the transition – whether from father to son, a collective leadership or a military dictatorship – raises questions about the long-term prospects of the Pyongyang regime and the short-term likelihood of heightened tensions on the Korean Peninsula.

Greater belligerency could well accompany the leadership succession. The sinking of the South Korean ship *Cheonan* in March 2010 highlights this possibility. Senior members of the government in Seoul now believe that elements within the North Korean military ordered an attack on the *Cheonan* to prevent a rapprochement with South Korea before the older Kim dies.²⁵ Conceivably, the younger Kim could feel compelled to show strength in order to please the military and solidify his grip on power. Given North Korea's large conventional arsenal, including artillery deployed within range of Seoul, any military incident would have the potential to escalate dangerously.²⁶

A failed leadership transition could create a highly volatile environment with negative consequences not only for the United States and Japan but also for South Korea and China. Should North Korea

collapse, the major regional players could face challenges ranging from unaccounted nuclear material, to uncoordinated military intervention in North Korea, to massive refugee outflows and a humanitarian disaster. Understanding these stakes and sensing that the leadership transition may provide an opportunity for diplomacy, South Korea is keeping options for renewed engagement open, as perhaps hinted at by the 2010 Ministry of National Defense White Paper that consciously avoided the customary labeling of North Korea as “the main threat.”²⁷ Given the poor record of durable diplomatic breakthroughs, however, the Korean Peninsula will remain uncertain and combustible for some time.

Regional Architecture in Asia

One important development in Asia since the end of the Cold War has been the growth of a regional architecture comprised of formal institutions and informal networks. Traditionally, countries in the region interacted largely on a bilateral basis. The “hub and spokes” model of American alliances, where a number of nations in Asia retained close security ties with the United States, but not with each other, exemplified the dominance of bilateral relationships over trilateral or multilateral groupings. Although bilateral relationships remain paramount, the emergence of a regional architecture signifies a change in the nature of international relations in Asia. Countries in the region increasingly interact in formal institutions and informal networks to achieve their objectives and promote their values.

In the immediate aftermath of the Cold War, Asia's regional architecture was highly underdeveloped. As one American scholar at the time put it, “The rich ‘alphabet soup’ of international agencies that has helped to nurture peaceful relations among the European powers is, in Asia, a very thin gruel indeed.”²⁸ Whereas Europe had the North Atlantic Treaty Organization, the European Community, the Organization for Security and Cooperation in Europe, the European Court and countless other

organizations, Asia featured a limited number of regional institutions, the most prominent being the Asia-Pacific Economic Cooperation forum and the Association of Southeast Asian Nations (ASEAN).

Since the end of the Cold War, the number of formal regional organizations in Asia has ballooned. ASEAN has evolved beyond a subregional grouping to include several prominent official gatherings: the ASEAN+3, which brings together the nations of Southeast Asia plus China, Japan and South Korea; the ASEAN Regional Forum, a 27-nation meeting that has emerged as the principal security dialogue in Asia; and the new ASEAN Defense Ministers' Meeting Plus, which convenes defense ministers from the ASEAN countries and up to eight other nations. Entirely new regional institutions have also emerged: the Shanghai Cooperation Organization, which encompasses China, Russia and a number of Central Asian states; and the East Asia Summit, a forum that began as a gathering of Asian heads of state and, starting in 2011, will include the United States as well.²⁹

Asia now also features an array of informal institutions. Often these informal institutions focus on a single issue – for example, the Six-Party Talks, which have aimed to denuclearize North Korea, and the Tsunami Core Group, a quartet comprising Australia, India, Japan and the United States that, after carrying out a massive disaster relief effort, dissolved itself. Other informal institutions include the growing number of Asian trilateral dialogues. The United States has trilateral dialogues with Australia and Japan, and Japan and South Korea. Japan, South Korea and China hold annual trilateral summits. Multilateral military exercises led by the United States have also become informal regional institutions, as they involve multiple Asian states and develop regional capacity to conduct humanitarian assistance, disaster relief and peacekeeping missions.³⁰ Finally, it is impossible to speak of the security architecture in the region without underscoring the enduring contribution of America's

bilateral alliances, which to no small degree make larger multilateral cooperation possible. When Prime Minister Hatoyama's handling of the alliance created at least the perception that the U.S.-Japan relationship was in crisis, some officials from Asian countries quietly expressed concern because of the alliance's broader impact on the region.

Contested Global Commons

The global commons are the maritime, air, space and cyber domains that lie beyond the sovereignty of any one state.³¹ Open access to the commons is a prerequisite for international commerce, the movement of people, and modern military operations. The sea is the highway for global trade worth 14 trillion dollars in 2008; civil air transportation carries 35 percent of all international trade, by value.³² National governments, militaries and firms depend on space for communications, imagery and global positioning. The Internet allows for unprecedented cross-border financial flows and provides connectivity for social networks, businesses and militaries.

For more than 60 years, international law and norms backed by unchallenged U.S. military predominance have allowed the commons to remain open to all. New powers, however, have begun to translate their growing wealth into technologically sophisticated anti-access and area-denial capabilities that could degrade the openness and stability of the global commons, particularly in the event of armed conflict. Moreover, the diffusion of advanced military technologies has enabled poor states and non-state actors to field niche capabilities such as cruise missiles and cyber warfare units that threaten the integrity of the commons.³³

Of particular concern is China. First, China is developing the capacity to exclude other nations from the global commons. Its military buildup places a priority on anti-ship ballistic missiles apparently designed to destroy U.S. aircraft carriers, as well as a robust cyber warfare capability and antisatellite weapons. Second, and more troubling, China

has demonstrated the will to challenge the laws and norms governing the global commons. In the South China Sea, Beijing has asserted ownership over a body of water stretching past Vietnam and the Philippines and reaching almost to Singapore. To enforce its claims, Beijing has resorted to blustering rhetoric and demonstrations of military force, including a major military exercise.³⁴ China has also directly contravened established international law by attempting to deny freedom of navigation in its exclusive economic zone; though often unreported in the media, China regularly harasses foreign navies operating off its southern coast.³⁵ Beijing's behavior in the South China Sea has parallels elsewhere. During August 2010, China sought to prevent the United States and South Korea from conducting naval exercises in the Yellow Sea. In the East China Sea, Beijing has pressed its claim to the Senkaku Islands. The Chinese fishing trawler that sparked an incident over the Senkakus was almost certainly encouraged to be there by the Chinese government, but it is entirely plausible that the trawler captain independently decided to ram two Japanese Coast Guard vessels. Regardless, when the Japanese government took the trawler captain into custody, China escalated utilizing extralegal measures, including detaining Japanese nationals and cutting off the export of rare earth elements.³⁶

The contested nature of today's global commons challenges the United States and Japan. Fortunately, other states, including China, similarly depend on the global commons for security and prosperity, so the future of the global commons may well be marked by both cooperation and competition.

