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II

The New Shimoda Conference
Summary of a Dialogue

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The State of Japan-US Relations

The New Shimoda Conference revives a series of Japan-America conferences that played an enormous role in facilitating in-depth bilateral discussion of important issues in the relationship at critical junctures during the years in which Japan emerged as the world's second largest economy. The almost 20-year lapse in the series is often interpreted as a sign that the two countries were less interested in such dialogue, but it needs to be remembered that, over these years, many other activities flourished in which Japanese and Americans participated in larger dialogues, often triangular ones involving South Korea or China.

Moreover, one of the main motivations for dialogue in the 1970s through the early 1990s has largely disappeared—the persistent, strident bilateral tensions over trade and burden-sharing issues. As "Japan bashing" faded in the United States in the 1990s and the first decade of the 21st century, so did the felt need for Shimoda dialogues or joint commissions. In contrast, and despite periodic tensions on such specific issues as Futenma base relocation or beef issues, it is now almost a honeymoon period in Japan-US ties. Support for the US-Japan

security alliance is at all-time highs in both countries. The Chicago Council on Global Affairs, which periodically surveys US opinion on foreign countries and foreign policy issues, last year found that Japan ranked fourth highest on the list of countries deemed to be "very important" to the United States, surpassing Germany, Russia, and India. Japan was the third most liked of the countries listed, comparable to Germany. In the trade area, the Chicago Council asked the respondents if Japan practiced fair trade, and 58 percent said yes, with only 38 percent responding no. Asked about the benefits of a free trade area (FTA) with various countries, Japan scored the highest with 52 percent favoring an FTA and 41 percent against it. This compared with 42 percent for and 51 percent against an FTA with South Korea.

The America Matters to Japan/Japan Matters to America survey of relationships that the East-West Center and Sasakawa Peace Foundation conducted, with much data, research, and design support from the Japan Center for International Exchange, also displays a robust set of social, cultural, and economic ties. Japan is the second largest overseas investor in the United States, trailing only the United Kingdom. It also accounts for the second largest number of overseas visitors to the United States, again trailing the United Kingdom. And there are an abundant number of sister city and sister state relationships. Compared with the previous Shimoda era, Japan has become less exotic, less foreign, and more familiar and densely connected with the United States, similar to Western Europe, and this seems to be especially true of younger people.

The massive Tohoku earthquake, tsunami, and nuclear plant catastrophes three weeks subsequent to the New Shimoda Conference also illustrate the strong solidarity between the two countries. The United States has been at the forefront of international assistance, redirecting ships, providing search and rescue teams, raising funding, and sending nuclear experts to the disaster-stricken area of Japan.

Why has the Japan-US relationship evolved in this manner? Certainly the long-time, dedicated efforts of nongovernmental organizations in both countries have played a role. But so have China and North Korea, which now present a quite different set of external challenges that forcefully remind Japanese and Americans of their common values and interests.

A quarter of a century ago, Japanese and Americans both seemed to regard the other country as being on the cutting edge of the darker side of globalization that was impinging upon their own country. What country seemed to Americans to most symbolize the heightened pressures of international competition and the hollowing out of American industry as the country was flooded with competitive products produced by workers keeping long hours and living in small houses? And for Japanese, what country's relentless pressure seemed most intent on changing the Japanese system that had so effectively rebuilt the country from the ashes of World War II?

Today, if Japanese and Americans put a country label on the threats from globalization, that label is "China," with its low-wage but efficient work force, massive and growing energy and raw material needs, and enormous environmental and social challenges. The US-Japan own bilateral relationship, as the Chicago Council survey supports, is more often couched as the opportunity side of globalization. In short, Japan and the United States no longer make each other uncomfortable in a globalizing world; rather China makes them both uncomfortable. And this is only looking at the economic and social dimensions. China's growing military power and political influence, although still far behind that of the United States, also raise questions in both countries about China's ultimate aims and uses of its rising power.

But even if the Japan-US relationship seems to be on firmer ground than before, a strong point of consensus during the New Shimoda Conference—and in the two background papers prepared for it by Gerald L. Curtis and Hitoshi Tanaka—is that the relationship is not what we would like it to be. Both papers recommended setting up a commission, or commissions, a step usually advocated when there are problems. The discussion suggested that the Japan-US relationship has lost some vitality and its chemistry is failing. Both societies are absorbed in domestic and budget issues, understandably so. The United States is distracted by the issues and wars of the Middle East and central Asia, also understandably. Press and public attention in the relationship is focused on the realignment of the functions of one Okinawa base rather than the overall value and benefits of the alliance. In the triangular relationship with China, there are suspicions on the part of both Japan and the United States that the other does not see it as being as important as it once was. Americans wondered why former Prime Minister Yukio Hatoyama was proposing a vague East Asian Community including China but not the United States, or why a huge Japanese parliamentary delegation went to China first after the Democratic Party of Japan (DPJ) took power. For some years, Japanese have been seized by the United States' alleged "Japan passing," or going directly to China over Japan. The discussion also noted evidence that exchanges seem to be declining in many areas: fewer Japanese students coming to the United States, less vibrant Japan-America societies in the United States, limited specialists on each country in the other, and certainly fewer parliamentary exchanges. Some of this, undoubtedly, represents the continued diversification of international relationships. But overall, to many participants, neither Japan nor the United States appears to be making sufficient attitudinal, institutional, and human investments in the basic infrastructure of what each country's rhetoric claims to be a critical international relationship.

