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安定かつ持続的な国内外システム構築に向けて

グローバルガバナンス確立に向けた国際機構、
地域共同体、国家、NGO の役割

“The Role of International Institutions, Regional Communities,
Nations and NGOs in Establishing Global Governance”

日本の政治・経済・社会システムと国際社会への貢献

“Japan’s Political, Economic, and Social Systems and
Its Contribution to the International Community”

国際的な信頼醸成と我が国の役割

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(資料編)

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6th Floor, Toranomon 30 Mori Building
3-20-2 Toranomon, Minato-ku
Tokyo, Japan 〒105-0001
Telephone: (03)5404-6651 Facsimile: (03)5404-6650

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IIPS International Conference

グローバルガバナンス確立に向けた国際機構、
地域共同体、国家、NGO の役割

**“The Role of International Institutions, Regional Communities,
Nations and NGOs in Establishing Global Governance”**

October 31 – November 1, 2006

ANA Hotel, Tokyo

(資料編)



IIPS

IIPS International Conference

“グローバルガバナンス確立に向けた国際機構、地域共同体、国家、NGO の役割”

**The Role of International Institutions, Regional Communities,
Nations and NGOs in Establishing Global Governance**

October 31 – November 1, 2006

ANA Hotel, Tokyo

AGENDA (tentative)

October 31, Tuesday

- 8:45~ **Welcoming breakfast** hosted by IIPS President Yoshio Okawara
(Aries Room, 37F)
- 10:00~12:30 **Session 1** *(Aurora Room, B1F)*
Security and Global Governance
Chaired by IIPS Research Counselor Koji Kakizawa (former Minister of Foreign Affairs)
Introductory presentations (15 to 20 minutes per person) by:
 Professor Yoshinobu Yamamoto (Aoyama Gakuin University)
 Mr. Frank S. Jannuzi (U.S. Senate, Foreign Relations Committee)
 Dr. Dan Oberg (Swedish National Defence College)
- 12:30~ **Lunch** *(Aries Room, 37F)*
- 14:00~17:00 **Session 2** *(Aurora Room, B1F)*
Global Environment and Global Governance
Chaired by IIPS Distinguished Research Fellow Shinzo Kobori
Introductory presentations (15 to 20 minutes per person) by:
 Professor Seiji Ikkatai (Kyoto University)
 Ms. Joyce Rabens (U.S. Embassy Tokyo)
 Mr. Mozaharul Alam (Bangladesh Centre for Advanced Studies)
- 18:00~19:30 **Reception Party** hosted by IIPS Chairman Yasuhiro Nakasone (Former Prime Minister)
(Aries Room, 37F)

November 1, Wednesday

- 10:00~12:30 **Session 3** *(Aurora Room, B1F)*
Energy and Global Governance
Chaired by IIPS Research Director Taizo Yakushiji
Introductory presentations (15 to 20 minutes per person) by:
 Mr. Yasuo Tanabe (The Ministry of Foreign Affairs of Japan)
 Dr. Fatih Birol (International Energy Agency)
 Associate Professor Li Zhidong (Nagaoka University of Technology)
- 12:30~ **Lunch** *(Aries Room, 37F)*
- 13:45 Preparation meeting for Public Symposium (between chairman and panelists)
- 14:00~16:30 **Public Symposium** *(Galaxy Room, B1F)*
**The Role of International Institutions, Regional Communities,
Nations and NGOs in Establishing Global Governance**
Chaired by IIPS President Yoshio Okawara
 Prof. Yamamoto, Ms. Rabens, Dr. Birol, Associate Prof. Li

「グローバルガバナンス確立に向けた国際機構、地域共同体、国家、NGO の役割」

**(The Role of International Institutions, Regional Communities,
Nations and NGOs in Establishing Global Governance)**

1. 日程：2006年10月31日（火）・11月1日（水）
2. 場所：東京全日空ホテル
3. 各セッション・テーマ及び出席者：

10月31日（火）

- 8:45～ 朝食会
- 10:00～10:10 開会挨拶（大河原理事長）
- 10:10～12:30 第1セッション「安全保障とグローバルガバナンス（Security and Global Governance）」
議長 柿澤弘治（元外務大臣、世界平和研究所研究顧問）
報告者 山本吉宣（青山学院大学 教授）
Frank S. Jannuzi（米国上院外交委員会 東アジアチーフ政策アドバイザー）
Dan Oberg（スウェーデン国防大学 研究員）
- 14:00～17:00 第2セッション「地球環境問題とグローバルガバナンス（Global Environment and Global Governance）」
議長 小堀深三（世界平和研究所首席研究員）
報告者 一方井誠治（京都大学経済研究所 教授）
Joyce Rabens（駐日米国大使館 科学・技術・環境部公使）
Mozaharul Alam（バングラデシュ先端研究センター 研究員）
- 18:00～19:30 レセプション
（中曽根会長ご出席予定、乾杯：大河原理事長、進行：薬師寺主幹）

11月1日（水）

- 10:00～12:30 第3セッション「エネルギー問題とグローバルガバナンス（Energy and Global Governance）」
議長 薬師寺泰蔵（世界平和研究所常務理事 研究主幹）
報告者 田辺靖雄（外務省経済局 審議官）
Fatih Birol（国際エネルギー機関 チーフエコノミスト）
李志東（長岡技術科学大学 助教授）
- 13:45～ 公開シンポジウム打ち合わせ（大河原理事長、パネリスト4名）
- 14:00～16:30 公開シンポジウム
司会 大河原良雄（世界平和研究所理事長）
パネリスト 山本吉宣、Joyce Rabens、Fatih Birol、李志東



Prepared for the IIPS Symposium on

The Role of International Institutions, Regional Communities, Nations and NGOs in Establishing Global Governance

Tuesday, October 31, 2006
Tokyo

Session 1

Security and Global Governance

Yoshinobu Yamamoto
Aoyama Gakuin University



Security and Global Governance

Yoshinobu Yamamoto
Aoyama Gakuin University

The aim of this article is to consider the relationship between security and global governance, first from the theoretical angle, and then in relation to Japan's policies and the world today.

1. National Security and International Security

Regarding the international community since the Cold War—and in particular at the present time—both security and global governance can be thought as being broadly divided into two categories. In the realm of security, one of these categories is known as “national defense” (or “national security”), which typically refers to defending a country’s territory and protecting its citizens’ lives and assets in the event of a military attack by another country in which the nation’s independence and sovereignty are threatened. During the Cold War, there was intense confrontation between East and West, and the security focus was firmly on national defense. It has been said that after the Cold War the issue of conflict between the world’s principal states—especially military conflict—was less pressing and that national defense was downgraded as a security issue. However, national defense is potentially vital, and in some regions comprises the central focus of security in many cases. Northeast Asia is one such example. Moreover, although national defense ordinarily envisages the opponent as a state, since 9/11 it has become readily apparent that an attack on the state in the form of international terrorism by non-state actors has become a focus of national defense.

The other type of security is referred to as “international security” and refers not to an attack or direct threat against a particular country, but relates to threats to the safety of other people. Suppose, for example, that there is civil war in another country and that large numbers of people have been killed. Further suppose that in this case the international community becomes involved, despite the fact that no direct attack from this country is envisaged. Normally this is labeled using a term such as “peace-keeping operations” or “humanitarian intervention.” The reason why this kind of situation represents a problem in the security context is that, particularly since the end of the Cold War, unrest and humanitarian problems

in other countries and regions have come to represent a problem for the entire world (for example, as humanitarian standards have become more global). By extension, issues of human security and natural disasters would also seem to be included in this classification. Countries and regions targeted by this brand of international security are thus the so-called peripheral regions, the Third World.

Naturally it is not possible to draw a clear distinction between national security and international security.¹ For example, even though no direct attack may be forthcoming from a country targeted by international security, such targeting contributes indirectly to national security, as the country in question might for instance become a breeding ground for terrorism. In more general terms, the promotion of international security can create a favorable international environment, which is greatly conducive to national security. It is, however, necessary to first draw

¹ Regarding this distinction between national security and international security, see Thomas P.M. Barnett. *The Pentagon's New Map: War and Peace in the Twenty-First Century*. New York: G.P. Putnam's Sons, 2004.

a tentative distinction between national security and international security, since their objectives, mechanisms, means of achieving their ends, and other characteristics differ in nature.

2. Two Types of Global Governance

Global governance might be defined as resolving common problems in the areas of economics (such as trade and currency issues), the environment, and security, maintaining a stable system, and conducting global administration. Hence, global governance can be broadly divided into two types. The first type is global governance by a hegemonic nation; the second can be termed “cooperative global governance” and aims to resolve global problems and conduct administration with the participation of numerous actors using numerous methods.² Global governance by a hegemonic nation involves the hegemonic nation using its overwhelming power to work for global stability and attempt to resolve problems in the areas of economics and security. For example, in the economic sphere it will provide free markets and a key currency (international public goods), maintain stability in the international economy, and grant other countries the scope to operate smoothly within the international economy and expand economic welfare. In the security sphere it will maintain order based on security and assure the security of the countries within the system, backed up by its overwhelming military power. The concept of global governance by hegemonic nations can be traced back to the Theory of Hegemonic Stability, which flourished in the 1970s and 1980s, and is still espoused today by authors such as Michael Mandelbaum.^{3,4} In the context of the international system of today, the hegemonic nation is of course the USA, and thus the concept of global governance by a hegemonic nation is focused on US leadership and policies.

While there was this theory of global governance by a hegemonic nation promulgated by the so-called realists, the more widely known form of global governance has been what might be termed “liberal cooperative global governance,” which gained currency after the Cold War.⁵ To reiterate, the aim of cooperative global governance is for multiple actors using a variety of methods to resolve global problems through cooperation and agreement, avoiding coercion as far as possible. The multiple actors referred to are not only the various nations involved but also include international organizations, NGOs, and other groups. This variety of methods would include international systems (the so-called international regime), policy coordination, action programs or any combination of these considered appropriate for resolving specific problems. (As such, it includes, but is more wide-ranging than, the international regime, which is intended to set rules between states). It also addresses a wide range of problems, including development, environmental, and human rights issues, and attempts to take into consideration the complex interplay between them.

² The existence of two types of global governance—hegemonic governance and cooperative governance—was identified in Japan some time ago. *Governance and Japan*, edited by Masatsugu Naya and David Wessels, Keisoshobo, 1997. *Global Governance: New Threats, the UN and USA*, edited by NIRA et al., Nihon Keizai Hyoronsha, 2006.

³ Exemplified by Robert Gilpin, *War and Change in World Politics*. Cambridge: Cambridge University Press, 1981.

⁴ Michael Mandelbaum, *The Case for Goliath*. New York: Public Affairs, 2005.

⁵ As an introduction to this theory of global governance, *Our Global Neighborhood: the Report of the Commission on Global Governance*. New York: Oxford University Press, 1995.”

3. The Combination of Security and Global Governance

The preceding two sections presented a broad overview that clearly shows how both security and global governance are classified into two types. Figure 1 illustrates how these are combined.

		Global Governance	
		Global governance by hegemonic nations	Cooperative global governance
Security	National security	A National security ensured by a hegemonic nation (through alliance, deterrence etc.) Control by the hegemonic nation	C Collective security International systems for maintaining security among states, such as the NPT
	International security	B The war against terrorism	D Peace-keeping activities Peace-building

Figure 1 Security and Global Governance Matrix

Source: the author

The first point to note is that Figure 1 depicts security from the point of view of global governance and does not include management of security (especially national security) that does not fall within the purview of global governance. For example, Figure 1 does not depict Cold War era US-Soviet mutual nuclear deterrence or the balance of power in a time of multipolarity.⁶

Figure 1 shows four types of systems. In system A, a hegemonic nation maintains the global security order and ensures the national security of other nations. For example, the USA ensures the security of its allies, controls the behavior of other major powers, and takes strong action to clamp down on international misconduct. On the one hand this type of global governance, which is rooted in the power of the hegemonic nation, is probably effective in many ways. However, choice of policy will often be at the sole discretion of the hegemonic nation and there is a certain lack of legitimacy. In addition, it will give rise to the phenomenon of soft balancing, whereby countries harboring suspicion of the hegemonic nation’s overwhelming force (and the use thereof) use diplomacy to constrain its power.⁷

Type B is a system in which a hegemonic nation takes the initiative and resolves international security problems such as terrorism, civil war, and genocide. This probably also includes cases where the hegemonic nation takes up humanitarian and human rights problems in “rogue states” in sustained involvement and intervention. The war against terrorism that the USA is waging would seem to fall into this category. Probably also coming under this heading is, as described by Robert Kaplan, US deployment of special forces and others (albeit in small numbers) to every corner of the world in an attempt to establish public order and stability in all regions while spreading democratic values.⁸ However, in reality the extent to which the USA will involve itself in the world’s various international security problems is limited. For example, it is not always so enthusiastic about peace-building and nation-building

⁶ Mutual deterrence and the balance of power can probably also be considered under the rubric of global governance with a view to security in its broadest sense. Reflecting current reality, Figure 1 presupposes the existing global unipolarity, which could be said to be unique in historical terms.

⁷ “Soft balancing” stands in contrast to balance achieved by military power (hard balancing). See T.V. Paul, James J. Wirtz, and Michel Fortmann, eds., *Balance of Power: Theory and Practice in the 21st Century*. Stanford: Stanford University Press, 2004, (especially the Introduction).

⁸ Robert D. Kaplan. *Imperial Grunts: the American Military on the Ground*. New York: Random House, 2005.

(when intervening alone)—except of course when it relates directly to national security, as in the case of terrorism.

Types C and D come under the heading of cooperative global governance. In the case of type C, multiple nations cooperate in an effort to protect the national security of each country. UN collective security represents an example of this system. A further example would be an organization like NATO that seeks to ensure the national security of its member states by means of a multi-faceted security framework. Institutions like the Proliferation Security Initiative (PSI) would also seem to belong in this category. In the Gulf War of 1991, which took place after the end of the Cold War, an attack was launched against Iraq, and Kuwait's sovereignty was ultimately restored in accordance with a UN Security Council resolution. In 1999, NATO carried out an attack on Yugoslavia in retaliation for the mass killing of Kosovar Albanians, despite the fact that it had not obtained a UN resolution. However, this attack was pursuant to a NATO accord. Consequently, this brand of cooperative global governance is endowed with the legitimacy of agreement and legality (although the legality of the Kosovo action is disputed). However, it is not always possible to obtain agreement. Furthermore, in order to put a decision by the UN or NATO into effect, countries such as the USA that possess the capability to do so normally put together a coalition of the willing and carry it out. As mentioned previously, international systems such as those for non-proliferation of weapons of mass destruction, for various other forms of non-proliferation, and for combating piracy can also be considered as belonging to type C.

System D involves dealing with international security problems such as civil war, humanitarian problems, terrorism, nation-building, and peace-building by means of cooperative global governance. Under this model, many countries, many multinational organizations, military and civilian elements, NGOs, and other groups cooperate in appropriate combinations. Policies for resolving problems are sought through dialogue and agreement. Activities to prevent civil war, peace enforcement, peace-keeping, and peace-building represent specific examples of this. Thus, in addition to cease-fire monitoring, numerous types of operations are envisaged, such as election monitoring, maintenance of public order, construction of administrative organizations, and development. This is because the type of international security problems that system D targets include complex crises and failed states. Aside from the argument that, in regard to the countries at which it is directed, cooperative global governance with a view to international security violates the principle of non-intervention in the affairs of other nations, its legitimacy is widely recognized within the international community (that is, by the UN).⁹

After the end of the Cold War, D-type cooperative global governance with a view to international security leapt to prominence (for both the frequency with which it was used and the scale on which it was applied) and was regarded as a basic area of post-Cold War security. In the first half of the 1990s, UN peace-keeping operations were greatly expanded, and in the latter half of the 1990s over 80,000 peace-keeping troops were deployed. Subsequently, however, this number leveled off (as did the frequency of civil war) and appears to be unchanged. Now, however, in the latter half of the 2000s, large-scale peace-keeping deployments are planned for Lebanon and

⁹ Naturally it is argued that entering another country and tackling issues such as public order and the construction of administrative agencies bear similarities to the actions of the old imperialist powers—even when it involves the UN. However, since the intention is to deal with situations such as complex crises and failed states, there is little alternative.

Darfur, and it is said that the total number of UN peace-keeping troops will exceed 100,000. It could be said that this represents a new lease on life for type D.

The new D-type phenomenon involves intervention by the international community in response to rogue states that are collapsing (or are being caused to collapse), large-scale civil war, instability, failing states, and similar situations. For example, in the wake of 9/11, the USA launched attacks on Afghanistan and Iraq (which would probably qualify as type B in Figure 1). In Afghanistan the US military and NATO (ISAF) subsequently took the lead in successfully establishing the Karzai administration, staging elections, maintaining public order, and building the peace. The role of the military was the maintenance of public order, and in that respect they were remarkable. Today there is still a lack of stability in terms of public order in Afghanistan. In May 2006 a permanent government was inaugurated in Iraq; however, since February 2006, sectarian conflict has been intensifying and the country is extremely unstable in terms of public order. Although there are more than 100,000 US and coalition troops deployed in Iraq, it is a long way from stability and a state of civil war persists.