Environmental and Natural Resource Challenges

A rising global population and burgeoning consumption across the developing world has created new environmental, or "natural security," challenges.

Reliable access to energy, minerals, potable water and arable land – critical to human well-being – is

not assured, and the contest to acquire these natural resources can exacerbate existing national rivalries. A case in point relevant to the alliance is the presence of undersea resources in the East China Sea, which has inflamed China and Japan's territorial dispute there. Natural resources can also become a point of tension when a country enjoys near-monopoly status as the supplier. China's current chokehold on the production of rare earth elements and its willingness to use this as leverage with Japan poses a challenge, not only to Tokyo and its ally in Washington, but to the international community more broadly.³⁷

Insufficient access to natural resources also poses a threat to the internal stability of some nations in Asia. This is particularly true with respect to water. Water has become both increasingly scarce and less potable in the region. According to the United Nations Environment Program, an estimated 18 percent of all Asians (or 655 million people) lack access to safe water. Some 16 countries in the region, including China, India and the Philippines, are extracting groundwater at unsustainable rates.³⁸ Future water shortages could fuel popular protests in these and other Asian countries of strategic importance to Washington and Tokyo and limit the region's capacity to sustain economic growth.³⁹

At the same time, consuming natural resources can also generate a host of environmental challenges. The use of fossil fuels to power modern economies has ushered in an age of climate change. Shifting weather patterns mean shifting agricultural patterns and freshwater supplies and more frequent and deadly natural disasters, with economic and security repercussions not only for the states immediately affected. Whether it is drought in the American Southwest or rising sea levels encroaching upon Japan's many coastal towns, the United States and Japan cannot escape the far-flung consequences of a changing climate. Plus, as two of the world's wealthiest nations, they also bear the cost of helping less fortunate countries cope with these consequences.

IV. AN ENHANCED ALLIANCE AGENDA

To fully realize the alliance's potential to advance security and prosperity in the Asia-Pacific region and the world, the United States and Japan must enhance their cooperation in ways that reflect the strategic environment of both today and tomorrow.

Manage Security Challenges Posed by China and North Korea

Alliance cooperation is essential for successfully managing the very different security challenges posed by a rising China and an unstable, nuclear-armed North Korea. To begin, Washington and Tokyo must improve the interoperability of the U.S. military and the JSDF. The reason is straightforward: greater military interoperability will effectively multiply what the United States and Japan can contribute in contingencies ranging from the Korean Peninsula to the East China and South China Seas.

Compared to the early 1990s, when a nuclear crisis on the Korean Peninsula revealed a lack of preparation for military operations, the alliance has come a long way. The operational effectiveness of the alliance should be upgraded further, however. U.S. coordination with South Korea may serve as a model, though steps to enhance real-time interoperability between the U.S. military and the JSDF will have to take Japan's domestic constraints (a constitutional clause and legal interpretation proscribing the use of force in all but self-defense) into account.⁴⁰ The United States and Japan should focus initially on boosting the interoperability of intelligence, surveillance, and reconnaissance operations. This type of security cooperation is less likely to raise constitutional and legal questions. Equally important, more interoperable ISR will allow the allies to build a shared understanding of Chinese and North Korean military activities in Japan's periphery, facilitate a more coordinated alliance

response, and inform future military procurement decisions in Washington and Tokyo.

The collapse of North Korea would change the face of Asia. Today's uncertain leadership transition in Pyongyang coupled with mounting economic difficulties suggests that internal instability, if not outright regime failure, is possible. The United States and Japan should continue to prepare for sudden change on the Korean Peninsula. This entails watching for indications of regime instability, determining what missions the alliance would undertake in contingencies ranging from external aggression by North Korea to civil war and collapse and, most important, considering how the United States and Japan could support South Korea over the medium to long term in the event of unification. Although originating within the framework of the U.S.-Japan alliance, these discussions should include South Korea as much as possible. With trilateral participation, these discussions will lay the groundwork for a "soft landing" of North Korea should that become necessary.⁴¹

Given China's growing capacity to project military power against a Japan that has chosen to forego offensive strike capabilities of its own, the extended deterrence provided by the alliance is critical. Yet doubts are emerging in Tokyo about whether the alliance will continue to fulfill this function as the United States reduces its nuclear stockpile and pushes for a world without nuclear weapons. The Japanese government believes that changes in the U.S. nuclear arsenal resulting from the now completed Nuclear Posture Review (NPR) and the New START treaty (if ratified) will not fundamentally affect extended deterrence. However, what generates concern, at least among Japanese defense officials, are the next steps the United States may take toward the long-term goal of nuclear disarmament. Even deeper reductions in the U.S. nuclear stockpile could have strategic repercussions in Asia. If China's nuclear arsenal were no longer dwarfed by that of the United States, Beijing might be tempted to close

U.S. Basing Options in Japan

Bases in Japan provide the American military with a platform to intervene in a range of contingencies. China's progress in developing a medium-range, precision strike capability, however, renders U.S. military facilities in Japan increasingly vulnerable to attack. Because this is a recent phenomenon, U.S. military planners are still adjudicating among potential options for the future shape of American bases in Japan. These include:

Retain and Harden: The United States keeps the bases it currently has in Japan, but reinforces them against attack by deploying additional missile defenses, pouring additional concrete on shelters and burying facilities.