Arenas of Dialogue and Partnership

What can be done to rekindle the chemistry of the relationship? Some advocate that a formal, binational, US-Japan commission of wise women and men is needed to help sort through the challenges and provide leadership in strengthening investments in the infrastructure of the relationship. But whatever the merits are, the actual establishment of an official commission may not be so easy, especially in a time of limited financial resources in the public sectors of both countries. But even without an official commission, unofficial small groups of highly committed individuals with purposeful goals can make a difference. Therefore, others emphasized that there is no need to wait for governments. Task force groups, including parliamentary ones, can be formed around a number of key issues that have been identified by both background papers and our discussion. Not all of these need necessarily be bilateral Japan-US groups, but Japanese and American should play leading roles as befits countries with the largest, most advanced economies and with shared values and interests.

Whether talking about an official commission or unofficial task force groups, the conference participants exhibited a strong degree of consensus that the following are the issue areas of importance to the people of both countries.

First, the alliance relationship. The paper writers, Senator Jim Webb in his keynote remarks, and the participants—both younger and more senior—all drew attention to some of the broader alliance issues beyond the Futenma base realignment: What is the purpose of the alliance in the current environment? Is it configured in the right way to deal with serious potential threats? How does it connect to other bilateral and multilateral security and foreign policy structures? What should be its nonmilitary elements, such as disaster relief capabilities? And how do we deal with the two basic asymmetries: the asymmetry between the security and military contributions of the two countries—which is quite unlike NATO, where the commitments are reciprocal—and the asymmetry in the placement of US forces in Japan, which are heavily concentrated on the small island of Okinawa? Curtis's paper in particular suggests several new ways to approach these issues, including more joint basing arrangements in Japan.

The resolution of the Futenma issue should follow from the answers to these more fundamental questions rather than be the driver for them, and it obviously will require patience at a minimum. In the meantime, there remains a pressing need to understand better the general mood in Okinawa with the purpose of reducing the barriers between the local population and the foreign base community and of developing more strongly the nonmilitary contributions and connections of Okinawa with its East Asian environment.

Second, policies and cooperation toward China and North Korea. There was a considerable questioning of whether China's rise will in fact be very peaceful, as some participants noted that China is increasingly heavy handed in challenging the established order in its favor. Its handling of the September ship collision incident near the Senkaku Islands, including the restrictions placed on critical rare earth exports to Japan and arrests of Japanese businesspeople in China, seemed to confirm China's bullish behavior in the opinion of the Japanese public. The evidence shows that mistrust of China has become embedded in Japan and is unlikely to change for some time. China's support for North Korea adds to the negative Japanese perceptions.

However, Japan and the United States both have deep and growing economic interactions with China and strong interests in building stable relations with China based on established international norms and law. This requires firm and unified rejection of behavior contrary to these norms. Despite the "rise" of China, Japan's GDP is currently almost the same as that of China, while both the United States and Europe have GDPs that are at three times China's level. This confers considerable bargaining power among the old G7 countries, provided they cooperate closely and do not allow differences in their approaches to arise.

In the North Korean case, humanitarian issues, human rights issues, the nuclear weapons issue, and—for Japan—the abduction issue all pose difficult issues of policy coordination. For the most part, Japanese and American policies have moved in parallel, and maintaining a strong level of cooperation has become even more essential as North Korean policies have become more provocative, a trend often associated with the country's leadership transition to a third generation in the country's ruling political dynasty.

Third, the Japan-US economic relationship. What is most remarkable is that after decades of heavy US pressure on Japan to open markets, the economic relationship is so remarkably tension free. The main issue today is how to further liberalize the relationship for both parties. This is driven partly by the integration of economic production networks of which Japanese and American companies are a part, and partly by a sense that both countries may be behind Korea, China, and ASEAN in the remarkable expansion of bilateral and mini-lateral preferential trade agreements.

One vehicle that was discussed is a Trans-Pacific Partnership (TPP), a "21st century" free trade relationship now being negotiated by nine Asia Pacific countries, including the United States. Japan is not a negotiating party, but the TPP has been splashed all over the press for several months because of the current prime minister's interest in joining. The debate in Japan has more to do with the future of agricultural protectionism in Japan than with US-Japan relations and indicates how difficult it is for Japan to move ahead on the free trade front until this debate is ended. But it will also be difficult for the United States to join the

TPP, since the executive branch has no fast track "trade promotion authority" to get the agreement, if it is negotiated, through the Congress.