With regard to type D, it is essential to be wary of what this author terms “states rendered chaotic by international involvement.” This is where the international community—whether the UN, NATO, or individual countries—intervenes and becomes involved in a civil war in a particular country (and in the prevention of the accompanying humanitarian damage), plays a role in improving public order and stability, but does not completely finish the job. If it subsequently withdraws, even greater chaos will ensue, which will become permanent. Although it varies from situation to situation, this concept of a “state rendered chaotic by international involvement” is widely apparent in places such as East Timor, Bosnia, and Kosovo, as well in Afghanistan and Iraq.

4. Appraisal

It has been said that the nature of security changed enormously after the Cold War. To spell this out in detail, the role of the UN and other organizations in cooperative global governance geared to international security expanded; at the same time international security issues such as civil war and humanitarian problems were recognized as important security problems, and it was naturally thought that they should be dealt with through cooperative global governance. However, although it enjoyed a high degree of legitimacy, cooperative global governance by the UN and others relating to national security seemed likely in many ways to be poorly executed and ineffective. Even if agreement is obtained, an effective coalition of willing nations has to be assembled to implement the specific details of the agreement. Alternatively, if no agreement is obtained, either nothing is done or a certain group of countries will act without an agreement (using military force), in which case the action will have little legitimacy. In 1999 NATO acted independently and used military force in Kosovo without having obtained a resolution at the UN. In 2003 the USA (along with the UK and other nations) used military force without the agreement of either the UN or NATO (a shift from type C to type A in Figure 1). This was probably due to a recognition that international systems do not function effectively in the face of a situation regarded as urgent, such as this one from the viewpoint of the USA. This could be said to be at the margins of cooperative global governance for international security. However, independent action by the USA (whether type A or type B) lacks legitimacy. Its type B action in Iraq is not going well, and a reversion to type D operations could be in the works.

As can be seen from the preceding discussion, there is a tension between global governance by a hegemonic nation and cooperative global governance. However, there are probably also ways in which they complement one another. In terms of their respective specializations, for example, a hegemonic nation will play a fundamental role in national security while international security is the province of cooperative global governance. Furthermore, international security issues especially must basically be dealt with by means of cooperative global governance—regardless of national security issues. There would seem to be no alternative.

5. Japan

The foregoing discussion relates to the international system as a whole. Attitudes and policies regarding global governance for security probably vary from country to country. For example, since 9/11 the USA—particularly the current Bush administration—has displayed an extremely strong bias towards hegemonic global governance. The Clinton administration in contrast developed policies geared to cooperative global governance. The direction of US policy probably depends on the nature of the administration and on the international security environment. Many European countries (dubbed “Old Europe” by Secretary of Defense Rumsfeld) appear to be thinking in terms of cooperative global governance in regard to both national security and international security.

In terms of national security, Japan is essentially reliant on global governance by a hegemonic nation (type A in Figure 1). Naturally, Japan attaches importance to the UN and various international security institutions; however, it is the US-Japan Security Treaty that forms the core of Japan’s national security. In terms of international security, Japan is actively attempting to become involved in type-D cooperative global governance. Japan’s Self-Defense Forces are of course constitutionally restricted to carrying out peace-keeping and peace enforcement operations, Japanese NGOs are not as yet so well developed, and there are heavy restrictions on police participation in peace-keeping operations. Japan must, however, begin to overcome these types of restrictions. The stability of the international system (particularly the stability of neighboring countries) is essential to Japan’s long-term national security.

Although the theme of this paper is “security and global governance,” the coverage of both topics has been incomplete and inadequate. However, it may provide some insights into the global security situation as well as into Japan’s future course.



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**The Role of International Institutions,
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Wednesday, October 31, 2006
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Session 1

**The U.S.-Japan Alliance in the Era of Globalization:
Extended Bilateralism and Creating Public Goods**

Frank Jannuzi
Visiting Research Fellow, Institute for International Policy Studies

“The U.S.-Japan Alliance in the Era of Globalization: Extended Bilateralism and Creating Public Goods”

By Frank Jannuzi, Visiting Scholar, IIPS

Abstract

Since the end of the Cold War, the U.S.-Japan Alliance has been evolving, even as the overall security environment in Northeast Asia has also been in transition. Much of the attention from Tokyo and Washington has been focused on re-orienting the alliance to better cope not only with traditional security threats, but also with a variety of newly emerging transnational and unconventional challenges to international peace and security. The aim of this short paper is to describe how the alliance partners have responded to the post Cold War (and post-9/11) environment, and to propose that as the U.S.-Japan alliance evolves, it is possible for it to pay dividends – to create “public goods” – in accounts other than those we might ordinarily expect to profit from our enhanced bilateral cooperation. These public goods are the fruits of a truly mature alliance, and they can be enjoyed not only by the United States and Japan, but also by nations outside the alliance. Finally, I will touch on some of the conditions that likely must be met to realize these dividends.¹

The U.S.-Japan Alliance in the era of Globalization

Despite the demise of the Soviet Union and the end of the Cold War, the dominant analytical framework used to assess the future of the Northeast Asia region and to re-orient the U.S.-Japan Alliance remains the balance-of-power theory. As a consequence, many recent studies of the U.S.-Japan Alliance and government efforts to modernize that alliance have a decidedly Cold War “feel” about them. They have often failed adequately to take into account the growing economic interdependence and political interaction that are the dominant characteristics of the era of globalization. Indeed, many analysts studying the alliance, and policy-makers seeking to strengthen the relationship, have predicated their policy prescriptions on traditional zero-sum terms. As Aaron Friedberg, adviser to Vice President Cheney, put it in 2001, “Asia’s future will resemble Europe’s past; that it

¹ The author owes a great debt to Charles Perry and James Schoff, who edited Alliance Diversification & the Future of the U.S.-Korean Security Relationship (Institute of Foreign Policy Analysis, 2004), which provided the analytic model used here to examine the future of the U.S.-Japan Alliance.

will be marked, in other words, by competitive great power politics, shifting alliances, costly arms races, periodic crises, and occasional wars.”² Even those scholars or government officials emphasizing the trends toward regional integration – trends visible in the growing web of free trade agreements, the creation of the East Asia Summit, and the Six Party talks on the North Korean nuclear crisis – usually concede that real-politic and balance-of-power theory will best predict the complex patterns of interstate behavior in Northeast Asia.³

It is not surprising that post-Cold War adjustments to the alliance have largely relied upon real-politic and balance of power thinking. After all, alliances are often thought to exist more as a *counterpart* or alternative to efforts at global governance than as a *complement* to those efforts. Some supporters of traditional alliances doubt the utility of multilateral institutions. In fact, attempts to advance global peace and security by negotiating new treaties or developing new international norms to be implemented by networks of multilateral institutions have been roundly criticized by scholars and practitioners who doubt the existence of international law.

These critics question the efficacy of any organization or treaty regime that is not backed by a sovereign state wielding the threat of force. They place little stock in the World Trade Organization (WTO), the United Nations (UN), the International Monetary Fund (IMF), the International Atomic Energy Agency (IAEA), or other multilateral organizations that comprise the “alphabet soup” of the international arena. Those who rely on unilateral state action or ad hoc coalitions bound together by necessity typically have little confidence that an anarchic world can be brought into line by toothless treaties or consensus-based multilateral organizations. The former United States Ambassador to the UN John Bolton must surely be counted among these skeptics, but he is hardly alone. It is this skepticism about the value of multilateral institutions in the era of globalization that helps explain why the Bush Administration had no qualms about walking away from the Comprehensive Test Ban Treaty, the Kyoto Protocol, and the International Criminal Court – all agreements or institutions that supporters hope might address gaps in the international order accentuated (or at least revealed) by the demise of the bipolar world order.

² Aaron L. Friedberg, “Introduction,” in Richard J. Ellings and Aaron L. Friedberg, eds., (Seattle: National Bureau of Asian Research, 2001), 7.

³ Amitav Acharya, “A Concert of Asia?” *Survival* 41, no. 3 (autumn 1999): 84-101; and Josh Kurlantzick, “Is East Asia Integrating?” *Washington Quarterly* 24, no. 4 (autumn 2001).

The U.S.-Japan Alliance as a public good

Surprisingly, adjustments to the U.S.-Japan alliance over the past decade – rooted as they were in balance of power thinking and the hub-and-spoke alliance structure upon which the United States has long relied in Asia – appear to have led to the creation of a new U.S.-Japan Alliance that is paying dividends into both traditional and *non-traditional* alliance accounts. These dividends appear to defy the expectations of scholars such as Raj Menon, who forecast in 2003 what he considered to be an inevitable outcome of the post-Cold War era: the obsolescence of U.S.-led alliances in the absence of a clear organizing principle from which nations forge security partnerships.⁴ In fact, the adaptability of the alliance to new challenges and trends toward regionalism seems to confirm the view of Robert Scalapino. Scalapino has argued that effective management of the security and other challenges of East Asia will require a blend of *balance of power* and *concert of power* approaches – embracing both traditional bilateral alliances and new multilateral ad hoc arrangements.

Far from becoming obsolete, the U.S.-Japan alliance appears to be enjoying new life in new areas. The broad set of alliance diversification principles first enunciated in the U.S.-Japan Joint Declaration on Security (signed by President Bill Clinton and Prime Minister Hashimoto Ryutaro in 1996) have gradually evolved to encompass activities beyond the scope of traditional defensive military alliances. The Clinton-Hashimoto document set the stage for a review and revision of the Guidelines for Japan-U.S. Defense Cooperation (Defense Guidelines). The Guidelines eventually allowed for such unforeseen developments as the provision of Japanese logistical support for operation Enduring Freedom (Afghanistan) and the application of the allies' acquisition and cross-servicing agreement to U.S. and Japanese troops serving in Iraq or responding to the tsunami of December 2004. The declaration set in motion this transformation by providing strategic direction for the alliance and by placing the political weight of the two leaders behind the basic roadmap for alliance diversification.

Thus, although the changes in the alliance have been motivated more by classic international relations theory than by a spirit of innovation, it is undeniable that the alliance has evolved. Its legal and policy legs have been strengthened to cope with the shifting geo-strategic landscape of East Asia. The Alliance is today better positioned to address shared global concerns and respond to non-traditional security threats such as piracy or

⁴ Rajan Menon, "The End of Alliances," *World Policy Journal* 20, no. 2 (summer 2003).

environmental degradation. We see evidence of this not only in the Indian Ocean or in Iraq, but also on the Korean Peninsula and in the allied efforts to combat Islamic terrorists or to enhance maritime security.

Japan as “Global Citizen” – From bilateralism to something more...

What will it take for the U.S.-Japan Alliance to remain resilient in the face of changing regional power realities and the newly emerging challenges to global peace discussed by scholars such as Dan Oberg at the IIPS symposium on global governance?⁵ What kinds of “public goods” might the alliance produce outside the traditional realm of alliances? Can the alliance encourage democratic reform, help inspire good governance, promote careful environmental stewardship, ease energy insecurity, and promote greater adherence to international norms in the areas of human rights and trade? Can the very existence of the alliance constitute a public good – setting an example for cooperation that will encourage other states to join synergistically with each other and in concert with the U.S.-Japan alliance to tackle common problems as diverse as Avian Flu to the depletion of fishing stocks? And what are the conditions required for these dividends to be fully realized?

I believe there are two fundamental requirements for the alliance to realize its full post-Cold War potential. The first is that it must not be aligned in opposition to multilateral structures, but rather must complement them. The second is that Japan must successfully conduct a process of reconciliation with its neighbors – a process that will necessarily include a domestic debate about Japan’s laws, its identity, and its place in the world, as well as a foreign policy component.

As for the first requirement, William Tow writes that the “exclusive bilateralism” that has underwritten the hub and spoke security arrangements between the United States and its East Asian allies is increasingly out of step with regional realities. He argues that it must give way to the growth of multilateral institutions and a tightening web of interdependence.⁶ Tow argues that as alliances are transformed from

⁵ The challenges listed by Dr. Oberg include transnational organized crime, terrorism, asymmetric warfare, poverty, environmental degradation, pandemics, and corrosive forms of international media.

⁶ William Tow, “Assessing Bilateralism as a Security Phenomenon: Problems of Under-Assessment and Application,” working paper for the Hawaii International Conference on Social Sciences, June, 2003, cited in *Alliance Diversification & the Future of the U.S.-Korean Security Relationship*.

threat-based arrangements to interest-based partnerships, they should adopt a new approach he coins “extended bilateralism.” In essence, the U.S. network of bilateral alliances would be extended and integrated, building on common values to complement and supplement multilateral institutions. Rather than compete with the institutions of global governance that are a response to, “...the vacuum of power that occurs with increased interdependence and interaction among political communities,”⁷ these new bilateral alliances “version 2.0” would accommodate a range of interests among the various regional players in East Asia and provide structure where there is no obvious supranational governing body or region-wide security architecture.

Admiral Dennis Blair, former combatant commander of U.S. Pacific Command, concurs with this shift away from a zero-sum balance of power mentality, arguing for “enriched bilateralism” that involves other regional powers as active participants. Blair sees these enriched bilateral alliances as stepping-stones to genuine, effective multilateral institutions.⁸ The T-COG (Trilateral Coordinating Group) process and the Six Party Talks themselves are examples of the enriched bilateralism contemplated by Blair. Former Assistant Secretary of State James Kelly has testified that the Bush Administration hopes the Six Party talks might someday evolve into an effective multilateral security forum for East Asia.

The vision of bilateral alliances becoming less exclusive is intriguing because it appears to offer a way for America’s alliances to remain relevant to the challenges of the era of globalization without conjuring Cold War imagery or fostering Cold War style suspicions. This adaptation would allow the U.S.-ROK alliance to remain vital after unification of the Korean Peninsula, and it provides purpose for the U.S.-Japan alliance even in a world where the North Korean threat has evaporated. Specifically, Blair’s game plan is calculated to make the U.S.-Japan alliance more acceptable to China and more relevant to a world in which China is increasingly integrated into the community of nations. Until recently, China was convinced that the U.S.-Japan alliance was a relic of the Cold War and that Asia would probably be better off without it. Convincing China otherwise may require the alliance to demonstrate its usefulness in areas other than “hedging” against the emergence of a belligerent China.

⁷ Oberg.

⁸ Dennis Blair and John Hanley, “From Wheels to Webs: Reconstructing Asia-Pacific Security Arrangements,” *Washington Quarterly* 24, no. 1 (Winter 2001).

The second condition for Japan to emerge as a true “Global Citizen” – a nation able and willing to shoulder security burdens commensurate to its economic clout – will be met once Japan adapts its laws and governing structures to new missions and then reaches out to its neighbors with a spirit of reconciliation so that they might embrace Japan’s new roles. The domestic legal adjustments were advocated in the Armitage Report, accelerated by Prime Minister Koizumi, and are still underway under the direction of Prime Minister Abe. These reforms include strengthening the Prime Minister’s authority, establishing a national security council, and revising Japan’s constitution and laws as necessary to provide for the possibility of collective self-defense.

Prime Minister Abe has also made a commitment improving Japan’s relations with both China and South Korea. His first two summits were with Hu Jin-tao of China and Roh Moo-hyun of the Republic of Korea. Prime Minister Abe moved swiftly to improve the tenor of Japan’s relations with China, adopting a posture of “neither confirm nor deny” with regards to whether he will visit the controversial Yasukuni Shrine as prime minister. He has emphasized the growing opportunities for functional cooperation with China – on trade, energy, and the environment.

Less certain is whether Japan will have a fulsome debate about its history, its identity and its future place in Asia. As U.S. State Department official Ted Osius notes in his monograph on the U.S.-Japan alliance, “Japan has not succeeded in coming to terms with its prewar and wartime history.” Osius identifies the textbook controversy and Prime Minister Koizumi’s visits to the Yasukuni Shrine as two cases in point. With regard to animosities having their roots in history, Osius asserts, “Japan needs an open, forthright argument.”⁹ That argument, like arguments about the value of bilateral alliances in the era of globalization, is one that supporters of the U.S.-Japan Alliance should welcome in the interest of preserving and strengthening the alliance for the future benefit of East Asia and the world.

⁹ Ted Osius. *The U.S.-Japan Security Alliance: Why It Matters and How to Strengthen It*. Foreword by Watanabe Akio. The Washington Papers Series, vol. 181. Praeger, 2002.



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Session 1

Security Studies, Globalization and Global Governance

Dan Oberg
Swedish National Defence College



Dan Oberg, "Security Studies, Globalization and Global Governance"

Abstract: This presentation discusses the following four topics: globalization, global governance, post-cold war security problems, and security studies. The aim of this text is to describe the main tendencies in today's globalized world and how various strands of theory are trying to deal with them. In so doing it focuses on two theoretical traditions in security studies: Realism and Constructivism and argues that both can contribute to this but also that both traditions need to change to do this efficiently.