Fortify Guam: More American forces in Japan transition to Guam, while the United States continues to build up its air and naval presence on the island.

Disperse: The United States disperses some of its forces in Japan to islands across Oceania and upgrades access to military facilities in Southeast Asia.

Pullback to Hawaii: A subset of U.S. forces in Japan redeploys to Hawaii with the air and sealift capacity to rapidly return to the Western Pacific in the event of a military contingency.

These options are not mutually exclusive. Indeed, it is likely the United States will pursue some combination of them in the years ahead.

the remaining quantitative gap and achieve nuclear parity. Further, if a severely diminished U.S. nuclear arsenal undermines the overall deterrent function of the alliance, China could behave more aggressively in disputes with Japan.

At present, Japanese concerns about extended deterrence reflect speculation about America's future nuclear posture rather than an actual dearth of U.S. military capabilities. Accordingly, the

most effective way to assuage Japanese anxieties is through instituting a regular, stand-alone nuclear dialogue. The dialogue should institutionalize ad hoc nuclear consultations that preceded the rollout of the NPR.⁴² Discussions should focus on what combination of U.S. conventional and nuclear capabilities is necessary to sustain extended deterrence vis-à-vis China and what level of a nuclear drawdown the Japanese government can accept. Without the reassurance a regular nuclear dialogue will provide, Japan may be inclined to hedge against what it perceives as a diminished security guarantee by fielding long-range strike capabilities, a development that would not only alarm some of its neighbors, but also divert scarce Japanese resources to a military capability the United States can provide more cheaply.

Washington and Tokyo must squarely address future basing options for U.S. forces in Japan. With China deploying the Dong Feng 21C medium-range ballistic missile, American military facilities in Japan no longer constitute a secure rear area in any regional contingency. To remove American forces from harm's way (and reduce the basing burden shouldered by Okinawa), the United States has begun shifting some forces from Japan to Guam.⁴³ Moreover, there is talk in Washington of repositioning additional U.S. military assets across the Pacific – geographically dispersed but militarily resilient – as fixed bases located close to mainland Asia become a bull's eye for Chinese missiles.⁴⁴ Whether the United States will pursue this or other basing options in response to China's anti-access and area-denial capabilities will be decided in the years ahead. Whatever the decision, the implementation will be considerably easier if Tokyo is consulted early and often. Washington should launch a dialogue on the future of U.S. bases under the auspices of the Security Subcommittee – a regular bilateral meeting of officials at the Assistant Secretary and Director

levels. The dialogue would provide a venue for exploring how the Japanese government perceives various basing options and what more Japan can contribute to the security of the bases it hosts.

Enhancing security cooperation will be difficult if not impossible should the United States and Japan fail to see eye to eye on how to deal with a rising China. Former Prime Minister Hatoyama's dismissive approach to the possibility of a serious clash with China, and his assumption that retaining leverage over China was not as essential as the United States contended, posed a real problem for alliance coordination. Views of China in Washington and Tokyo, however, now appear to be converging. A series of incidents – the buzzing of Japanese Maritime Self-Defense Force ships by a Chinese naval helicopter and a collision involving a Chinese fishing vessel and Japanese Coast Guard ships near the Senkaku Islands – have soured the DPJ's initial enthusiasm about the prospects for cooperation with China. In fact, a growing number of DPJ lawmakers evince a new realism about their neighbor.⁴⁵

The United States should accelerate this convergence of views by engaging the DPJ in a high-level dialogue on China. One effective mechanism that could reinforce official policy deliberations would be a Track 1.5 gathering in Tokyo. American security experts and DPJ lawmakers should take up the following questions: What is China's current strategic trajectory? What outlets would enable China to play an enhanced role in international affairs without undermining the world order, in general, and U.S. and Japanese interests, in particular? And lastly, what would be the potential consequences of failing to confront the challenge that China poses? This last question would dispel residual naiveté among some members of the DPJ who, like Hatoyama, retain unwarranted optimism about China's future intentions.

Build Regional Architecture

Washington and Tokyo should work together to build a regional architecture of formal institutions and informal networks in which no state exercises preponderant influence and in which democratic norms prevail. Absent such an effort, China's political and economic weight will allow it to dominate regional institutions and instill non-democratic values.

Strengthening the regional architecture in ways desired by the United States and Japan means boosting strategic ties among key democracies in Asia. This will create a more cohesive counterweight to Chinese influence in regional institutions than exist currently. One note of caution is in order, however. Attempting to engineer an Asian "concert of democracies" would fall flat in Japan (and elsewhere), where it would appear as a thinly veiled attempt to contain China. A regional grouping of democracies would also unnecessarily antagonize China and risk a self-fulfilling prophecy in which treating China as an adversary only enhances its enmity. Instead, the best way to strengthen relations among regional democracies is through trilateral cooperation – a level of cooperation that, while perhaps unwelcome in Beijing, does not involve enough nations to raise the specter of full-blown encirclement.

U.S.-Japan-Australia and U.S.-Japan-South Korea dialogues already exist. The former brings together the U.S. secretary of state and the Australian and Japanese ministers of foreign affairs. The latter dialogue is particularly important, as it offers a way for the United States to facilitate closer ties between two democracies divided by a prewar history of colonialism and resistance. U.S.-Japan-South Korea trilateral cooperation should expand; for instance, Japan sent military observers to participate in U.S.-South Korea joint air and maritime exercises in the Yellow Sea and Sea of Japan during the summer of 2010. Japan also agreed to participate in multilateral exercises in mid-October in support of the Proliferation Security Initiative.⁴⁶ These types

of exchanges should be enlarged and routinized in the future though, admittedly, a major hurdle remains: namely, Tokyo's and Seoul's conflicting claims to an island located between them.