Another path, proposed years ago by then Ambassador Michael Mansfield, is a Japan-US FTA. The Chicago Council on Global Affairs survey referred to earlier suggests a surprisingly positive public response in the United States to the general concept. Bilateral negotiations are easier to conduct than the multilateral TPP undertaking, but they are still sensitive, as illustrated by the slow-moving negotiations on an Australia-Japan FTA and the ratification delays on the concluded Korea-US FTA. Moreover, a bilateral FTA could also shift the Japanese agricultural debate and the domestic US trade liberalization debates onto the Japan-US relationship.

Fourth, cooperation on global issues, particularly in the economic and social arenas. Many such issues were mentioned, including climate change, energy security, disease control, disaster mitigation and relief, humanitarian assistance, and the promotion of internationally recognized human rights. In these areas, Japan and the United States need to work together, but primary arenas of action are typically in larger regional and international bodies. For this reason, even when there is successful collaboration, as there often is, it is not very visible in the Japan-US relationship because of other partners.

Fifth, sharing experiences, lessons, and best practices in areas of common concern. Here we are referring to issues that are usually regarded as local or national in character and addressed at those levels of governance, even though rarely is any issue purely domestic or purely international. As advanced industrial societies, Japan and the United States share many critical "domestic" issues in common: how to fund pensions and healthcare systems for aging population, how to meet new health needs associated with lifestyle changes, how to ensure accountability in government, and how to shape agricultural policies or educational policies (to cite only two) to meet 21st century needs.

Sixth, cultural, educational, and parliamentary ties. Anecdotal evidence suggests an absolute or comparative decline in some of the people-to-people relationships that connect Japan and the United States. While, as stated earlier, measures of the absolute flows between the two countries still suggest a very robust relationship at the individual level, many grassroots contacts simply do not have the visibility that they once did. Attention to human and institutional infrastructure for the relationship is called for, not simply as an end in itself but also because it is so critical to achieving all of the other goals. Here Japanese-Americans, Okinawan-Americans, and the Americans living in Japan can play important roles as cultural brokers, and it is encouraging to see new institutions, such as the US-Japan Council and the Worldwide Uchinanchu Business Network stepping into these

roles. One of the phenomena discussed at length was the decline in the number of Japanese students coming to the United States. The most cited reason for it is the growing pressure on Japanese students to be at home during their junior and senior years when companies conduct their job recruiting.

Call to Action

A key to effective partnership at the government level is confidence in the other party. International cooperation is based on each party being able to make and carry out commitments. While such fundamental structures as the alliance relationship and adherence to the global trading system (that is, the World Trade Organization rules and disciplines) are not at risk, nor is the basic empathy and affection the two people have for each other, the shifts in individual and political party leadership in both countries have greatly exacerbated the challenges of alliance management and affected postures on more specific issues, most recently and notably the Futenma relocation. The DPJ losses in the July 2010 Japanese Upper House elections and the Democratic Party defeat in the November 2010 US mid-term elections both sharply reversed electoral trends of only a year or two earlier, indicating how little patience the two countries' publics have for leaders to perform on promises made. Members of both the Congress and the Diet at the New Shimoda Conference expressed concern about the inability to fashion consensus views or achieve reasonable compromises. Because of the lack of compromise on budgetary issues, there were threats of future government shut-downs in both countries at the time of the conference.

The difficulty of alliance management at the governmental level increases the need to deepen awareness of the importance of the relationship and addresses specific challenges and the value of the opportunities for cooperation by groups outside the governments. While some felt a joint high-level commission would help counteract and overcome changes of governmental leadership and policies, others felt that it would be more expeditious to establish action- and issue-oriented task forces of private citizens and legislators. In this sense, the New Shimoda Conference ended in a call for action by individuals and groups that could rekindle the chemistry of Japan-US relations.

The 9.0 magnitude Tohoku earthquake, followed by the tsunamis that destroyed coastal towns in three Japanese prefectures, brought an enormous loss of life and property. Coupled with the resultant destruction of the Fukushima Dai'ichi nuclear power plant and threat of radioactive contamination this disaster has created an enormous challenge for Japan in terms of recovery and rebuilding. The crises also underscore the value of international cooperation as countries and individuals around the world seek to assist Japan, with the United States providing the largest and most comprehensive outside support. While it is difficult to put

any contemporary event in historical perspective, this unprecedented set of disasters will long be remembered and may well mark a turning point in Japanese history. Cooperation on disaster management was discussed at the New Shimoda Conference, but mainly in the context of third countries. Now Japan-US cooperation in dealing with the challenges of the current crises in both the short and long term must surely be the highest priority and biggest promise in the relationship at this time. Effective action by the alliance partners to work together to rebuild the affected areas of Japan and to deal effectively with the future of Japan's energy needs could indeed set a new tone for the partnership.