1) Globalization

What is globalization? It might be difficult to establish exactly what globalization "is" since it is term that can be used in many different contexts. I will discuss some tendencies of globalization, global governance and security studies – not to establish definitely what these terms mean or should mean – but to provide a backdrop for discussion. This backdrop, albeit general, shows how the world has changed and is changing, and how theory tries to catch up with, anticipate and shape this change.

Globalization is generally considered to have both positive and negative effects on the international political system. Two effects are the growing **i n t e r d e p e n d e n c e** and **i n t e r a c t i o n** of the main actors in the international political system.

Increased interdependence is discernible in numerous areas. The financial markets, environmental problems and solutions, and large scale migration all make different areas of the globe highly interdependent. This means that what happens "there" might also happen "here" simultaneously. One example might suffice to illustrate the point; the East Asian financial crisis originating in Thailand in 1997 quickly had global effects, especially in Eastern Europe and in Brazil.

There is also an increase in interaction through of various types of technology (such as IT). The advancement in technology has led to increased contact and interaction between actors and has given rise to a plethora of new networks. One example of this is how tele-technology enables direct communication in virtual milieus. Thereby it transgresses spatial demarcations (there/here) and makes immediacy rather than delayed time the norm of interaction.

Let us therefore conclude hastily, that globalization manifests itself mainly as increased political, social, financial and cultural interdependence and increased interaction between key actors and communities. This has created a context that in many ways poses new security challenges for the international community and for the theory of Security Studies. One way of dealing with this is of course what is commonly known as global governance.

2) Global Governance

What is global governance then? Among other things, global governance can be seen as an attempt to deal with the effects of globalization since growing interdependence and interaction often leads to vacuums of power. In other words, global governance strives to, *inter alia*, fill these vacuums “in-between” established patterns of state or regional powers, especially in those cases when there are no formal established institutions that can enforce decisions.

The governing of “in-between” spaces is especially important after the cold war and the breakdown of the bipolar system. Arguably the end of the cold war has been followed by what we might call the rise of a new internationalism that to some extent goes beyond national interest or ideology. Thomas Schoenbaum claims that:

“a key to establishing this new internationalism is the concept of global governance as a supplement to the state system of political organization. Global governance recognizes the legitimacy and essential need for international institutions and regimes and their role in reconciling and accommodating diverse interests and organizing cooperative action to deal with international problems. There is no single form of global governance, it is a broad, dynamic, complex process of interactive decision making that varies according to the circumstances and issues being addressed.” (Schoenbaum, 2006: 55)

Hence, global governance can be viewed as a broad, dynamic, and complex global process of decision making in the absence of global government. Mainly it addresses those problems that are beyond the capacity of individual states to solve. It often involves legal institutions, ad-hoc coalitions, or networks of various actors – can be unilateral or multilateral and consist of everything from states, multilateral economic institutions (MEI) such as IMF, the World Bank, and WTO, and global social movements (GSM) especially with regard to labour, the environment and women’s rights.

Furthermore, when spaces “in-between” established actors are opened up there is a competition between different actors on the strategies to be used to conduct global governance, for example between unilateral measures and multilateral measures. Morten Kelstrup writes with regard to the situation in the Middle-East that:

“The traditional UN-based strategy for global governance seems challenged by a new, US-based strategy which rests on a combination of unilateralism and securitization” (Kelstrup, 2004: 115).

According to this view powerful nation states are competing with institutions over how to exert global governance.

In short then, we might say that global governance is a response to the vacuum of power that occurs with increased interdependence and interaction among political communities. Especially in those cases where there is no supra-national organization that has the responsibility to deal with it. It signifies *inter alia* the political, legal, military, and financial interaction that is required to solve problems that are transnational in scope and demands novel solutions.

3) Security Problems

What security problems does globalization contain? In the previous part it was argued that global governance refers to attempts to deal with the space in-between established patterns of state or regional powers. If this is the case then the security problems that global governance deals with are above all else those that occur beyond the established – domestic or international - ways of enforcing cooperation.

The following are some of the most important security threats that have to be dealt with through global governance. Please notice that these threats are generally transnational in nature and comes out of the increased interdependence and interaction that globalization entails:

- **Transnational organized crime** - examples: illegal smuggling of weapons and drugs and trafficking of women
- **Transnational terrorism** -example: Al Quaida
- **Transformation of organized violence**: regional conflicts and civil wars but also what is called “asymmetric warfare, counterinsurgency or 4th Generation Warfare”. Example: The current wars in Iraq and in Chechnya.
- **Poverty** -examples: increased gaps between rich and poor countries as well as rich and poor within countries
- **Environmental problems** -example: Global warming
- **Diseases** -examples: SARS, HIV/AIDS, Avian flu
- **Virtual technology and Media** -example: The cartoon caricatures of Mohammed that were printed in Jyllands-Posten (a newspaper in Denmark) had political and financial consequences all over the world.

Finally, let us now look at the various means to deal with this from a theoretical point of view. To address security problems theoretically we must turn to Security Studies, a discipline that deals with how to explain and understand the issue of security.

4) Security Studies

This final part discusses the role of theory and how theory relates to the global security problems previously mentioned. What is theory with regards to globalization or global governance? Theory is generally considered to be a means by which we can help to explain or understand social phenomena. Theory can be described as a map by which we can orient ourselves in the everyday chaos that is reality.

I have separated Security Studies into two areas: **Realism** and **Constructivism** and I will discuss both. Both are highly active schools of thought and they arguably dominate the canon of Security Studies.¹

The typical Realist way of situating theory is as a way of **explaining** political, military, cultural and economic patterns and structures. The typical Constructivist way of situating theory is as a means by which to **understand** and **criticize** social phenomena. Realism views theory as a means to observe objective facts while Constructivism views often uses theory to induce social change.

A) Realism

Realist theory was the dominant strain of thought from the time after the Second World War to the end of the cold war. In the realist paradigm (as well as various offshoots such as neorealism) the main actor in international politics is the state. Important realist concepts are survival (that each state acts to ensure its own survival) and self-help (that it might cooperate when need be, but its normal agenda is to maximize its own power).

Realism creates a view of security in which the most pressing security problem is the states protection of territorial boundaries from external military threats. Security takes on a very narrow and geopolitical meaning since it becomes about securing states (or individuals) against external threats. The threats are mainly military threats to regional and international order and to state borders and they are solved mainly through the military or diplomacy. In this worldview insecurity is an objective fact that is known from experience.

The aim of realist theory is to focus on how entities can be secured through state actors international institutions. End result is a concept of – **n a t i o n a l s e c u r i t y**.

¹ It would be possible to use other dichotomies to label this divide, for example realism/idealism or modernism/postmodernism. One could also add other schools such as liberalism, the English school or the Copenhagen school. Furthermore, it would also be possible to describe Security Studies, not as a dichotomy between two fields, but rather as a multitude of theoretical frameworks. I have chosen the labels realism and constructivism out of convenience rather than out of a conviction that they summarize the field of security studies perfectly.

Merits: Realism is clear, precise and narrow. The countermeasures to security problems are usually solved through mechanisms that are highly functional and/or well established.

Flaws: The realist concept of security misses many of the areas that are the most important to global governance, also it fails to solve the security problems that globalization entails or that the nation-state creates towards its own citizens.

B) Constructivism

It has been argued by some constructivists that the end of the cold war was a highly embarrassing moment for realist thought since realists were unable to understand the transition from a bipolar world to a multipolar or globalized world. It is probably true that realism did not anticipate this event, however so did very few others.

Constructivism aims to rethink the main concepts of security studies such as state sovereignty, anarchy, and national interest. In so doing it also rethinks the concept of security. Constructivism is often articulated as a criticism of realism. Through rethinking – or deconstructing – concepts such as security, constructivists argue that social insecurities are culturally produced and not objective facts. This does not mean that danger is a subjective condition. But rather that it strikes differently depending on class, race, and gender. Danger is also interpreted differently depending upon cultural norms (compare why a North Korean nuclear weapon is considered a threat to world security rather than, say, a Swiss nuclear weapon). The perception of threats depends on power relations that are global, regional, national, and local.

I stated earlier that the aim of realist theory is to focus on how entities can be secured through states or international institutions and that the result of this is a concept called national security. Constructivists instead tend to argue that threats are not related to the national arena and not necessarily best solved through states. Examples of threats are poverty, health, human rights infringements and so forth. One end result of this is the concept of **h u m a n s e c u r i t y**.

Human security differs from national security in that it is not a matter of maximizing power in a zero-sum game. It is about inclusion (food, shelter, education, and healthcare) and it addresses daily life issues: job security, income security, health security, environmental security, security from crime and so forth. It points out the fact that the state might be a threat to its own members rather than a provider of security. Consider North Korea once more, is it really providing security for its own citizens by developing nuclear weapons?

Constructivism tends to focus on culture and norms as important to our understanding of security. Furthermore it argues that theory participates in creating a context that regulates how various actors think of security. In fact,

many constructivists does not see theorists as disinterested observers but rather as participants in a highly normative practice in which political realities are constructed. The aim of constructivism is to highlight this construction and (in the words of Jutta Weldes) to “*denaturalize dominant constructions, offer guidelines for the transformation of common sense, and facilitate the imagining of alternative life-worlds*” (Weldes et. al. 1999:13).

Merits: Constructivism tries to take into account how the world has changed through globalization and tries to tackle the new security problems with new methods. It opens up to new sectors such as economic, environmental and gendered security and has new referents such as societies, non-state actors and humans.

Flaws: Constructivism is imprecise and at times abstract. It is good at providing criticism of what is done but less apt at coming with suggestions to what should be done. It is one thing to criticise the actors of global governance and another to provide something that works instead.

To summarize, we have a situation in security studies where realists tend to claim that Constructivism is normative and idealistic and sets the stage for global social movements. In turn, constructivists claim that Realism is equally normative and idealistic and that it only purports a different kind of normative framework in which ultimate legitimacy is given to the state. It is not within the scope of this presentation to state which theory is correct. However consider the following two topics below.

Possible topics for reflection:

- Which school is right and which can provide actors of global governance with best concepts? I think that both constructivism and realism are relevant schools for this. However, I would argue that due to a globalized environment there is a need to expand security to areas beyond the state. Constructivism works well as a motor of change. However, it needs to put forward ideas that are positive for all actors that do global governance.
- Do the actors and networks that practice global governance represent a global citizen? If so, what kind of citizen is that? Who can identify with this citizen? How does Realism and Constructivism relate the global citizen to security?

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Session 2

**Combating Global Warming—
Choices and Roles for Citizens, Business, and Administration**

Seiji Ikkatai
Kyoto University



Combating Global Warming—Choices and Roles for Citizens, Business, and Administration

By Professor Seiji Ikkatai

Institute of Economic Research

Kyoto University

Introduction

The international community is currently basing its efforts to counteract global warming on the Kyoto Protocol, which was adopted in Kyoto in 1997 and came into force in 2005. However, the USA, the world's largest emitter of greenhouse gases, withdrew from the Kyoto Protocol, and the efforts of Japan have not always produced the desired results. This paper surveys a new economic system which integrates economic activity with the environment, and considers what direction Japan should take with regard to political challenges and measures to combat global warming.

1. The Kyoto Protocol and the progress of global warming

(1) The spread of abnormal weather conditions and their effects on society

In 2004 the Japanese archipelago was battered by 10 typhoons, the largest number ever observed in a single year. These typhoons caused major damage across Japan. The USA was also struck by a number of giant hurricanes in 2004, and in 2005 New Orleans suffered a direct hit from Hurricane Katrina, which caused record levels of damage.

Although a causal relationship between global warming and the increasing incidence and strength of these hurricanes and typhoons has yet to be scientifically established, many worry that these phenomena are one manifestation of the onset of global warming.

In 2004 the insurance paid out to cover damage due to natural disasters such as typhoons and severe rain in Japan exceeded 550 billion yen—more than ten times the amount paid out in a normal year. Moreover, it is estimated that hurricane Katrina did over 14 trillion yen's worth of damage. According to the United Nations Environment Programme, payments on insurance claims worldwide for damage caused by abnormal weather in the 1990s were over 14 times the amount paid in the 1960s.

(2) Causes of disruption in the near future

Although global warming will affect people in a variety of ways, it is forecast that one of the most significant effects will be on world food production. According to predictions made using the AIM model developed by researchers in Japan, by 2100 advances in global warming will cut production of winter wheat in India (which is a major producer) by 55 percent. Predictions such as this are making it increasingly obvious that it will not be possible to avoid drastic effects on food supply and demand.

Furthermore, joint research by the University of Tokyo and the National Institute for Environmental Studies predicts that if current trends continue there will be a rise in the number of days per year with temperatures exceeding 30 degrees Celsius from the current level of around 50 to approximately 100 by 2060. This will bring with it serious problems both for peoples' health and for the ecosystem.

(3) Civilization and the environment as seen in the collapse of the culture of Easter Island

The Easter Island civilization flourished on a single island in the South Pacific from the fifth century AD onwards. This culture, known for its unique giant stone statues, reached its peak in the mid-sixteenth century, at which time the population is estimated to have numbered around 7,000. Research by archeologists has clearly established that loss of trees and deterioration in the soil due to deforestation brought about by the rise of the civilization on Easter Island brought with it a serious food shortage. Violent tribal warfare ensued and within 150 years society collapsed.

In historical terms Easter Island was not an exceptional case. Research has shown that one of the oldest cultures, the Sumerian civilization in Mesopotamia, and the succession of the so-called Mediterranean civilizations of Crete, Greece, and Rome all experienced degradation of the environment in which they grew up, which partially contributed to their decline. In all the examples given, except for Easter Island, civilizations rose again when people moved to other areas that were rich in resources. In the case of Easter Island, however, these events occurred on a single island surrounded by sea, which threw the collapse of the civilization into sharp relief.

This example demonstrates both that degradation of the environment fundamental to human existence is a potential factor in the collapse of civilizations and that constructing social systems to prevent such occurrences is exceedingly difficult. If one thinks of global warming as it is occurring on an Earth that can be likened to an island floating in space, one cannot fail to become profoundly aware that there are few grounds for optimism over the situation confronting modern society.

(4) Japan's achievements with regard to the objectives of the Kyoto Protocol

What of the emissions reduction commitment Japan has made to the international community? Japan committed to achieve a 6 percent reduction in emissions compared to 1990 levels over the course of the Kyoto Protocol's first target period, 2008–2012. Despite the fact that Japan should be approaching a 6 percent reduction in fiscal 2004, it has actually experienced an increase of 8 percent. When the various sectors are examined separately, it becomes apparent that industry is moving sideways, while the commercial and residential spheres continue to see increases, even now. If these trends continue, Japan will have to face up to the fact that meeting the targets set by the Kyoto Protocol will be very difficult.

2. The road to an economic system unifying the economy and the environment

(1) Constructing a system based on administration

Prompted by the movement towards solving environmental problems that emerged at the 1992 Earth Summit in Rio de Janeiro, in 1993 Japan repealed the Environmental Pollution Prevention Act, which had been at the core of its environmental administration, and enacted the new Basic Environmental Law. The goal of this law was to create a healthy economy with minimal impact on the environment, and it made clear that environmental administration should fundamentally be carried out with a view to unifying environmental and economic needs. This basic law also formed the foundation for the enactment of a number of other laws, including the Law Concerning the Promotion of Measures to Cope with Global Warming.

(2) Fundamental understanding and efforts by industry

In the industrial arena, the Japan Business Federation was formed in 2002, and immediately announced its new vision: “Japan as it Should Be in the Twenty-First Century.” On the economic front, there were three main aspects to this vision. The first, the “Environmental Nation,” proposed the transfer of environmental technologies and business models around the world, and the creation of global standards. This was in accord with the thinking behind the Basic Environmental Law, and was regarded as highly innovative.

Japan has more organizations that have received certification under the ISO14001 environmental management system than any other country, and deserves praise for the many businesses that are making considerable efforts in the areas of water, waste, and atmospheric environmental controls.

(3) China's efforts towards construction of a recycling economy

With its economy growing rapidly, China has experienced a sharp rise in ISO14001 certification in recent years. The background to this trend is that the Chinese government recognizes that the construction of a recycling economy that features energy conservation and the efficient use of resources is essential if it is to catch up with other nations that have enjoyed sustained economic growth. Thus, it is beginning to search in earnest for ways to achieve this. China's leaders are aware of the change in patterns of economic expansion away from previous patterns of increased investment in resources and energy, as occurred in developed countries. New patterns of expansion must rely on greater resource and energy efficiency and be more in harmony with the flow of natural ecosystems. Although the results cannot yet be said to be sufficient, trends in China such as this one will have a large effect on global sustainability and may lead to further initiatives in the future.