The United States and Japan should formalize trilateral security cooperation with India. Secretary of State Hillary Clinton called for this in her January 2010 Honolulu speech on Asian security architecture and the Japanese Ministry of Foreign Affairs formally proposed trilateral cooperation to Washington and New Delhi.⁴⁷ Both Japan and India have been interested in such a grouping for some time; they and the United States have previously conducted joint exercises with each other, especially the last two Malabar naval exercises. Full-fledged U.S.-Japan-India trilateral cooperation would serve as a counterweight to Chinese influence both in the maritime commons and in the context of regional institutions.⁴⁸

Another way to offset Chinese power is to boost the economic and military capacity of Asian democracies. Given their finite resources, the United States and Japan should focus on one democracy with great potential: Indonesia. With a population of more than 240 million and a GDP approaching 1 trillion dollars, Indonesia exercises considerable clout within Southeast Asia.⁴⁹ It could do more. Washington and Tokyo should work together with Jakarta to implement an agenda supporting Indonesia's economic development and military modernization. This could mirror in some respects the U.S. approach to India from 2005, when Washington made a strategic decision to invest in strengthening Indian capacity in the fields of energy, education, development, agriculture, technology, business and defense. Systematic and sustained investment in these sectors would leverage the comparative strengths of both the United States and Japan. A strong Indonesia with a flourishing economy, a dynamic democracy and growing opportunity for its people would offer a robust alternative to Chinese leadership in a range of Asian institutions.⁵⁰

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Washington and Tokyo should raise the profile of democratic norms within the regional architecture. Working together, the two allies should further institutionalize and fully resource the Asia-Pacific Democracy Partnership launched in 2007, which promotes free and fair elections across the region.⁵¹ They should also position good governance and human rights more squarely on the agenda of the East Asia Summit, and develop a program of coordinated assistance to strengthen the Bali Democracy Forum, an Indonesian initiative to bolster human rights and political institutions in Asia and the Middle East.⁵² Buttressing democratic values in Asia is more than a moral imperative for the United States and Japan; a regional architecture operating according to democratic principles is less likely to be co-opted by China.

Lastly, a vigorous trade policy is an integral part of building stronger economic relationships in the region. Here, Japan leads the United States, having negotiated economic partnership agreements with a number of countries in the region and the Association of Southeast Asian Nations as a whole. Washington can expand the number of nations participating in the Trans-Pacific Partnership

talks, a series of negotiations intended to evolve into a region-wide free trade agreement over the medium to long term.⁵³ At the same time, in the year ahead the United States may be able to complete negotiation and congressional passage of a Korea-United States free trade agreement.

Defend the Global Commons

In the years ahead, the U.S.-Japan alliance should contribute to the defense of the global commons.

As two of the world's foremost naval powers, the United States and Japan can play a pivotal role in securing the maritime commons. They can combat piracy, not only by dispatching ships, which they already do, but also by bolstering the navies and coast guards of key littoral states.⁵⁴ U.S.-Japan collaboration in the maritime commons, however, must give highest priority to the challenge emanating from China. Beijing's recent maritime assertiveness suggests some urgency in planning carefully to protect national and regional interests against potentially arbitrary uses of force and the threat of force. Further intelligence, surveillance, and reconnaissance in the form of long-haul, unmanned aerial vehicles could help Japan and the United States create a better network for viewing potentially provocative maneuvers. To its credit, Japan has already expanded its ISR capacity in recent years with the acquisition of maritime patrol aircraft, early warning aircraft, spy satellites and submarines.⁵⁵ Although Japan will need fifth-generation aircraft by the end of the decade, the more immediate tasks would not require that additional stealth for maritime missions. Japan should decide expeditiously what platform will replace its aging fleet of F4-EJ fighters.⁵⁶

The U.S. and Japanese defense establishments should begin preparing to counter China's anti-access and area-denial strategy. The United States is currently exploring an AirSea Battle Concept mapping out how the American military would operate against an opponent with weapons systems

Japan's Military and the Global Commons

To play a more effective role in policing the global commons, Japan will have to rebalance its military capabilities. Japan should streamline the Ground Self-Defense Forces by eliminating weapons programs for which few mission profiles exist – the new Type 10 tank, for instance. At the same time, Japan should make procurements in areas where its current capabilities remain inadequate, specifically:

- Long-range, unmanned aerial vehicles
- A replacement for the F-4EJ fighter
- Diesel electric attack submarines
- Naval mines

capable of sinking American ships in the Western Pacific.⁵⁷ The U.S. military should work closely with the JSDF to develop doctrine supporting the AirSea Battle Concept. Further, the United States and Japan should strengthen capabilities that exploit weaknesses in China's anti-access and area-denial strategy. Japan should field more diesel attack submarines, which, unlike aircraft and ships, can generally avoid detection and therefore guarantee a degree of access under even the most trying circumstances. The two allies should also invest more in naval mines. During a conflict, these could be used to deny Chinese ships access to vital straits in the Ryukyu Island chain linking the East China Sea and the Pacific Ocean.⁵⁸

Even as they hedge against a range of possible Chinese actions in the future, Washington and Tokyo should simultaneously encourage Beijing to become a contributor to the security of the global commons. After all, the very Chinese capabilities that threaten open access to the global commons could be put to their defense. For example, China's growing navy could capitalize on its current presence in the Gulf of Aden and play a greater role

in countering piracy and guaranteeing universal access to the world's waterways.⁵⁹ Whether China will become an opponent or an upholder of the global commons is a choice only the leadership in Beijing can make.⁶⁰ As presently constituted, the global commons offer Beijing enormous benefits such as secure transportation links to foreign markets and natural resources. This plus the risks of trying to carve an exclusive sphere from the global commons would appear to incline China toward embracing open access to the maritime, air, space, and cyber domains that connect the world. Thus, the United States and Japan should seek to engage China in a dialogue on the global commons, either at the official or unofficial Track 2 levels. The first step should be persuading China that it has a vested stake in maintaining the global commons.

As global spacefaring nations, the United States and Japan can cooperate to secure open access to the ultimate high ground. The two can credibly champion a treaty banning the first use of antisatellite weapons. They can also develop technology to mitigate space debris – a growing problem for all nations with satellites or other space assets. Both of these fundamentally pacific initiatives would resonate well in Japan, where any space activities of a military nature still raise political concerns.⁶¹

As two of the world's leading providers of information technologies, the United States and Japan are well situated to address threats to the integrity of cyberspace, for instance from states and non-state actors that are developing world-class cyber capabilities.⁶² One important step would be a bilateral effort to improve situational awareness in cyberspace. Without full situational awareness, neither government has any hope of thwarting cyber espionage and cyber attacks before they inflict real damage. Technical cooperation in cyberspace, though imperative, must overcome some obstacles on the Japanese side. Japan should increase the security of its computer networks up to U.S. standards. Because technical cooperation in

the cyber commons will require exchanging sensitive information with the United States, Japan will need to enact more robust legal safeguards against the dissemination of classified material.⁶³

Address Environmental and Natural Resource Challenges

With two of the world's leading science establishments, the United States and Japan acting in concert have a unique capacity to create a "green alliance" that addresses environmental and natural resource challenges.⁶⁴

Together, Washington and Tokyo should address their dependence on scarce or insecure natural resources. This means above all reducing reliance on oil. The two allies can cooperate on advanced biofuels, energy storage technologies and infrastructure, including smart grid adoption. U.S. and Japanese companies have merged or established relationships that extend to wind, solar, nuclear and other non-petroleum energy sources. Both governments should supplement the private sector's ongoing efforts by emphasizing cooperation to design demonstration projects for critical emerging technologies that are ready for testing and evaluation. The two governments should also promote cooperation on the basic sciences and biotechnology critical to clean energy commercialization. Working together to process nuclear waste more safely constitutes another area ripe for bilateral cooperation and, like the other initiatives outlined above, would help the United States and Japan forge a path away from oil.⁶⁵

Energy cooperation between the two allies should extend to the military sphere. Building on the November 2009 Japan-U.S. Clean Technologies Action Plan, which focuses heavily on energy, carbon storage and materials science, both countries should cooperate to develop and expand the use of non-petroleum military fuels. The American private sector and the U.S. Defense Department are already flight-testing and certifying non-

petroleum jet fuel blends. The U.S. Navy and the U.S. Air Force have set extremely ambitious goals for integrating synthetic fuels into their logistics systems. Major questions remain, however, over how to certify fuels produced outside the United States and develop the transport capabilities and infrastructure that may accompany non-petroleum military fuels. A bilateral working group should address these questions in order to prepare the alliance to operate in an age where militaries can no longer take affordable petroleum for granted.⁶⁶

China's current chokehold on the production of rare earth elements poses a challenge to the United States, Japan and the international community. Officials from the United States and Japan have already exchanged visits and begun sharing information about critical minerals. On the government side, one major component of managing minerals issues is simply forming good relationships and sharing information with private businesses. This seems to happen much more fluidly in Japan. A bilateral forum encompassing Japan's Ministry of Economy, Trade and Industry, Japanese corporations and their American public and private sector counterparts is in order.⁶⁷

With water scarcity looming across much of Asia and threatening not only the internal stability of some states but also the region's capacity to sustain economic growth, the United States and Japan ought to pursue a "blue revolution." This will require a concerted commitment to making water security a priority in Asia, a commitment that currently ranks well below other national concerns. Looking inward, the United States and Japan will need to break down the bureaucratic barriers and constraints that hinder greater scientific research, technological innovation and active cooperation. Only then can they truly unleash a "blue revolution."

Consuming natural resources generates a host of challenges, most prominently, climate change. As

the world moves to regulate the emission of greenhouse gases, earth monitoring capabilities become increasingly important. Without earth observation satellites, a nation cannot determine whether other countries are complying with climate treaties. Japan maintains robust earth monitoring capabilities while American earth observation satellites are already long past their expected life spans and will go dark in the coming years. In this case, Japan can leverage its technical strengths to fill holes in America's own capabilities.⁶⁸

More frequent and deadly natural disasters constitute one of the most troubling consequences of climate change. Because the U.S. Navy and the Japanese Maritime Self-Defense Forces possess the capability to rapidly deliver relief supplies throughout Asia, they have been called upon in past natural disasters such as the May 2008 Cyclone Nargis and the August 2010 flooding in Pakistan. They are sure to be called upon in the future as well. The two services should explore opportunities to enhance cooperation with Japanese civil society, which is keen to contribute more to relief operations in Asia and brings a wealth of technical expertise. For its part, the Japanese government should amend a law governing the JSDF's missions so that Japanese troops can participate more broadly in relief activities such as repairing schools.

The prospect of a "green alliance" holds considerable appeal in Tokyo, particularly among members of the DPJ. Although a new emphasis on environmental cooperation should not substitute for or diminish traditional security collaboration, it can help both the United States and Japan to deal with emerging challenges and, in the process, strengthen support for their alliance.

V. STRENGTHENING THE ALLIANCE'S FOUNDATION

Enhanced security cooperation between the United States and Japan is critical to revitalizing the alliance. Still, it is not enough. Washington and Tokyo should look inward as well as outward and reinforce their alliance's foundation. This requires updating the institutions responsible for alliance management, ensuring that the alliance retains long-term public support and returning both countries to fiscal health.

The United States and Japan should manage their alliance in ways that reflect new political and strategic realities. A handful of civil servants in Tokyo plus a few politicians from the long-dominant Liberal Democratic Party once served as the primary Japanese interlocutors for the alliance. The advent of a DPJ government shattered this fraternal arrangement. Furthermore, the so-called "two-plus-two," a conclave where the U.S. secretaries of defense and state along with their Japanese counterparts meet to chart the future of the alliance, reflects a bygone era. Many of the security challenges the alliance now confronts require cooperation across a broader spectrum of government agencies such as the United States Agency for International Development and Japan's International Cooperation Agency, the U.S. Treasury Department and Japan's Ministry of Finance and the White House Office of Science and Technology Policy and Japan's Council for Science and Technology Policy.

Future institutions for alliance management should encompass members of all the major political parties in Japan and representatives from more than just the Defense and State Departments and their Japanese equivalents, to include agencies focused on science, energy, etc. In practice, this will mean creating alliance task forces on specific issues rather than simply expanding the "two-plus-two" into an unwieldy whole-of-government dialogue, something that was

tried with limited success in the 1990s under the rubric of a Common Agenda. Depending upon the issue at hand and the bureaucracies involved, new task forces can be established under the U.S.-Japan Security Subcommittee as stand-alone dialogues.