(4) Four-point plan for unifying economic and environmental needs

What kind of society would it be if economic and environmental needs were aligned? Unfortunately, it appears that at present, no one has a complete and clear vision of how such a society would look, or of how to attain such a social structure. However, the book *Natural Capitalism*, by Paul Hawkins, Amory Lovins and L. Hunter Lovins, which was published in 1999 and appeared in Japanese in 2001, presents an idea of how such a society would appear overall. This book sums up the basis for such a society in four areas: fundamental improvements in resource productivity, imitation of natural mechanisms (bio-mimicry), an economy based on the consumption of value through services, and re-investment in natural capital. The book introduces many examples of business initiatives that have been successful, both in terms of economic returns and in terms of environmental protection through activities in accord with the four points mentioned.

The wonderful thing about this concept is that in a society where economic and environmental needs are unified, the more the economy grows, the better the environment becomes. Moreover, in such circumstances improvements to the environment stimulate economic growth, raising the prospect of a positive cycle of reinforcement between the economy and the environment. The construction of such a society will for the first time enable humanity to overcome its history of breakdowns in civilization in the manner of Easter Island, allowing us to claim that we have achieved a social system that has averted human disaster on a global scale.

(5) The role of citizens, businesses, and administration in transforming socio-economics

Nevertheless, a conscious effort is required if we are to make the transition to the society mentioned above from our current socio-economic system. The author believes that there are three major facets to this transition: (1) a change in consciousness and values, (2) the development and spread of innovative technology, and (3) a change in social systems. The change in consciousness and values referred to in (1) requires a change in the value system that dictates, for example, that the rich and powerful should ride in large cars that consume a great deal of energy. The technological innovation referred to in (2) requires the mass production of advanced technologies such as the Toyota Prius and other hybrid vehicles, which inspire people. Lastly, the changes in the social system referred to in (3) require the implementation of new rules and systems, such as tax structures that genuinely influence market economics.

NGOs and the general public should take the lead in instigating the changes in social consciousness and values in (1), with industry assuming a similar role in technological innovation in (2), and administration taking responsibility for the change in social systems described in (3). It is to be hoped that these three areas will affect each other positively as progress is made.

3. Choices for the international community in pursuit of the goals of the Kyoto Protocol

(1) The state of goal-oriented initiatives in each country

At the beginning of this paper it was stated that Japan's measures to counteract global warming have not always produced the expected results. How do Japan's efforts measure up against initiatives in other countries? One current initiative aimed at achieving the goals of the Kyoto Protocol is the full-blown attempt being made by the EU to operate a carbon dioxide emissions trading system, which commenced in January 2005. In Europe in the early 1990s, the Netherlands and Scandinavian countries introduced the first carbon taxes in the world. Recently, other leading nations such as Germany and the UK introduced various carbon taxes and other collaborative agreements between government and industry. At present, the EU is adding an emissions trading system to these efforts, and initiatives are proceeding based on a mix of policies. Each of these initiatives is characterized by the fact that it is geared to the workings of market mechanisms.

Kyoto Protocol-related initiatives in Japan include efficiencies in energy use achieved through the enactment of energy conservation laws, and the application of methods such as the Top Runner System to develop more energy-efficient products. However, Japan has yet to follow Europe's lead in implementing full-blown initiatives

that make use of market mechanisms. Despite all the attempts that have been made over the past two years to introduce a system of carbon taxes in Japan, they have yet to come to fruition.

(2) The current state of Japanese industry and its slow progress to come up with measures to combat global warming

According to the Kyoto Protocol Target Achievement Plan, sectors such as the manufacturing industry must cut carbon dioxide emissions by an additional 8 percent in order for Japan to meet its targets. However, is this really possible at a time when Japan harbors genuine expectations of an economic recovery? Aware of these issues, in 2005 the author and other researchers carried out research into the economic aspects of measures to combat global warming. The results showed that although many businesses, including smaller enterprises, have implemented measures to reduce emissions of carbon dioxide, only 20 percent of these businesses have actually set targets and attempted to cut emissions in a controlled manner. Furthermore, while some businesses have implemented energy-conservation measures of some description, most of these attempts have been limited to initiatives that enable the business to recover its investment within a comparatively short time. Moreover, few businesses are aware of factors such as the cost of cutting emissions, and even among organizations that keep track of the cost of cutting emissions, few organizations understand strictly defined marginal abatement costs.

In some ways, this is a logical and almost natural state for corporate activity in Japan, which has not placed an explicit cost on carbon dioxide emissions. It is predicted that if the current situation continues it will be difficult for industry as a whole to achieve any further reductions in greenhouse gas emissions. The author and others believe that these circumstances indicate that the time has come to implement real economic measures that utilize market mechanisms. Steps such as these may be expected as countermeasures in the consumer sector, which is experiencing a steady rise in greenhouse gas emissions, as well as in the industrial sector.

The author is among those who believe that implementing such measures will require bold schemes like Germany's tax reforms, which use carbon tax revenues to reimburse business for part of its share of social security payments.

(3) Two schools of thought on measures to combat global warming

With regard to initiatives aimed at halting global warming, two schools of thought have emerged, adherence to which appears to depend significantly on national and industrial

affiliation. One regards countermeasures as an opportunity, while the other regards them as a burden that must be shouldered.

For the former, the implementation of economic measures such as an environmental tax (carbon taxes) and a domestic emissions cap-and-trade system actively stimulate technological innovation and the move to a “de-carbonized” lifestyle. In addition to making it possible to achieve the goals of the Kyoto Protocol, such measures strengthen the international competitiveness of the country in the medium-to-long term. The latter school of thought sees major changes to the current social system and manufacturing and consumption frameworks as undesirable. Its thinking is that it is better to maintain the status quo, spending as little as possible on the reduction of greenhouse gas emissions and purchasing emissions rights as cheaply as possible from foreign nations when one’s own allocations are insufficient. To clarify, the author believes that the current stance of the EU is comparatively close to the first school of thought, and that recently attitudes in China have also come to approximate to this position. Conversely, the stance of the USA appears to be close to the second school of thought. It is the opinion of the author that, in light of predictions for a move to a future society that is not dependent on oil, Japan must take the position that measures to combat global warming represent a chance for a transition to a new social economy.

(4) Global governance and moving beyond the Kyoto Protocol

The COP/MOP conference saw the beginning of discussion on a post-Kyoto Protocol framework; however, progress has been exceedingly difficult. Systems are being created that will average the costs of reducing greenhouse gas emissions for each country in a manner similar to the mechanisms of the Kyoto Protocol. The current methods employed involve allocating clearly defined reductions in greenhouse gas emissions to each country and region, and then attempting to achieve them. It will probably be very difficult politically to gain consent for such methods from any nation—including developing countries—for the planned second period, which begins in 2013.

Regardless of the method used, it is naturally vital that all countries act together to solve problems by implementing measures in a unified and systematic manner, working under a shared set of rules for the international community established with the cooperation and formal diplomatic consent of each country involved. The future efforts needed to achieve such integration must not be neglected. Nevertheless, as mentioned previously, in addition to implementing these kinds of changes in our social systems and rules, we must also change our consciousness and values, and achieve new advances in technology if we are to change society as it is today. On this front,

innovative activities carried out by citizens, NGOs, and business have used means such as the Internet and the marketplace to circumvent national boundaries, and performed as a new element in a form of global governance that shows significant promise as a way to lead the world to the creation of a new social economy in which the needs of the environment are aligned with those of the economy.



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Session 2

Remarks on U.S. Climate Policy at IIPS International Symposium

Joyce Rabens
U.S. Embassy Tokyo



**Remarks on U.S. Climate Policy at IIPS International Symposium
Tuesday, October 31, 2006**

By

Joyce Rabens

**Minister-Counselor for Environment, Science and Technology Affairs
American Embassy, Tokyo, Japan**

I am honored to have the opportunity to explain the United States' position on climate change, one of the most important issues facing the world today. The United States participates actively in the United Nations Framework Convention on Climate Change (UNFCCC). Although we are not party to the Kyoto Protocol, we are committed to cooperation with our international partners. While we sometimes differ on the best way to address climate change, we do not question the need to address it - as the examples I will provide make clear.

The U.S. government's climate strategy is based on the premise that the marketplace will be an essential part of the solution to global warming. Efforts to combat climate change must go hand in hand with steps to reduce global poverty and advance economic growth throughout the world. Our approach is to encourage industry, research institutes, NGOs and others to develop new clean energy technologies. The U.S. invests \$3 billion annually on research and development for renewable energy.

DOMESTIC EFFORTS

So, how does this approach translate into actions that the United States is taking domestically? Our domestic activities on controlling greenhouse gas emissions have been guided by a comprehensive national strategy since 2002, but we continue to supplement it with initiatives like the Energy Policy Act of 2005, and this year's Advanced Energy Initiative.

The Energy Policy Act of 2005 is a landmark law that will strengthen America's electrical infrastructure, reduce its dependence on foreign sources of energy, increase conservation, and expand the use of clean renewable energy. It will also provide tax credits for hybrid and fuel cell vehicles, for residential solar heating, and for alternative energy sources like wind and biomass, along with other incentive programs to help Americans generate less greenhouse gas emissions in their daily lives. These incentives will amount to over \$11.5 billion through the year 2015.

The Advanced Energy Initiative, introduced in January, focuses mainly on energy security – specifically, breaking America's dependence on foreign oil. But it will also speed the development of clean energy technologies to cut back greenhouse gas emissions from our homes and our businesses, and especially our automobiles. The Advanced Energy Initiative will accelerate research in clean coal technology, clean and safe nuclear energy, revolutionary solar and wind technology, and a host of auto fuel technologies to move us beyond the petroleum economy.

Additionally, the U.S. is now seeing significant climate change efforts at the state and local level. In late 2005, seven states in the northeastern U.S. established the Regional Greenhouse Gas Initiative, a market-based program for curbing emissions with a "cap and trade" system which is designed to cut power plant emissions 10% by 2019. And California, which has a long history of environmental leadership, has now passed legislation to cut all greenhouse gasses 25% by 2020, and 80% below 1990 levels by 2050.

INTERNATIONAL EFFORTS

In addition to our domestic efforts on global warming, the United States is also active internationally. Even though we are not part of the Kyoto Protocol, we are very much a participant, and a leader, in international cooperative efforts on climate change. Last year witnessed two landmark events: the 2005 G8 Summit in Scotland, and the Montreal Conference of Parties to the UNFCCC. In July, President Bush, Prime Minister Koizumi, and the other G8 Leaders agreed on a far-reaching "Gleneagles Plan of Action" to speed the development and deployment of clean energy technologies to address climate change. This will be an important element in a new phase of global cooperation on climate that puts debate over the Kyoto Protocol behind us.

We are also pleased with the success of the UN climate conference last December in Montreal. There, the U.S. played a leading role in shaping outcomes on adaptation, science, and technology transfer. We worked productively with other delegations to advance cooperation and place climate change actions into a broad sustainable development context, as called for at the 2002 World Summit in Johannesburg. We believe the goals of poverty reduction, energy security, and climate change are inextricably connected. Energy is a key force behind economic development, and new clean energy technology is essential for that development to be sustainable. As we develop new technologies, we must also find ways to transfer them to the developing world for them to be effective.

The foundations of our international efforts on climate change are 15 bilateral partnerships and six multilateral partnerships that we have initiated. I would like to mention a few of them briefly.

The goal of the **International Partnership for a Hydrogen Economy** (IPHE) is to work with 16 partner countries and industry to move towards a clean, hydrogen economy. The U.S. is providing \$1.7 billion over five years to this effort.

Given the reality that we will still depend on fossil fuels for some time, we are also leading the **Carbon Sequestration Leadership Forum** (CSLF). This 20-nation partnership will develop cost-effective technologies to separate and capture carbon at the power plant or other source, and then store it safely in geologic formations or elsewhere.

And the **Methane to Markets Partnership**, which we launched with 15 other countries (including European Union members) in November 2004, will cooperate to find methods to capture methane and use it as an energy source, rather than release it into the atmosphere.

The two latest international partnerships we have initiated are the **Asia Pacific Partnership on Clean Development and Climate** and the **Global Nuclear Energy Partnership**.

The **Asia-Pacific Partnership on Clean Development and Climate** (or **APP**) is a multilateral public-private partnership to enhance energy security, promote economic growth, and reduce greenhouse gasses. The six member countries (the U.S., Japan, Australia, China, India, and South Korea) account for about half the world's economy, consume about half the world's energy, and so produce about half the world's greenhouse gas emissions. The APP is not an alternative to the Kyoto Protocol. Indeed, it complements the Protocol by focusing on voluntary, practical measures we can take to create investment opportunities, build local capacity, and remove barriers to the transfer of cleaner, more efficient technologies. As a founding member, Japan has technical expertise that will be great benefit to the APP, and especially to China and India. And Japan has already shown great leadership through its chairing of the APP's steel and cement taskforces, whose practical, project-oriented action plans were accepted at the APP meeting in Seoul just this month. The Bush Administration is very excited about the potential of the APP, and has asked the Congress for \$52 million for fiscal 2007 to support its work.

The last partnership I want to mention is the **Global Nuclear Energy Partnership**. It is a comprehensive strategy to expand emissions-free nuclear energy worldwide by demonstrating and deploying new technologies to recycle nuclear fuel and minimize waste. Nuclear energy can be safe, environmentally clean, reliable, and affordable. Through this Partnership, the United States will work with other nations possessing advanced nuclear technology to develop and spread new recycling methods so that developing countries can reap its benefits.

Before concluding, I want to stress the importance of Japan-United States cooperation on climate. The U.S. and Japan have one of the largest and most active cooperative climate science and clean energy technology programs in the world. Our scientists have fruitful collaborations with Japanese researchers on earth observations, climate modeling, and species and eco-system response to changing climate. Japan and the United States continue to lead the world in developing new technologies for a more climate friendly future and in monitoring global change. We look forward to continued close cooperation with Japan on a long-term, global solution to climate change.

CONCLUSION

In closing, I would like to reiterate that the United States takes climate change seriously, and is working hard to address it. We are reaching out internationally, especially to key partners like Japan. Achieving a meaningful solution requires policies and programs that reduce pollution and improve energy security, doing so in a way that promotes economic development. A healthy climate, a growing world economy, and a steady reduction in poverty are goals that are mutually reinforcing, rather than mutually exclusive. We will stay committed to advancing the science of climate change, and to developing the new science and technology needed to solve the problem. Thank you again.



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Session 2

Global Climate Change: Science and Negotiation

Mozaharul Alam
Bangladesh Centre for Advanced Studies



Global Climate Change: Science and Negotiation¹

By

Mozaharul Alam

Research Fellow, Bangladesh Centre for Advanced Studies (BCAS), and
International Fellow, International Institute for Environment and
Development (IIED)

Increasing scientific evidence of human interference with the climatic system coupled with growing public concern over global environmental issues pushed climate change onto the higher political agenda in the mid-1980s. Scientific assessment of climate change science, impacts, adaptation and vulnerability has played important role in framing convention on climate change and established different scientific groups under convention and protocol. Scientific assessment is broadening area of activities and playing significant role in climate change negotiations while also receiving request from parties to do more scientific analysis and assessment to facilitate negotiation.

The United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol (KP) have recognized both mitigation and adaptation as response measures to the problem of anthropogenic climate change. Reduction of greenhouse gases which known as "mitigation" is the key measure to address the root cause of anthropogenic climate change where scientific knowledge and technologies of north are dominating. Activities related to cope with adverse effect of climate change including variability and extreme events known as "adaptation" is context specific and therefore same approach and technology will not be applicable for all. This is gradually being accepted both by scientific and negotiating communities. It is expected that the Forth Assessment Report will bring more evidence of climate change impacts and adaptation will get more prominence in the negotiations.

The Framework Convention and Kyoto Protocol have established a series of institutions and bodies to govern, manage and support negotiations on climate change. There are number of areas and issues of governance under the United Nations Framework Convention of Climate Change and Kyoto Protocol such as capacity of negotiating blocks, transfer of technologies, equity, funding, fund management etc. This paper gave an overview of the convention, protocol, different negotiating blocks as well as role of scientific assessment and information in framing negotiations of climate convention and protocol as well as how negotiation facilitates broadening scientific assessment and methodology development.

This Paper is Prepared Based on "A Guide to the Climate Change Process" Prepared by Joanna Depledge, Published by UNFCCC Secretariat, and Different Decisions of the Conference of the Parties.

1. Introduction

Climate of the World has always varied naturally. It has experienced warm and ice ages in the past but concentration of carbon dioxide in the atmosphere was never above 300 ppmv. The vast majority of the scientists now believe that rising concentrations of greenhouse gases in the atmosphere overriding natural variability and leading to irreversible climate change. Increasing scientific evidence of human interference with the climatic system coupled with growing public concern over global environmental issues pushed climate change onto the higher political agenda in the mid-1980s. Recognizing the needs of policy-makers for authoritative and up-to-date scientific information, the World Meteorological Organization (WMO) and the UN Environment Programme (UNEP) established the Intergovernmental Panel on Climate Change (IPCC) in 1988. Following a proposal by the Government of Malta, Climate Change for the first taken by the UN General Assembly in 1988 and adopted resolution 43/53 of 6 December 1988 on the "Protection of the Global Climate for Present and Future Generation of Mankind".