To ensure a hospitable climate for U.S. military bases, Washington and Tokyo must do more to reinforce Japanese domestic support for the alliance. For most Americans, the alliance is a rather abstract concept, one they occasionally see in the news. But for the Japanese people, it is a daily fact of life. Many Japanese communities host U.S. military bases and are subject to the noise and potential danger of living in such close proximity to active military training. Even Japanese communities located far from U.S. military bases encounter the alliance nearly every day in the news and political discourse.

The Japanese public's support for the alliance is essential for its long-term viability. Polling in Japan shows general support for the alliance running at close to 80 percent, with rates of support virtually uniform across all age cohorts and both genders.⁶⁹ Critically, however, frustration with the alliance is bubbling up in localities that host U.S. bases – most prominently, Okinawa. The U.S. and Japanese governments must address this frustration; otherwise, controversies such as that surrounding the relocation of Futenma will torpedo efforts to advance the alliance. As a starting point, leaders in Washington and Tokyo need to articulate unequivocally the enduring value of military bases in Japan. Although both governments retain the right to consider changes to the shape of U.S. forces in Japan, they should make abundantly clear that a long-term military presence is a core value of the alliance. Moreover, the same spirit of frank cooperation that helps to resolve basing issues should also infuse the process for managing other issues related to burden sharing, including the perennial debate over the level of host-nation support Japan provides to the U.S. military.

Improving Japan's National Security Infrastructure

The quality of alliance management institutions is inextricably linked to Japan's national security infrastructure. Unfortunately, Japan's national security infrastructure has failed to keep pace with a rapidly changing strategic environment. As noted in the joint statement issued by CNAS and the Tokyo Foundation, Japan should take the following three steps.

1. Establish a National Security Council (NSC). Japan has a Security Council, but this organization has little capacity to develop policy options for the prime minister because it lacks support staff. An NSC with a staff encompassing outside experts and officials seconded from elsewhere in the Japanese government would give the prime minister rapid access to a depth of expertise. Ideally, this access would

enable a new prime minister to quickly master national security issues and thereby avoid missteps.

2. Develop a Stronger Community of Security Experts. Japan lacks a vibrant security studies community. The number of experts who specialize in security issues is small; they are dispersed across universities, think tanks, political parties and corporations; and mobility between the private sector and government is low. Although Japan in recent years has made strides toward opening up its government to non-career employees, it needs to create more positions for outside experts. A larger number of entry points into government will create a community of scholar-practitioners, enriching debate on national security issues in Japan and

providing politicians with a deeper bench of expertise to tap.

3. Improve Intelligence Collection, Analysis and Protection. Japan has no need for the massive intelligence complex developed by the United States over the course of the Cold War and further expanded after the terrorist attacks of September 11, 2001. Still, Japan could better tailor its current collection and analysis of intelligence to meet the needs of a future National Security Council. Even more important, Japan needs to enact a legal framework to protect intelligence and prosecute leaks. The Japanese bureaucracy must be able to provide lawmakers with classified information without having to fear that secret reports will end up in the newspaper or in Beijing.

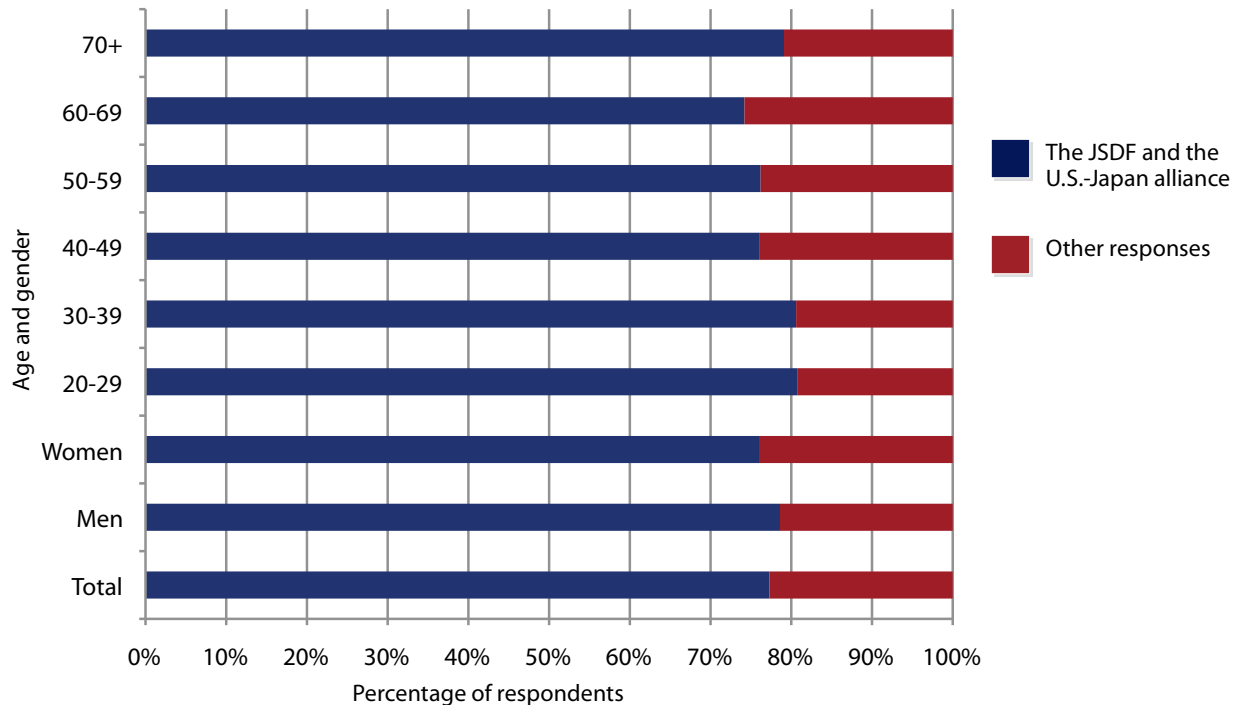
To solidify national public support for the alliance, the United States and Japan should also engage in anticipatory public engagement. One way to do so is to educate members of the Japanese media about the value of the alliance. In Japan, journalists play a vital role in shaping popular views of the alliance. Yet for the most part, they lack real expertise on security issues, resulting in commentary on the alliance that often emphasizes points of discord rather than the alliance's contributions to the defense of Japan, regional stability and the upkeep of a liberal international order. To create a cadre of security experts inside the Japanese media, Washington and Tokyo should send Japanese journalists to American think tanks or other policy-oriented organizations for intensive training

in regional studies and strategic studies. This program could be established under an existing organization such as the Japan-U.S. Educational Commission (Fulbright Japan) or the congressionally-supported Asia Foundation.⁷⁰