In response to the findings of IPCC First Assessment Report and Ministerial Declaration of Second World Climate Conference, UN General Assembly adopted resolution 45/212 of 21 December in 1990 and established an Intergovernmental Negotiating Committee (INC) for negotiating a framework convention on climate change. The Intergovernmental Negotiating Committee adopted by consensus the United Nations Framework Convention on Climate Change on 9 May 1992. The convention was opened for signature at the UN Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil, on 4 June 1992 and came into force on 21 March 1994. Today 186 governments are Parties to the Convention.

1.1. The Framework Convention on Climate Change

The "ultimate objective" of the UN Framework Convention on Climate Change (UNFCCC) is stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner. The Framework Convention does not specify such "level of GHG concentration" and "dangerous anthropogenic interference" is also undefined. Timeframe for stabilization is also undefined in the convention. In order to achieve ultimate objective of the convention, all countries have a general commitment to address climate change, adapt to its effects, and report on the action they are taking to implement the convention.

Considering historical emission of greenhouse gases, and financial and institutional capacity to address climate change, parties are divided into two groups i.e. Annex-I Country Parties (listed in the Annex-I of the convention) and other countries not listed in the Annex-I, known as Non-Annex-I country Parties. The per capita emission of the Annex-I Country Parties is higher than the developing country parties.

1.2. Principles of the Convention

1. *The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof. This principle does not preclude developing country and first growing economy not to take any measure in combating climate change.*

2. *The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration. The special circumstances of developing country Parties is defined under article 4.8 and 4.9.*

3. *The Parties should take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures, taking into account that policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost. To achieve this, such policies and measures should take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases and adaptation, and comprise all economic sectors. Efforts to address climate change may be carried out cooperatively by interested Parties.*

4. *The Parties have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate for the specific conditions of each Party and should be integrated with national development programmes, taking into account that economic development is essential for adopting measures to address climate change. This principle is leading the concept of mainstreaming, widely talked inside and outside the convention, climate change into development activities.*

5. *The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.*

1.3. The Kyoto Protocol

The First Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change reviewed Article 4, paragraph 2(a) and (b), of the Framework Convention on Climate Change and concluded that commitment of the Annex-I Country Parties under these subparagraphs are not adequate. Decision 1/CP.1 entitled "The Berlin Mandate: Review of the adequacy of Article 4, paragraph 2(a) and (b), of the Convention, including proposals related to a protocol and decisions on follow-up", by which it agreed to begin a process to enable it to take appropriate action for the period beyond 2000 through the adoption of a protocol or

another legal instrument at its third session. After an intense negotiation, Third Session of the Conference of the Parties to the UNFCCC has adopted Kyoto Protocol which is legally binding target to limit or reduce greenhouse gas emission. It targets to cut 5.2 percent from 1990 levels in the period 2008-2012, known as first commitment period.

The Kyoto Protocol established three mechanisms to help Annex-I Country Parties to fulfil their commitment in more cost effective manner. These are a) Joint Implementation (JI), b) Clean Development Mechanism (CDM), and c) Emission Trading (ET). Kyoto Protocol entered into force on February 16, 2005, which took more than seven years of intense negotiations and compromise in its effectiveness.

2. The Institutions

The Framework Convention and Kyoto Protocol have established a series of institutions and bodies to govern, manage and support negotiations on climate change. Key bodies are a) Intergovernmental Negotiating Committee (INC), Conference of the Parties, c) The Subsidiary Bodies, d) Bureaux, e) Financial Mechanism, f) Intergovernmental Panel on Climate Change, e) Meeting of the Parties,

2.1. The Intergovernmental Negotiating Committee

The Intergovernmental Negotiating Committee (INC) met five times to negotiate Framework Convention on Climate Change including a resumed fifth session in May 1992 at which the Framework Convention was adopted. The INC met a further six times after the adoption of the Convention to prepare for the first session of the Conference of the Parties (COP). The INC developed recommendations for decisions on the implementation of the Convention to be taken at COP1, including on the financial mechanism, reporting obligations and the adequacy of commitments. The INC met for the last time in February 1995 before handing over the results of its work to COP1.

2.2. The Conference of the Parties

The Conference of the Parties (COP) is the "Supreme Body" of the Convention having highest level of decision making authority. It is an association of all the countries that have ratified or acceded to the Convention. The COP is responsible for keeping international efforts to address climate change on track. It reviews the implementation of the Convention and examines the commitments of the Parties in light of the Convention's Objective, new scientific findings and experience gained in implementing climate change policies. A key task for the COP is to review the National Communications submitted by Parties.

The Conference of the Parties meets every year unless the parties decide otherwise. So far twelve times including second part of the sixth session. The twelve session of the Conference of the Parties will be held in Nairobi, Kenya during 6-17 November 2006. The convention COP will serve as the "Meeting of the Parties (MOP)" to the Kyoto Protocol. This body known by the acronym COP/MOP and will meet during the same period of the COP. The first session of the COP/MOP held in Montreal in 2005

and taken a number of very good decisions. The Second Session of the Meeting of the Parties will be held in Nairobi, Kenya in November 2006.

2.3. The Subsidiary Bodies

The First Session of the Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) established two standing "subsidiary bodies" i.e. Subsidiary Body for Scientific and Technical Advice (SBSTA) and the Subsidiary Body for Implementation (SBI). These bodies give advice to the COP and each has specific mandate.

The SBSTA serves as the link between the scientific information provided by the expert sources such as Intergovernmental Panel on Climate Change (IPCC) as well as policy oriented information needs of the parties. The SBSTA closely works with the IPCC and sometimes requesting specific studies from it.

The SBI helps with the assessment and review of implementation of the Convention. It plays a key role in examining the National Communications and Emission Inventories submitted by the Parties and also provides advice to the COP on financial mechanism. It also provides advice on administrative and budgetary matters.

The SBSTA and SBI work together on cross-cutting issues that touch on both their area of expertise. These include different mechanisms under the Protocol, compliance, capacity building and the vulnerability of the developing countries to climate change and to mitigation measures.

The subsidiary bodies are open to participation by all Parties to the Convention, and governments often send representatives who are experts in the fields of the respective bodies. The SBSTA and SBI meet in parallel at least twice a year. The Kyoto Protocol make use of the SBSTA and SBI of the convention but only Parties to the Protocol has right to take decisions on Protocol Matters.

2.4. Ad-hoc Group on Berlin Mandate (AGBM)

The First Session of the Conference of the Parties to the UNFCCC established the Ad-hoc Group on Berlin Mandate (AGBM) to conduct discussion that lead to the adoption of a protocol or another legal instrument. It met eight times including a resumed eight session on the eve of the COP3. Decision 1/CP.1, agrees to begin a process to enable it to take appropriate action for the period beyond 2000, including the strengthening of the commitments of the Parties included in Annex I to the Convention (Annex I Parties) in Article 4, paragraph 2(a) and (b), through the adoption of a protocol or another legal instrument.

2.5. Bureaux

The work of the COP and each Subsidiary body is guided by a Bureau, elected by Parties to the Convention at the beginning of each session of the COP. To ensure continuity, the elected Bureaux serve not only at sessions of the COP and subsidiary bodies but during inter-sessional periods as well.

The COP Bureau consists of 11 members: two are nominated by each of the five UN regional groups and one place is reserved for a representative of small island developing states. The members include the COP President, seven Vice-Presidents, the Chairpersons of the two subsidiary bodies, and a Rapporteur. The position of COP President is typically held at ministerial level. He or she is responsible for presiding over the work of the COP and facilitating agreement among Parties. The Vice-Presidents provide support to the President and may be called upon to consult on specific issues. The Rapporteur is responsible for the report on the session.

The positions of the President and the Rapporteur are formally required to rotate among the five UN regional groups, while the positions of the subsidiary body Chairpersons are subject to an informal rotation. The Bureau is elected for one year, although its members may be re-elected for a second term.

The Bureaux of the SBSTA and the SBI consist of a Chairperson, a Vice-Chairperson and a Rapporteur, who perform similar functions to their counterparts on the COP Bureau and usually serve for two years.

The COP, SBSTA and SBI Bureaux also serve the Protocol, but only members representing Parties to the Protocol will be able to sit on the Bureaux when Protocol issues are being discussed.

2.6. Consultative Group of Experts (CGE)

The Consultative Group of Experts on National Communications from Non-Annex I Parties (CGE) was set up by COP 5 in 1999 to help improve the process of preparing national communications from non-Annex I Parties under the Convention. It meets twice a year, in conjunction with sessions of the subsidiary bodies, and also holds workshops to gather regional expertise. It is composed of five experts from each of the developing country UN regions (Africa, Asia, and Latin America and the Caribbean), six experts from Annex I Parties, and three experts from organizations with relevant experience.

At COP 7, the CGE was given an additional mandate to look at technical problems and constraints that have affected the preparation of initial national communications by those non-Annex I Parties that have not yet completed them. It was also asked to provide input to the on-going review and improvement of the guidelines for the preparation of non-Annex I Party national communications.

2.7. Least Developed Country Expert Group (LEG)

The objective of the least developed country expert group, established as part of the Marrakesh Accords, is to provide advice to LDCs on the preparation and implementation of national adaptation programmes of action. It is composed of 12 experts, including five from African LDC Parties, two from Asian LDC Parties, two from small island LDC Parties, and three from Annex II Parties. In order to ensure linkages between the LDC expert group and the CGE on adaptation issues, at least one member of the LDC expert group from an LDC and one from an Annex II Party are also members of the CGE. The LDC expert group meets twice a year.

2.8. Expert Group on Technology Transfer (EGTT)

The central task of the expert group on technology transfer, launched by the Marrakesh Accords, is to provide scientific and technical advice to advance the development and transfer of environmentally friendly technologies under the Convention. The expert group comprises 20 experts, including three developing country members each from Africa, Asia and the Pacific, and Latin America and the Caribbean, one member from the small island developing states, seven from Annex I Parties and three from relevant international organizations. The expert group meets twice a year, in conjunction with the subsidiary bodies, and reports to the SBSTA.

2.9. CDM Executive Board

The CDM executive board supervises the CDM under the Kyoto Protocol and prepares decisions for the COP/MOP. It undertakes a variety of tasks relating to the day-to-day operation of the CDM. The CDM's executive board is made up of ten members, including one from each of the five official UN regions, one from the small island developing states, and two members each from Annex I and non-Annex I Parties. When the Protocol enters into force, representatives from countries that have not become Parties to the Kyoto Protocol will be replaced. Each member of the executive board is accompanied by an alternate, from the same constituency. The executive board was elected at COP 7, and held its first meeting after the close of the session on 11 November 2001.

2.10. Compliance Committee

The Compliance Committee for the Kyoto Protocol established in COP/MOP1 held Montreal in 2005. It functions through a plenary, a bureau, a facilitative branch and an enforcement branch. The committee is made up of twenty members, with ten serving in the facilitative branch and ten in the enforcement branch, each with an alternate. The composition of each branch is the same as the CDM executive board, that is, one member from each of the five official UN regions, one from the small island developing states, and two members each from Annex I and non-Annex I Parties.

2.11. Financial mechanism: Global Environment Facility

The Convention established a financial mechanism to provide funds on a grant or concessional basis to help developing countries to implement the Convention and address climate change. The Convention assigned the role of operating the financial mechanism to the Global Environment Facility (GEF) on an interim basis and, in 1996, COP2 adopted a memorandum of understanding with the GEF on their respective roles and responsibilities.

The multi-billion-dollar GEF was established by the World Bank, UNEP and the UN Development Programme (UNDP) in 1990 to fund certain developing country projects that have global environmental benefits, not only in the area of climate change, but also in biodiversity, protection of the ozone layer and international waters.

2.12. Intergovernmental Panel on Climate Change

World Meteorological Organization (WMO) and UN Environment Programme (UNEP) established the Intergovernmental Panel on Climate Change (IPCC) in 1988. It is not an institution of the Convention but it provides important scientific input to the climate change process. The current structure of the IPCC consists of three Working Groups: Working Group I addresses the science of climate change; Working Group II deals with impacts, vulnerability and adaptation; and Working Group III with mitigation. The IPCC is best known for its comprehensive assessment reports, incorporating findings from all three Working Groups, which are widely recognized as the most credible sources of information on climate change.

The IPCC also carries out important work on methodologies for estimating and reporting greenhouse gas emissions through its Task Force on Inventories. The IPCC 1996 Revised Guidelines for National Greenhouse Gas Inventories, for example, are used by Parties to prepare their annual emission inventories. In addition, the IPCC has developed "good practice guidance" to help Parties deal with data uncertainties and support the use of good practice in the management of emission inventories. Good practice guidance is currently being developed specifically for the LULUCF sector. A contribution is made to the costs of the IPCC from the Convention's Programme Budget.

3. The Negotiating Blocks

3.1. The Parties

Each Party to the Convention is represented at sessions of the Convention bodies by a national delegation consisting of one or more officials who are empowered to represent and negotiate on behalf of their government.

Based on the tradition of the UN, Parties are organized into five regional groups, mainly for the purposes of electing the Bureaux. These groups are: Africa, Asia, Central and Eastern Europe, Latin America and the Caribbean states (GRULAC), and the Western Europe and Others Group (WEOG) The "Others" in WEOG include Australia, Canada, Iceland, New Zealand, Norway, Switzerland and the US, but not Japan, which is in the Asian Group.

The five regional groups, however, are not usually used to present the substantive interests of Parties and several other groupings are more important to the climate negotiations.

Developing countries generally work through the Group of 77 and China to establish common negotiating positions on issues of interest to them such as finance and technology transfer. The G-77 was founded in 1964 in the context of the UN Conference on Trade and Development (UNCTAD) and now functions throughout the UN system, comprising over 130 members. The country holding the Chair of the G-77 in New York (which rotates every year) often speaks for the G-77 and China as a whole. However, because the G-77 and China is a diverse group with differing

interests on climate change issues, individual developing countries also intervene in debates, as do groups within the G-77, such as the African UN regional Group, the Alliance of Small Island States and the group of Least Developed Countries.

The Alliance of Small Island States (AOSIS) is a coalition of some 43 low-lying and small island countries, most of which are members of the G-77, that are particularly vulnerable to sea-level rise. The AOSIS countries are united by the threat that climate change poses to their survival, and frequently adopt a common stance in negotiations. They were the first to propose a draft text during the Kyoto Protocol negotiations, calling for cuts in carbon dioxide emissions of 20% from 1990 levels by 2005.

The 48 countries defined as Least Developed Countries by the UN regularly work together in the wider UN system. They have now become increasingly active also in the climate change process, often working together to defend their particular interests, for example, with regard to vulnerability and adaptation to climate change.

The members of the European Union meet in private to agree on common positions for the negotiations. The country that holds the EU Presidency - a position that rotates every six months - then speaks for the European Community and its member states. As a regional economic integration organization, the European Community itself can be, and is, a Party to the Convention. However, it does not have a separate vote from its members.

The Umbrella Group is a loose coalition of non-EU developed countries, which formed following the adoption of the Kyoto Protocol. Although there is no formal list, the Group is usually made up of Australia, Canada, Iceland, Japan, New Zealand, Norway, the Russian Federation, Ukraine and the US. The Umbrella Group evolved from the JUSSCANNZ group, which was active during the Kyoto Protocol negotiations (JUSSCANNZ is an acronym for Japan, the US, Switzerland, Canada, Australia, Norway and New Zealand).

Several other groups also work together in the climate change process, including countries from the Organization of Petroleum Exporting Countries (OPEC). States that are not Parties to the Convention (of which there are now only a few) may attend sessions of the COP and subsidiary bodies as observers.

3.2. Observer organizations and Media

Several categories of observer organizations also attend sessions of the COP and its subsidiary bodies. These include representatives of United Nations secretariat units and bodies, such as UNDP, UNEP and UNCTAD, as well as its specialized agencies and related organizations, such as the GEF and WMO. Observer organizations also include intergovernmental organizations (IGOs), such as the OECD and its International Energy Agency (IEA), along with non-governmental organizations (NGOs). Accredited representatives of the media may also attend sessions of the COP and subsidiary bodies as observers.

4. Science and Negotiations

Scientific assessment of climate change science, impacts, adaptation and vulnerability has played important role in framing convention on climate change and established different scientific groups under convention and protocol. Scientific assessment is broadening area of activities and playing significant role in climate change negotiations while also receiving request from parties to do more scientific analysis and assessment to facilitate negotiation.

4.1. What is Climate and Climate Change?

Climate refers to long term, generally 30 years or more, average condition of weather (temperature, rainfall, humidity, sunshine hours etc.) over a region. Climate change refers to changes in long-term trends in the average climate, such as changes in average temperatures, rainfall etc. In IPCC usage, climate change refers to any change in climate over time, whether due to natural variability or as a result of human activity. In UNFCCC usage, climate change refers to a change in climate that is attributable directly or indirectly to human activity that alters atmospheric composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

"Adverse effects of climate change" means changes in the physical environment or biota resulting from climate change which have significant deleterious effects on the composition, resilience or productivity of natural and managed ecosystems or on the operation of socio-economic systems or on human health and welfare.

"Climate change" means a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

4.2. Scientific Assessment and Decision Making

Increasing scientific evidence of human interference with the climatic system coupled with growing public concern over global environmental issues pushed climate change onto the higher political agenda in the mid-1980s. The First Assessment Report in 1990 helped launch negotiations on the Convention. The 1995 Second Assessment Report, in particular its statement that "the balance of evidence suggests ... a discernible human influence on global climate", galvanized many governments into intensifying negotiations on what was to become the Kyoto Protocol. The Third Assessment Report, released in 2001, confirmed the findings of the Second Assessment Report, providing new and stronger evidence of a warming world. A Fourth Assessment Report is under preparation will be launched available in 2007.

The First Session of the Conference of the Parties (decision 1/CP.1) agrees to begin a process to enable it to take appropriate action for the period beyond 2000 through the adoption of a protocol or another legal instrument. It has also agreed that the process will be carried out in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information including reports of the Intergovernmental Panel on Climate Change.

The protocol proposal of the Alliance of Small Island States (AOSIS), which contains specific reduction targets and was formally submitted in accordance with Article 17 of the Convention, along with other proposals and pertinent documents, should be included for consideration in the process.

Decision 4/CP.1 also decided that the Guidelines for National Greenhouse Gas Inventories and Technical Guidelines for Assessing Climate Change Impacts and Adaptations adopted by the Intergovernmental Panel on Climate Change should be used by Annex I Parties in preparing their national communications¹/ pursuant to the Convention. The same guideline and methodology should be used by non-Annex I Parties, as appropriate and to the extent possible, in the fulfilment of their commitments under the Convention

The first session of the Conference of the Parties also invites the relevant international organizations and bodies, including the Intergovernmental Panel on Climate Change, to contribute to the work of the Subsidiary Body for Scientific and Technological Advice, especially on the scientific aspects of methodologies, particularly those relating to inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol on Substances that Deplete the Ozone Layer, global warming potentials of those greenhouse gases, vulnerability assessment and adaptation, projections of emissions by sources and removals by sinks, the evaluation of the effects of measures undertaken pursuant to the provisions of the Convention and the allocation and control of emissions from international bunker fuels.

Decision 6/CP.1, decides that, subject to future reconsideration, the functions of the SBSTA and the SBI. Key functions to be carried out by the Subsidiary Body for Scientific and Technological Advice under the guidance of the Conference of the Parties are:

- Ensure the collection and dissemination of information on appropriate technologies for limiting emissions from sources, enhancing sinks of greenhouse gases and adapting to climate change, and on related international initiatives, cooperation and programmes, and the services they offer;
- Provide advice on the latest, and future, technologies mentioned above, their effects, their relative feasibility in different circumstances and their relevance to programme priorities of the financial mechanism, taking into account relevant advice to the Conference of the Parties from the Subsidiary Body for Implementation;
- Provide advice on ideas on promoting international initiatives, programmes and cooperation in the areas of technology development and transfer, as well as on sharing of experience between Parties;
- Evaluate ongoing efforts in the area of development and/or transfer of technologies to determine whether they fully meet the needs of the Convention, and advise on possible improvements.

Mostly mitigation related technologies and responsibility with a view to that by mitigating greenhouse gas dangerous effect of human induced climate change can be stopped. IPCC has been requested to provide data, information and methodological support on many contexts.

Decision 5/CP.4, requests the Subsidiary Body for Implementation (SBI) and the SBSTA to continue consideration of the implementation of Article 4.8 and 4.9 of the Convention at their tenth and eleventh sessions and to report thereon to the Conference of the Parties at its fifth session. It also invites the IPCC to provide, in its Third Assessment Report, a further scientific and technical assessment on matters related to Article 4.8 and 4.9 of the Convention.

4.3. Preparation of National Communication

Regarding national communication of the Annex-I country parties it is decided that when reporting on policies and measures and projections, Parties may refer to the "Methods for assessment of mitigation options" (chapter 27) and appendices 1-4, contained in "Climate Change 1995: IPCC Second Assessment Report, Volume III, Scientific-Technical Analyses of Impacts, Adaptations and Mitigation of Climate Change: Contribution of Working Group II of the IPCC" (Decision 9/CP.2).

Vulnerability assessment and adaptation measures

Parties are encouraged to use the IPCC Technical Guidelines for Assessing Climate Change Impacts and Adaptations. Parties could refer, inter alia, to integrated plans for coastal zone management, water resources and agriculture. Parties are also encouraged to report on specific results of scientific research in the field of vulnerability assessment and adaptation.

Under Research and systematic observation, it suggested that Annex I Parties should communicate information on their actions relating to research and systematic observation. This could include, inter alia, information on:

- (a) Research on the impacts of climate change;
- (b) Modelling and prediction, including global circulation models;
- (c) Climate process and climate system studies;
- (d) Data collection, monitoring and systematic observation, including data banks;
- (e) Socio-economic analysis, including analysis of both the impacts of climate change and response options; and
- (f) Technology research and development.

The communications could address both domestic programmes and international programmes (for example, the World Climate Programme and the International Geosphere-Biosphere Programme), and the IPCC. They should also reflect actions taken to support related capacity-building in developing countries.

Decision 10/CP.2 provided details guideline for preparing national communication by non-annex-I country parties.

As recognized by the IPCC in its Second Assessment Report, there is still great uncertainty associated with net anthropogenic emissions resulting from activities other than combustion of fossil fuels. Such activities include, inter alia, methane emissions from agriculture and waste sectors, coal mining, biomass burning; carbon dioxide emissions from land use change and forestry; and nitrous oxide emissions from all sectors. Since the emissions resulting from these activities depend on local circumstances, and make up a large proportion of the national emissions of non-Annex I Parties, such Parties should make efforts to obtain field observation data to decrease the uncertainties associated with the inventory of these emissions, taking into account the further development of the IPCC methodology. Same request has been made for Annex-I country parties.

5. Challenges for South

The United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol (KP) have recognized both mitigation and adaptation as response measures to the problem of anthropogenic climate change. Reduction of greenhouse gases which known as "mitigation" is the key measure to address the root cause of anthropogenic climate change where northern scientific knowledge and technologies are dominating. Activities related to cope with adverse effect of climate change including variability and extreme events know as "adaptation" is context specific. This is gradually being accepted both by scientific and negotiating communities. It is necessary to bring more adaptation related issues in the scientific assessment. It is expected that the Forth Assessment Report will bring more evidence of climate change impacts and adaptation will get more prominence in the negotiations.

Development of context specific knowledge on coping and adaptation, and county specific emission coefficient and data is necessary to prepare a comprehensive national communication. National level impacts, adaptation and vulnerability assessment is mostly based on global or regional scale models which can give an indication on overall vulnerability but for adaptation it needs detail assessment including social context of the vulnerable area.

Negotiation is an instrument through which various countries/ parties can reach a compromise on the issues related to climate change. Negotiating on climate change related matters have gained importance in the past years and is often used as a tool for power play. The developing and least developed countries are new to international negotiating processes of such complex nature. As a result, these countries are often overlooked or their national priorities do not get the requisite importance. Capacity building of the southern negotiators is necessary and need to be supported by scientific assessment, analysis of data and information and preparing policy document for them.



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Session 3

Energy and Global Governance—Japanese Perspective

Yasuo Tanabe
The Ministry of Foreign Affairs of Japan



Energy and Global Governance—Japanese Perspective

Yasuo Tanabe

Ministry of Foreign Affairs

First of all, let's look into the energy challenges we face. We talk about the “three Es,” which are identified as Energy Security, Economic Growth, and Environmental Protection. So we have three different purposes which we need to serve at the same time. This is probably a consensus that has developed through discussions and is well known around the world. These are very complex issues, and there are several ways to view them. One way is to consider them a political issue; another is as an economic issue. Is it politics or economics? When I think of this issue, ultimately I think it will be an attempt to achieve market resiliency. Of course, there are both successes and failures in the market. When there are failures, we need to try to have systems in place to cover for them. There is also the consumption and supply aspect, and many people say that we have scarce resources here in Japan. But in terms of the high level of energy efficiency we are able to obtain in Japan, we can regard ourselves a resource-rich country. For instance, we are able to supply and make available energy conversion of 500 million TOE (10 million b/d) which is the same level as the United States or the OECD countries. So Japan is in special circumstances. In terms of the energy and environment, we can consider them two sides of the same coin. We need to look at issues from both the energy side and the environment side. In that respect, energy and the environment should be viewed in a regionally integrated and global economy.

Dr. Birol has already explained the international energy situation, so let me provide just a short summary. The energy outlook is that there will be a growing demand in Asia, and until about 2030, fossil fuels will be the main concern. On the supply side there will be bottlenecks and requirements for further investment. And there will also be growing concern over global climate change. So that is the international energy perspective that we face. Let's look at Figure ES.1 of the oil cost curve. In Canada, for instance, there is 170 billion barrels of oil shale, and around Japan there is methane hydrate that we might be able to utilize. Next is the chart of access to conventional oil reserves produced by the IEA. It shows that the resources are centered in the Middle East but that there is a limited development capability due to lack of financial resources. This is an area in which we should think about global governance.

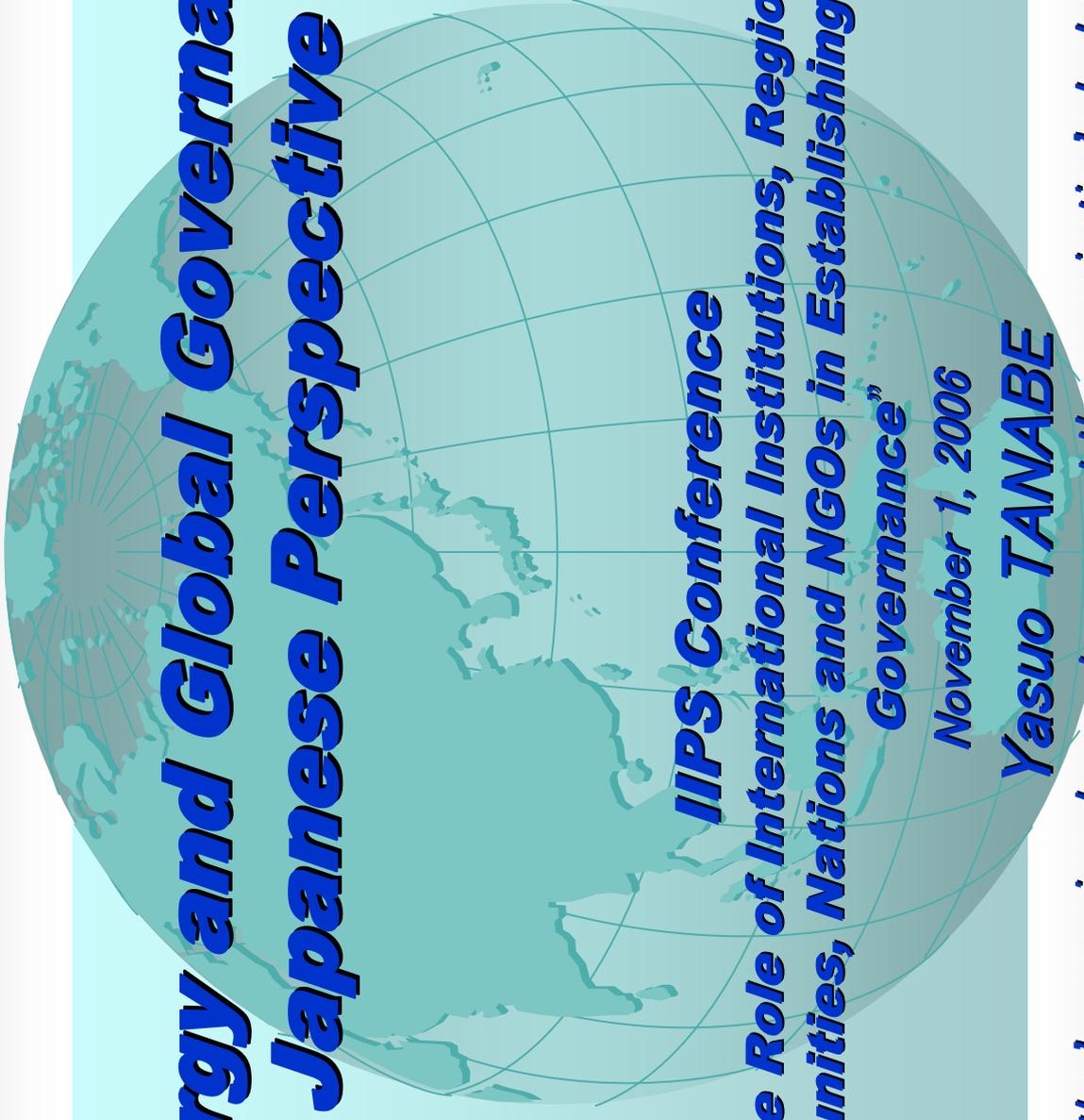
Let's consider the area of Japan's performance. Of course we still have challenges and the necessity for improving energy efficiency and energy policy performance. With respect to the “3Es,” Japan's energy policy performance has been world-class because Japan has been able to obtain the highest energy efficiency and also to diversify the energy mix, which is a measure to improve energy security mechanisms. Further, with respect to the emergency preparedness, Japan is trying to stockpile as much oil as possible and we have been able to perform in this respect as well. The next slide shows Japan's increase in energy efficiency since the oil crisis from the latter half of the 1970s to the latter half of the 1980s. The elasticity figure had been very low and sometimes fell to a minus level. The energy elasticity has been improving and in terms of comparisons around the world, the breakdown of energy consumption by GDP shows that Japan is at the top level in the world. Also, when we

look into the energy mix, we see that there is diversification. After the oil crisis, 70% of energy was oil-based, but now we have reduced this figure to 50%. Natural gas and nuclear power generation have taken the place of oil. On the other hand, when we look at the breakdown in the US, 46% of energy was oil-based, but now they have slightly reduced this figure to 40%.

Now let's look at international regimes and what kind of role Japan can play. We can say that multi-layered and multi-faceted international energy regimes will be required. That is my point of view. Most important would be the IEA which is of course already an established organization and regime. We can also think about forms of dialogue between oil producing and non-producing nations like the IEF. The growing demand is particularly faced in Asian countries, so we have other Asian organizations towards this purpose. Japan has been active in this area and we think that it will be important to play a further role in this. We should aim for the evolution of the market and there should be progress made in the way the market is organized. One way of illustrating this is the "flying geese" model which is familiar here in Asia. From now on, maybe we can think of the flying geese model of the "3Es" such that Southeast Asia and Asia can follow. An environmental Kuznets curve could be raised as an example, and the question is how we can challenge this curve. As economies develop, environmental impact grows, so we have to think about that. Also, as development progresses, there is a peaking out phenomenon and the impact on the environment sometimes declines and the energy intensity pattern changes. An attempt to lower the peaking out or increase the pace of peaking out may be possible by various energy transfers can be made between the Asian countries. I do hope that that kind of exchange would take place in the future. So we will be able to try to enhance and expand the international regimes which are available at the moment for this purpose.

Perhaps Professors Yamamoto and Yakushiji have already mentioned this because they are experts in this area, but we would have a kind of epistemic community, a knowledgeable community that is rounded up to think about what can be done. This would be a possible approach in which various players can participate actively in this epistemic community so that an international regime which is desirable can emerge. The last slide shows possible multi-layered and multi-faceted international energy regimes. It would be important for Japan to perform its role in this arena.

The above contents are excerpts of the presentation given by Mr. Yasuo Tanabe at the IIPS Symposium "The Role of International Institutions, Regional Communities, Nations and NGOs in Establishing Global Governance." His comments are his personal views and do not represent those of his organization.



Energy and Global Governance Japanese Perspective

IIPS Conference

**“The Role of International Institutions, Regional
Communities, Nations and NGOs in Establishing Global
Governance”**

November 1, 2006

Yasuo TANABE

(This author's own view does not represent the organization's he belongs to)

Outline

- 1 What are the energy challenges?***
- 2 Viewpoints to look at the energy issues***
- 3 International energy situation***
- 4 Japan's performance***
- 5 International regimes and Japan's role***

1 *What are the energy challenges?*

Answer = 3Es

- **Energy security**

Growing demand and supply bottleneck leads to concern on short- and long-term security of supply.

- **Economic growth**

Sustainable economic growth depends on efficient and reasonable cost of energy.

- **Environment protection**

Growing energy consumption should not harm global and regional environment.

2 Viewpoints to look at energy issues

■ **Politics or Economics ?**

Ultimate goal is to achieve market resiliency.

Market failure to be solved by governments and institutions.

■ **Demand and supply**

Japan as resource-rich country, providing 500 mil. toe (10mil. b/d) by the highest level energy efficiency.