Further action is needed in Japanese communities hosting U.S. bases where frustration is mounting. The Japanese government should engage these communities in a sustained dialogue. Politicians and bureaucrats should leverage town hall meetings and media appearances to more systematically explain the utility of American bases and the alliance's benefits, while mitigating grievances as possible and appropriate. The victory of anti-base candidates in elections for the local assembly of Nago, the city that is home to Camp Schwab and the planned

CHART 1: PUBLIC SUPPORT FOR THE U.S.-JAPAN ALLIANCE

The Cabinet Office, part of the Japanese government, conducts occasional polls on public attitudes toward the JSDF and defense issues. The latest poll, published in 2009, queries respondents about the best option for ensuring Japan's security. The overwhelming majority of respondents across all age cohorts and both genders selected the combination of the JSDF and the U.S.-Japan alliance as the best means to protect Japan.



Source: Government of Japan, Cabinet Office, "Poll on the SDF and Defense Issues" (January 2009).

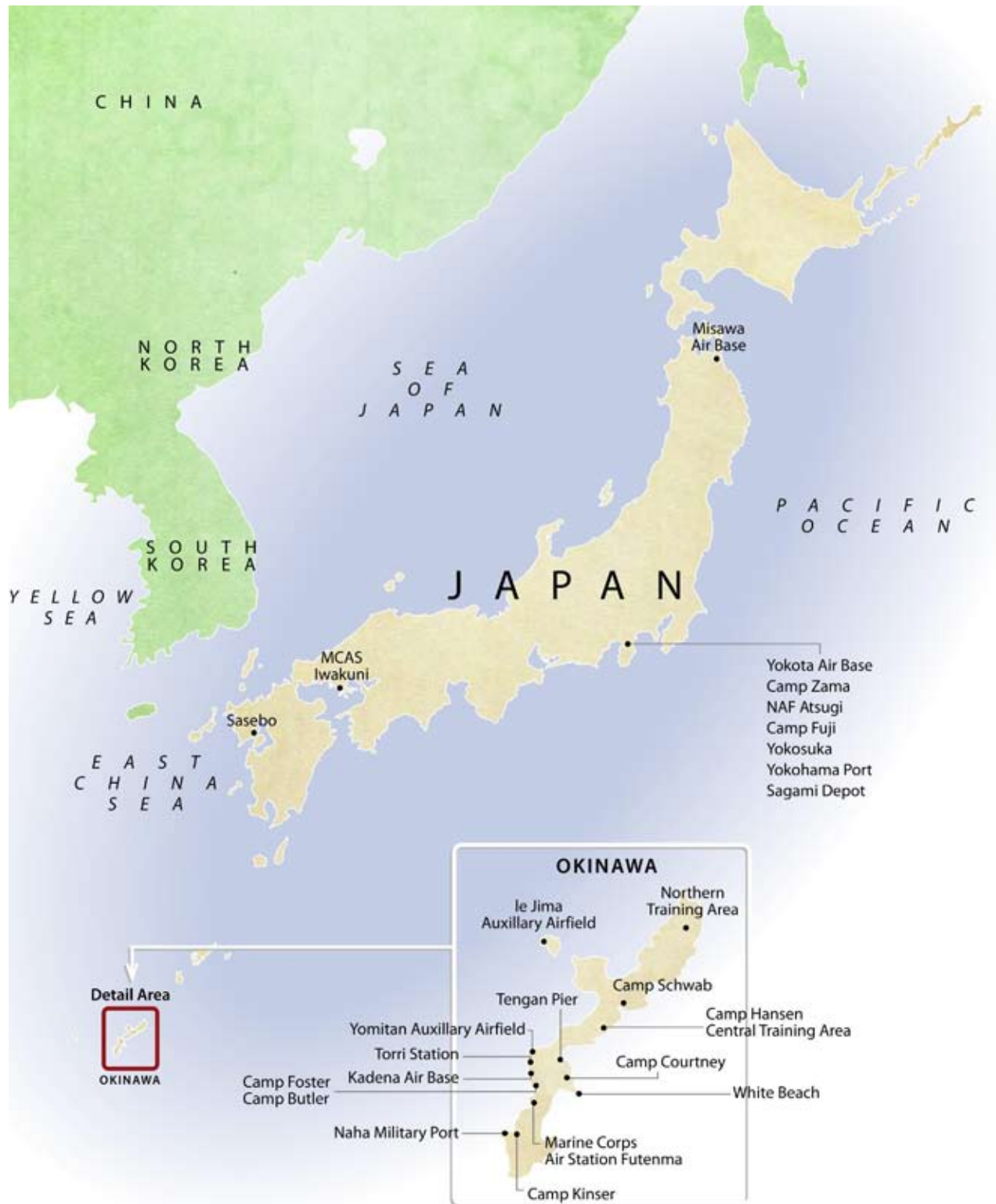
relocation site for Futenma, underscores the need for such a dialogue.⁷¹

The United States should take additional measures to defuse local tensions stemming from the presence of American troops in Japan. It can encourage support for American bases (or at least reduce resentment) by granting local Japanese governments the right to conduct environmental inspections of American military facilities, an idea broached in a joint statement issued by the U.S.-Japan Security Consultative Committee in May 2010.⁷² "Reasonable access" on environmental matters is something local governments in Japan currently desire, and a right that governments of individual U.S. states exercise over federal property, including military bases.

Whenever feasible, U.S. military bases should be co-located with Japanese bases to ease local concerns. Co-location has already occurred in Yokota with the groundbreaking establishment of a bilateral joint operations and coordination center.⁷³ As the JSDF makes use of facilities traditionally limited to the U.S. military, an increasing number of "American" bases will fly Japanese flags, easing sovereignty concerns. Co-locating bases not only carries political advantages; it also contributes to greater interoperability between the U.S. military and the JSDF.⁷⁴

Engaging in public outreach, offering "reasonable access" to American military facilities and even co-locating bases will not remedy the challenges that exist on Okinawa. The U.S. footprint there will

FIGURE 1: MAP OF U.S. MILITARY FACILITIES IN JAPAN



Source: "The Changing U.S.-Japan Alliance: Implications for U.S. Interests," Congressional Research Service, July 23, 2009.

remain intrusive – American facilities cover almost 20 percent of the island.⁷⁵ Plus, while U.S. bases on Okinawa create jobs, the island ranks as the poorest of Japan's 47 prefectures, adding to the level of preexisting frustration.⁷⁶

Although tensions on Okinawa will never fully dissipate so long as intrusive military bases remain there, the United States and Japan can mitigate popular frustration by renewing long-dormant efforts to revitalize Okinawa's economy. The two governments should scale up an experimental "smart grid" in Okinawa into a "green Okinawa" initiative.⁷⁷ This would entail investing further to improve the island's energy efficiency and promote the use of renewable power sources such as solar and wind. A "green Okinawa" initiative could ultimately transform the island, boosting local economic growth and creating jobs.⁷⁸

At a time of economic woe in the United States and Japan, making the case for channeling scarce resources into Okinawa will not be easy. If the climate on Okinawa becomes too hostile for the Marines to stay, however, the alliance's capacity to respond to military contingencies in Northeast Asia would decline. Moreover, the cost of transferring the Marines from Okinawa to somewhere else may well outweigh the cost of an economic development package for the island. The original price tag for shifting only 8,000 Marines from Okinawa to Guam was more than 10 billion dollars, and is still increasing.⁷⁹

Fiscal Health and the Alliance

Over the long term, the strength of the alliance will depend on the fiscal health of both countries. Japan's declining and aging population, coupled with a national debt approaching 200 percent of GDP, will likely reduce its potential to cooperate with the United States on a range of regional and global challenges and decrease public acceptance of the level of host-nation support Japan provides.⁸⁰ Japan's defense spending and foreign aid

are already decreasing, and Japanese politicians are preoccupied with issues that affect a graying population, such as health care and social security. Similarly, fiscal constraints could limit America's capacity and willingness to contribute to the alliance. As the baby boomer generation retires, social spending will compete with funding allocated to defense and foreign affairs. Add to that payments on a mushrooming national debt, and the United States may eventually diminish its foreign commitments, including the military capabilities it brings to the alliance.⁸¹

Consequently, implementing policies to brighten the respective fiscal outlooks of both the United States and Japan is essential to the future health of the alliance. The two countries can cooperate in ways that will boost economic growth, the ultimate solution to the looming budget squeeze.

The Obama and Kan administrations separately have identified two sectors as drivers of economic growth: clean energy and health care.⁸² The United States and Japan remain world leaders in clean energy and already have a program of cooperation under the moniker of a "green alliance." Existing initiatives such as "smart grid" cooperation and conservation can be expanded and new ones launched, such as cooperation on safer ways to process nuclear waste. In the health care field, the United States and Japan enjoy several unique advantages. They not only possess world-class technology, but also have growing populations of elderly citizens with the financial resources to afford the best health care possible. If they work together, the United States and Japan can effectively leverage their large and sophisticated health care markets to develop products to export to a graying world. In addition to pharmaceuticals, medical devices, and diagnostic instruments, the United States and Japan can conduct joint research in such areas as stem cells, cancer, heart disease, diabetes, chronic illnesses and Alzheimer's disease.⁸³

Beyond clean energy and health care, another sector that could deliver economic growth to both countries is infrastructure. Japan, an “infrastructure superpower,” can help bring the U.S. transportation system into the 21st century. One highly visible project would be a Maglev, a magnetic levitation train, linking Baltimore and Washington. In fact, Tokyo has pledged governmental backing for the Central Japan Railway Company’s bid to construct this line.⁸⁴ U.S.-Japan cooperation on infrastructure projects would create jobs in both countries, enhance the overall competitiveness of the American economy and deepen the bonds that undergird the alliance.

Clearly, trade remains a key avenue for achieving sustained economic growth. The United States and Japan should cooperate to expand export opportunities in emerging markets. With respect to China, they should explore ways to counter Beijing’s attempt to extract technology from foreign firms as the price for operating in the Chinese market and step up pressure for a revaluation of the renminbi by rallying other members of the Group of 20.⁸⁵ Although a U.S.-Japan free trade agreement has little prospect for success in the short to medium term, the two governments can harmonize technical standards in sectors targeted for bilateral cooperation – clean energy and health care. They can also revise the 1953 Treaty of Friendship, Commerce and Navigation to improve the tax treatment of cross-border foreign investment.

VI. CONCLUSION

Fifty years ago, the United States and Japan established an alliance to navigate the dangerous landscape of the Cold War. Although the strategic environment has evolved since then, the importance of the U.S.-Japan alliance remains undimmed. The confluence of a rising China and a nuclear North Korea in the midst of a leadership transition has only reinforced the utility of the alliance to both partners. Given the alliance’s prospective contributions to Asia’s regional architecture, the defense of the global commons and the mitigation of environmental and natural resource challenges, the alliance remains essential to the future security of the United States and Japan.

An essential alliance is not necessarily an effective one; at present, America’s alliance with Japan risks falling short of its potential. Consequently, Washington and Tokyo must enhance the scope of their security cooperation to fully address today’s complex strategic environment. They must also strengthen the foundation of their alliance. If they can accomplish both tasks, the United States and Japan will advance their interests and provide the region and the world with an international order conducive to peace and prosperity.

Over its lifetime, the U.S.-Japan alliance has proven a resounding success. If Washington and Tokyo can fully tap the alliance’s potential, its best days will lie ahead.

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