■ **Energy and environment as same coin**

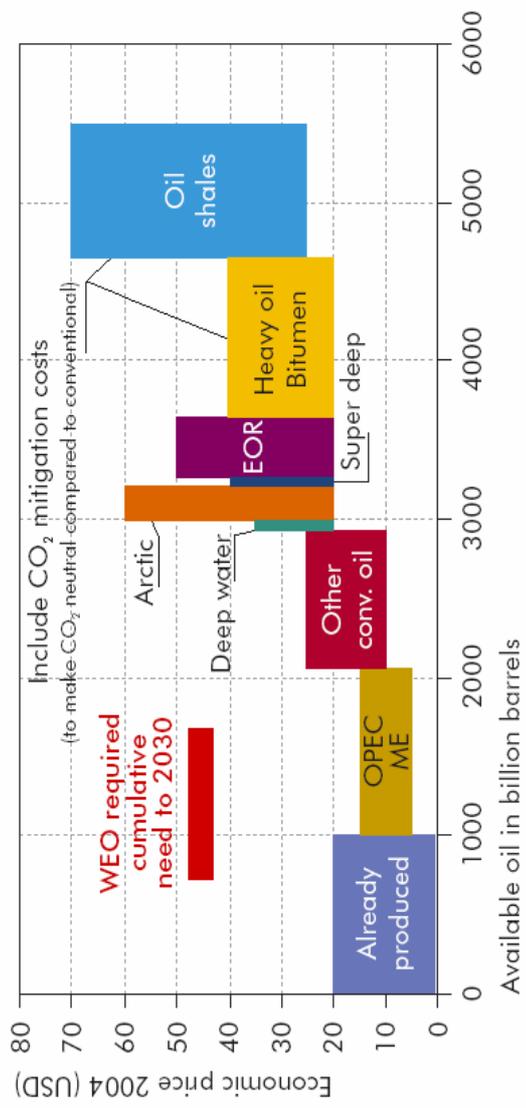
■ **E&E should be viewed in regionally integrated and globalized economy.**

3 International energy situation

■ Energy outlook

- Growing Asian demand
- Fossil fuels until around 2030
- Supply bottleneck and investment needs
- Growing concern on global climate change

Figure ES.1 • Oil cost curve, including technological progress: availability of oil resources as a function of economic price



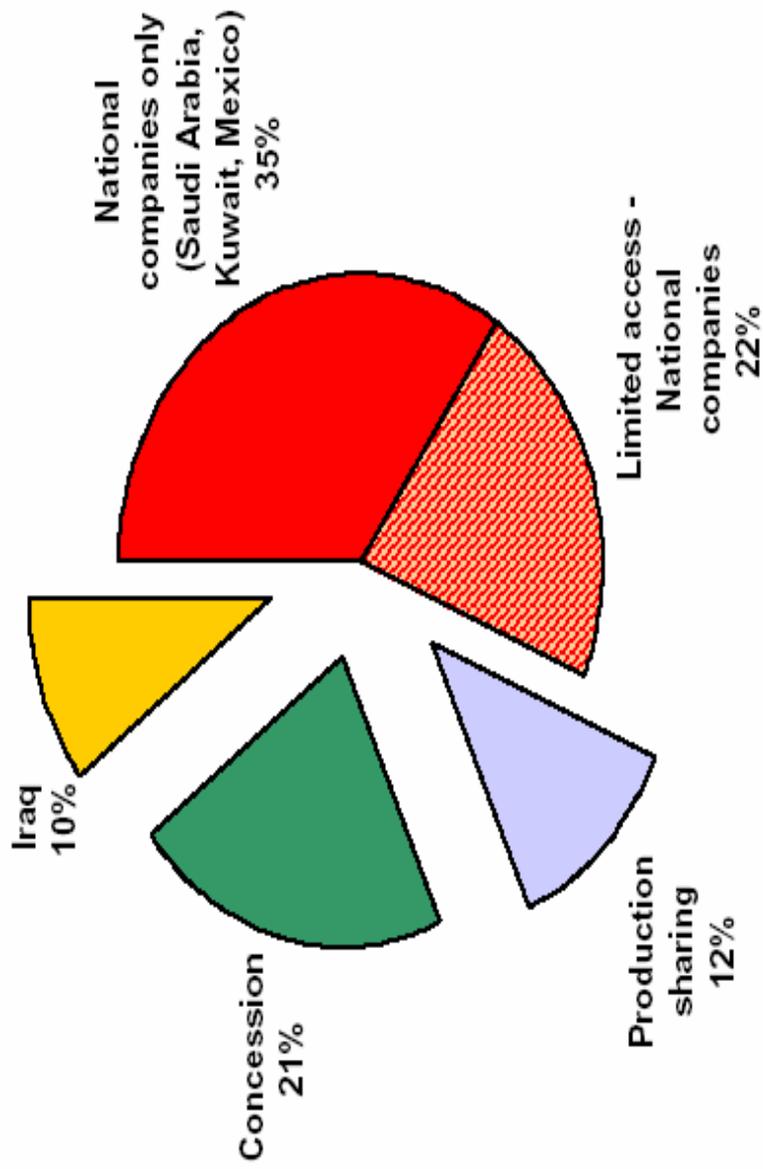
The x axis represents cumulative accessible oil. The y axis represents the price at which each type of resource becomes economical.

Source: IEA.

Currently, most companies base their investment decisions on a long-term price of USD 20 to USD 25 per barrel. The graph suggests that accepting a long-term price of, for example, USD 30/barrel would make an appreciable difference to the economic recoverability of large amounts of oil.

The analysis here focuses only on oil, for which extraction represents the dominant cost. Where gas is concerned, reserves are plentiful and the economics are dominated by the cost of transportation. Development of liquefied natural gas and other transportation technologies will determine the future supply equation.

Access to Oil Reserves



1,032 billion barrels

(Source) IEA/World Energy Investment Outlook (2003)

Major countries and regions

- **USA**
- **EU**
- **China, India**
- **Russia**
- **Middle East**



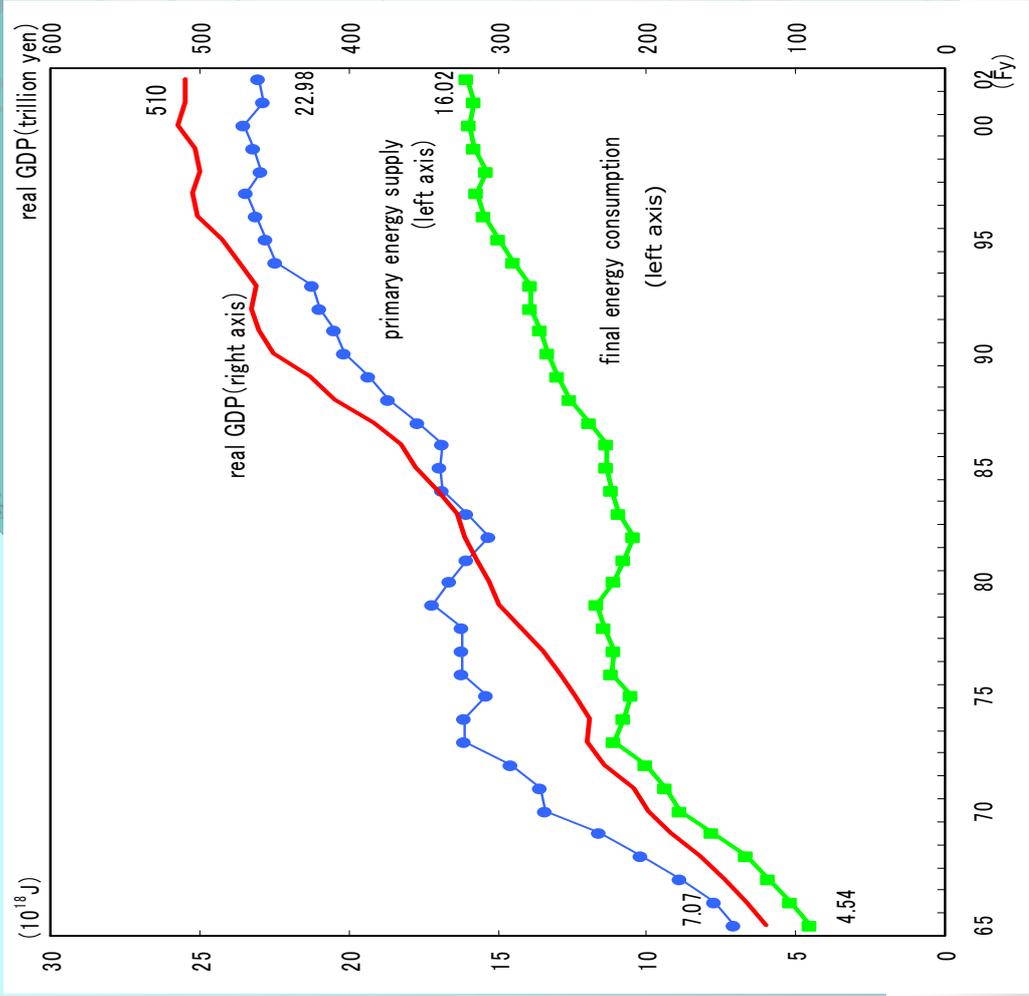
4 Japan's Performance

Although further improvement is still necessary, Japan has shown the best energy policy performance (3Es) in the world.

- The highest energy efficiency
- Diversified energy mix
- Emergency preparedness: oil stockpile

Japan's Performance : Energy Efficiency

(1) GDP and Energy Consumption in Japan



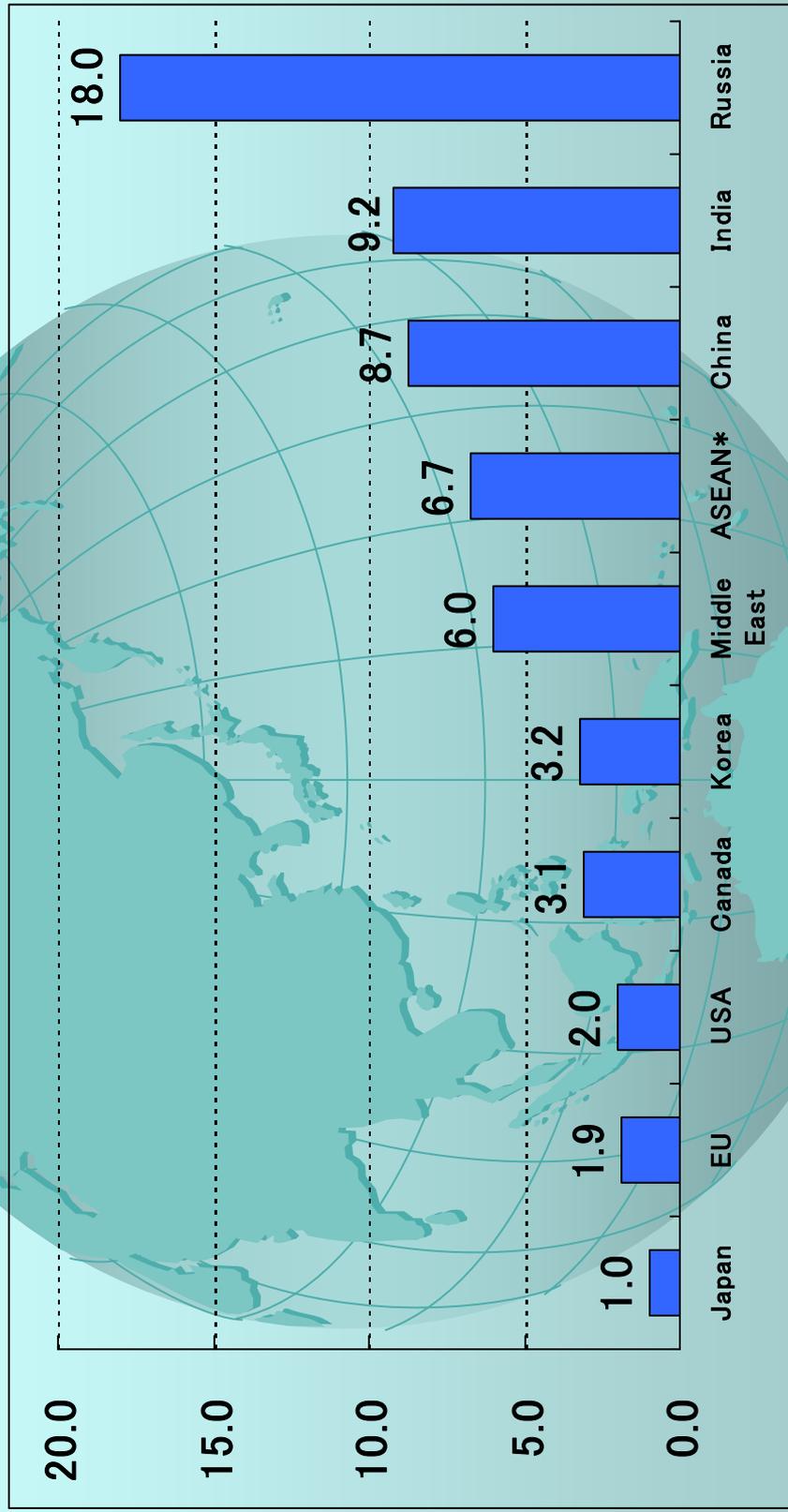
Elasticity

1965-73	73-79	79-86	86-91	91-03
1.19	0.29	-0.11	0.85	0.71

Source : METI

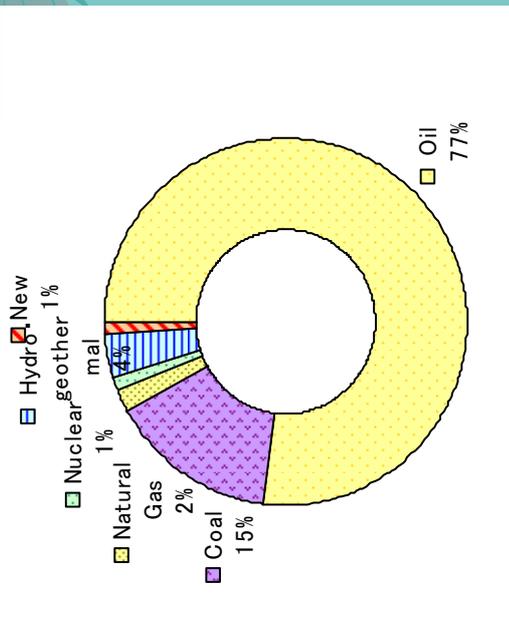
Japan's Performance: Energy Efficiency

Energy intensity in various countries

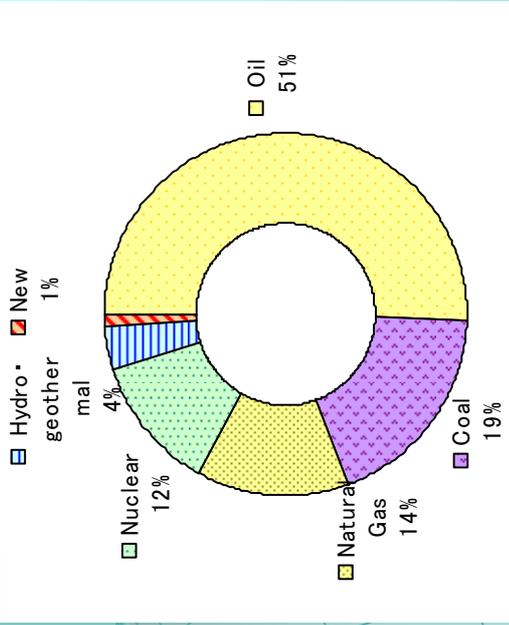


Japan's Performance: Energy Mix

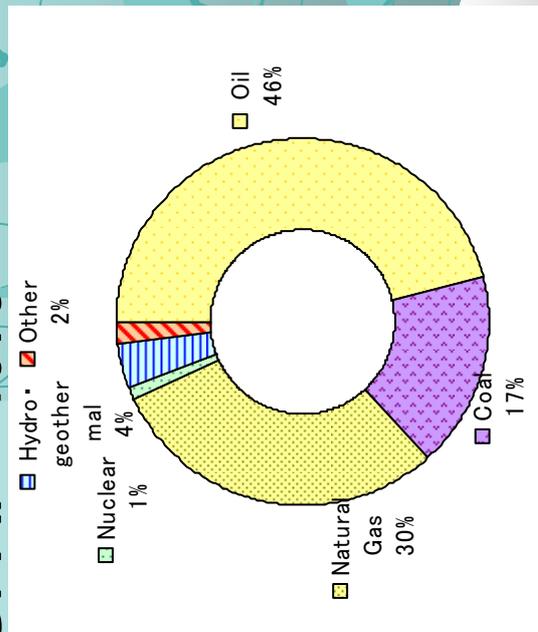
JAPAN 1973



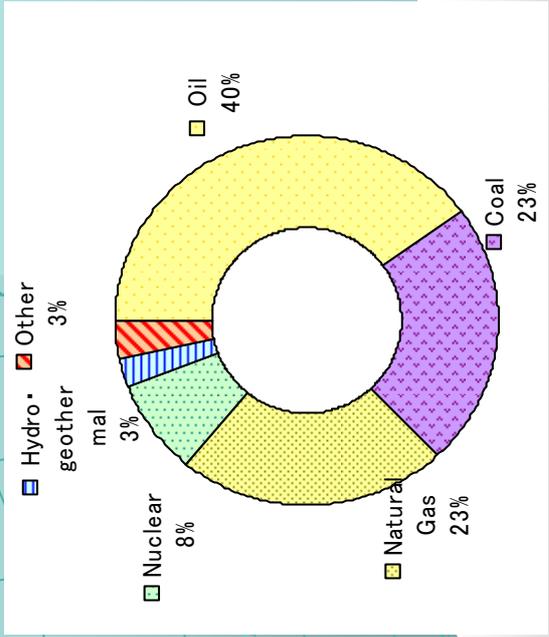
2002



U. S. A. 1973



2002

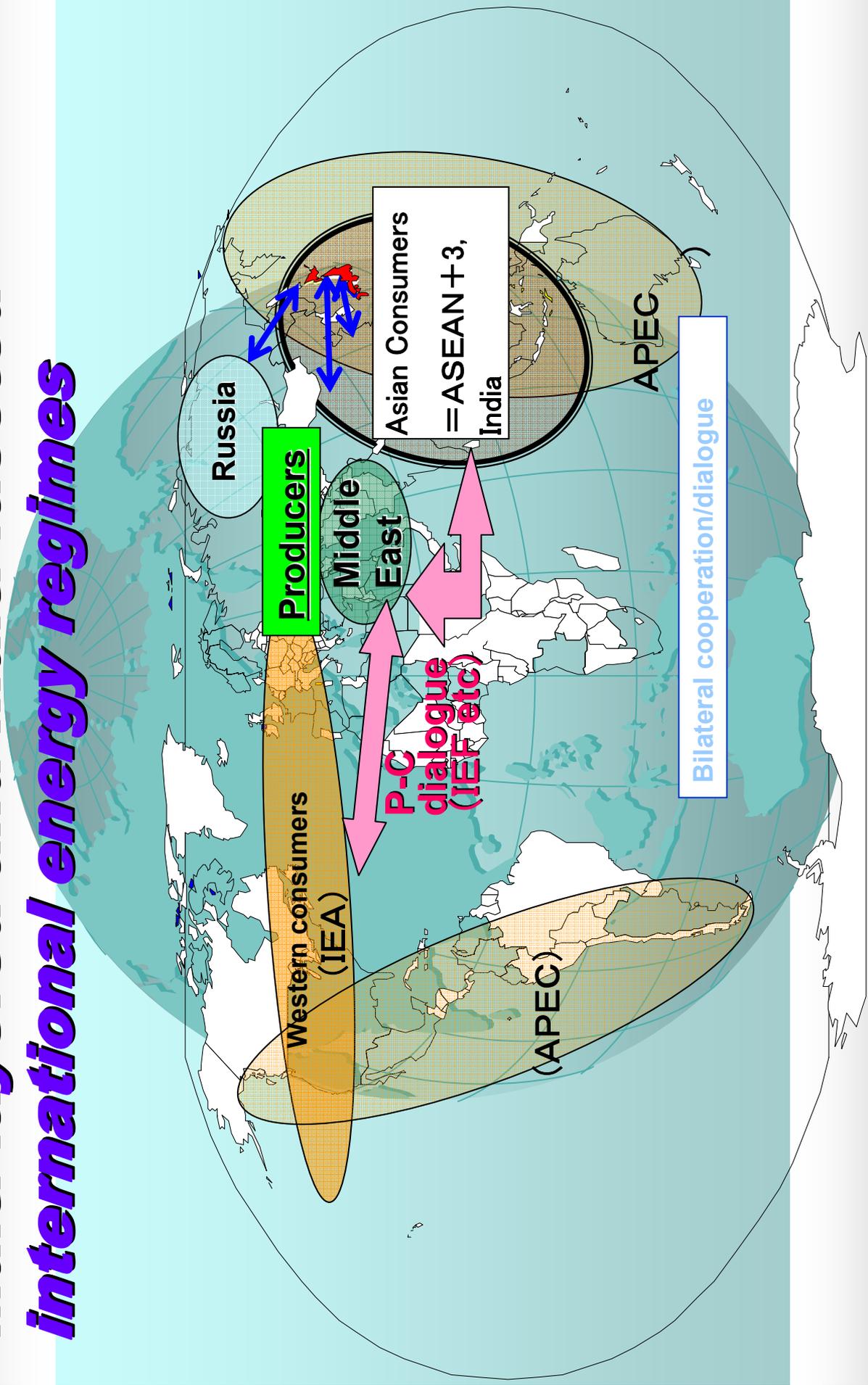


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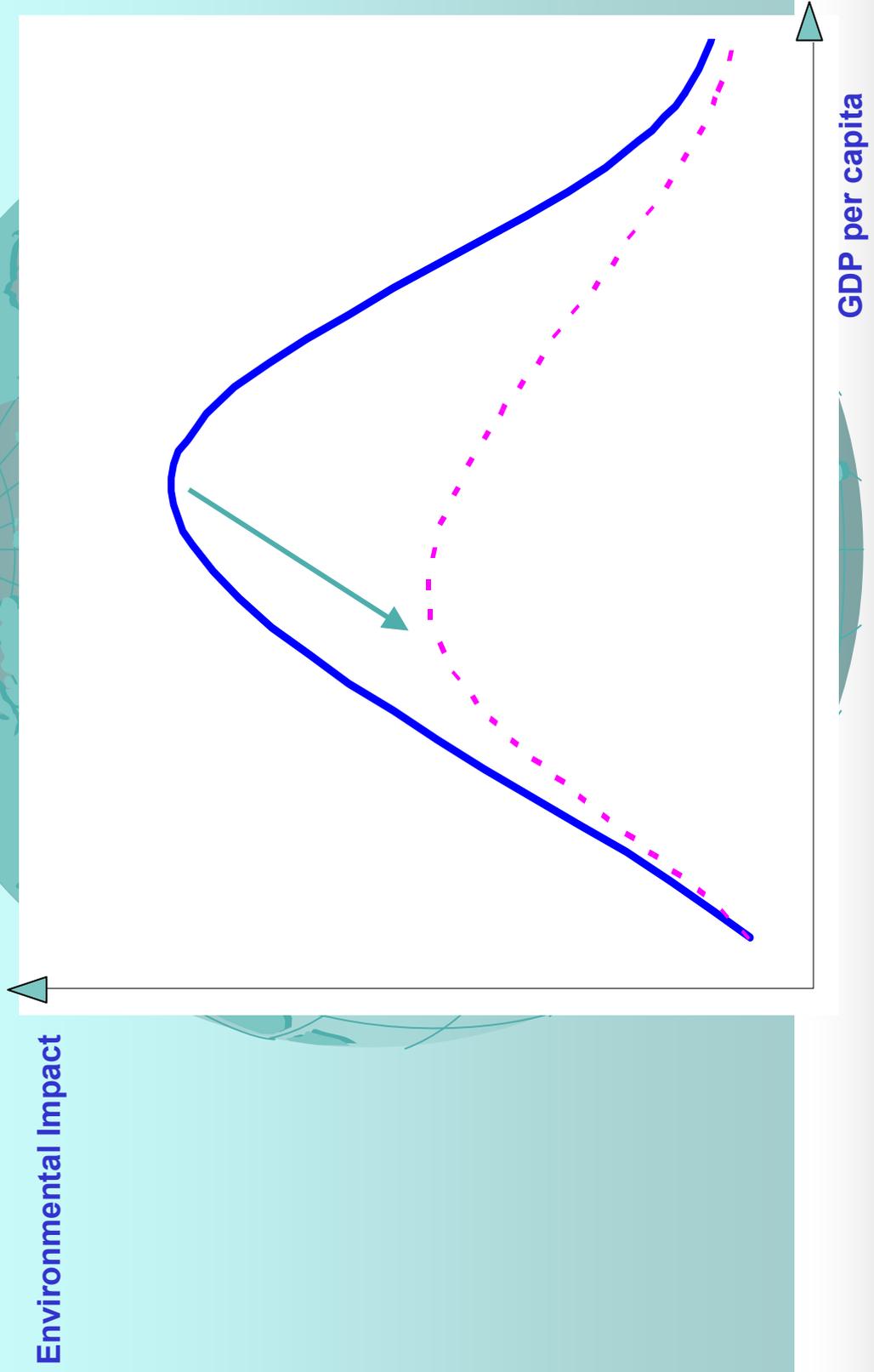
5 International regimes and Japan's role

- Multi-layered and multi-faceted international energy regimes necessary (IEA, IEF, APEC, ASEAN+3 etc.) .
- Japan should contribute to evolution of market and institutions in the region and the world.
- Flying geese model of 3E in Asia, Challenge to environmental Kuznetz curve.
- Epistemic Community should be mobilized.

Multi-layered and multi-faceted international energy regimes



Environment Kuznet Curve Should Be Challenged





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Session 3

World Energy Prospects and Challenges

Fatih Birol
International Energy Agency



WORLD ENERGY PROSPECTS AND CHALLENGES

Dr Fatih Birol
Chief Economist
International Energy Agency

The world is facing twin energy-related threats: that of not having adequate and secure supplies of energy at affordable prices and that of environmental harm caused by consuming too much of it. Soaring energy prices and recent geopolitical events have reminded us of the essential role affordable energy plays in economic growth and human development and of the vulnerability of the global energy system to supply disruptions. Safeguarding energy supplies is once again at the top of the international policy agenda. Yet the current pattern of energy supply carries the threat of severe and irreversible environmental damage – including changes in global climate. Reconciling the goals of energy security and environmental protection requires strong and coordinated government action and public support.

In recent years, demand for energy has surged. This unrelenting increase has helped fuel global economic growth but placed considerable pressure on suppliers buffeted by geopolitics, violent weather conditions and other potentially disruptive factors. On the demand side, increased energy security and environmental concerns may lead to changes in consuming countries' energy policies. These uncertainties have been reflected in the market through volatility and high prices. Is the world running out of energy? Where will future supplies come from? Will adequate investment be made to make available adequate energy supplies to meet future demand? What role will governments play? The oil and gas resources of the Middle East and North Africa region will be critical to meeting the world's growing appetite for energy. A large share of the world's remaining reserves lie in that region. They are relatively under-exploited and so there is considerable potential for increasing production. But there is considerable uncertainty about the pace at which investment in the region's upstream industry will actually occur, how quickly production capacity will expand and, given rising domestic energy needs, how much of the expected increase in supply will be available for export.

At the same time, the need to curb the growth in fossil-energy demand, to increase geographic and fuel-supply diversity and to mitigate climate-destabilising emissions is more urgent than ever. G8 leaders, meeting with the leaders of several major developing countries and heads of international organisations – including the International Energy Agency – at Gleneagles in July 2005 and in St Petersburg in July 2006 called on the IEA to “advise on alternative energy scenarios and strategies aimed at a clean, clever and competitive energy future”. The World Energy Outlook 2006, which will be published on 7 November 2006, responds to that request. It confirms that fossil-fuel demand and trade flows, and greenhouse-gas emissions would follow their

current unsustainable paths through to 2030 in the absence of new government action – the underlying premise of our Reference Scenario. It also demonstrates, in an Alternative Policy Scenario, that a package of policies and measures that countries around the world are considering would, if implemented, significantly reduce the rate of increase in demand and emissions. Importantly, the economic cost of these policies would be more than outweighed by the economic benefits that would come from using and producing energy more efficiently.

Global Energy Trends – Fossil energy will remain dominant to 2030

Global energy needs are likely to continue to grow steadily for at least the next two-and-a-half decades. If governments stick with current policies – the underlying premise of the *World Energy Outlook's* Reference Scenario – the world's energy needs would expand by more than half between now and 2030.¹ More than two-thirds of the increase in demand over the projection period comes from developing countries, in particular from China. Their economies and population grow much faster than in the OECD, shifting the centre of gravity of global energy demand.

Globally, fossil fuels will remain the dominant source of energy to 2030. The share of oil drops, though oil remains the largest single fuel in the global energy mix in 2030. Two-thirds of the increase in oil use comes from the transport sector. Coal sees the increase in demand, driven mainly by power generation. China and India account for most of the incremental demand for coal. Gas demand grows faster than any other fossil fuels. Hydropower's share of primary energy use rises slightly, while that of nuclear power falls. The share of biomass falls marginally, as developing countries increasingly switch to using modern commercial energy, offsetting the growing use of biomass as feedstock for biofuels production. Non-hydro renewables – including wind, solar and geothermal – grow quickest, but from a small base.

The world's energy resources are adequate to meet the projected growth in energy demand in the Reference Scenario. With sufficient investment in production and transportation capacity, international energy trade would grow steadily over the *Outlook* period to accommodate the increasing mismatch between the location of demand and that of production.

The exact cost of finding and exploiting energy resources over the coming decades is uncertain, but will certainly be substantial. Cumulative investment in energy-supply infrastructure amounts to around \$17 trillion (in year-2004 dollars) over 2004-2030. About half of all the energy investment needed worldwide is in developing countries, where demand and production are projected to increase fastest. Financing the required investments in non-OECD countries is one of the biggest challenges facing the energy industry.

¹ All the projections given in this article are based on IEA's *World Energy Outlook 2005*. The forthcoming *World Energy Outlook 2006* will provide revised projections on energy demand, supply, trade, investment and energy-related CO₂ emissions as well as in-depth analysis on the prospects for nuclear and biofuels and the impact of higher energy prices.

Growing Energy Security and Environmental Concerns

Rising oil and gas demand, if unchecked, would accentuate the consuming countries' vulnerability to a severe supply disruption and resulting price shock. Over time, consuming countries will grow increasingly reliant on oil and gas imports from an ever-smaller group of suppliers – notably Russia and the big Middle East producers. OECD and developing Asian countries become increasingly dependent on imports as their indigenous production fails to keep pace with demand. Much of the additional imports come from the Middle East, along vulnerable maritime routes. The concentration of oil production in a small group of countries with large reserves – notably Middle East OPEC members and Russia – will increase their market dominance and their ability to impose higher prices. An increasing share of gas demand is also expected to be met by imports, via pipeline or in the form of liquefied natural gas from increasingly distant suppliers.

Expanding trade is to be welcomed as it binds suppliers and customers in mutually beneficial relationships. But, at the same time, the risk of a major supply disruption – whether from terrorism, piracy, accidents, severe weather, political tensions or war – will undoubtedly increase. For example, Russia's decision to cut off gas supplies to Ukraine in early 2006 called into question its reputation as a reliable supplier and raised doubts about how Europe would deal with a more prolonged disruption. Further cause for concern is the growing reliance on strategic transportation channels through which almost all the oil and gas exported by Middle Eastern countries must flow. Consuming countries' vulnerability to a disruption in supplies from that region will, therefore grow – as will the risk that some producing countries may use their dominant market position to raise prices or to withhold supplies for political reasons. Diversity of sources, of suppliers and of routes is crucial.

The growing insensitivity of oil demand to price accentuates the potential impact on international oil prices of a supply disruption. The share of transport demand – which is price-inelastic relative to other energy services – in global oil consumption is projected to rise in the Reference Scenario. As a result, oil demand becomes less and less responsive to movements in international crude oil prices. The corollary of this is that prices would fluctuate more than in the past in response to future short-term shifts in demand and supply. The cushioning effect of subsidies to oil consumers on demand contributes to the insensitivity of global oil demand to changes in international prices.

Meeting the world's growing hunger for energy requires massive investment in energy-supply infrastructure but there is no guarantee that all of the investment needed will be forthcoming. Government policies, geopolitical factors, unexpected changes in unit costs and prices, and new technology could all affect the opportunities and incentives for private and publicly-owned companies to invest in different parts of the various energy-supply chains. The investment decisions of the major oil and gas producing countries are of crucial importance, as they will increasingly affect the volume and cost of imports in the consuming countries. There are doubts, for example, about whether investment in Russia's

gas industry will be sufficient even to maintain current export levels to Europe and to start exporting to Asia.

Securing reliable and affordable energy will hinge on adequate investment. The rate of investment in developing crude oil production capacity in the Middle East is particularly important for world energy markets. Current rates of investment in that region are not high enough to meet the gap that is expected to open up between global oil demand and oil-production capacity in other parts the world. Without urgent and sizable increases in Middle East investment, a shortfall in production capacity will emerge and prices will rise and become more volatile – to the long-term economic detriment of both producers and consumers. Under-investment also carries short-term security risks. The relatively low level of spare oil-production capacity currently available to counteract any unexpected loss of supply has resulted from many years of under-investment. This increases the likelihood that the sudden loss of even a modest volume of oil will lead to a very sharp increase in prices.

A major shortfall in Middle East and North Africa (MENA) investment in upstream oil would radically alter the global energy balance. Our Reference Scenario projections involve a doubling of the rate of upstream investment in MENA countries. It is far from certain that all that investment will be forthcoming: MENA governments could choose deliberately to develop production capacity more slowly than we project in our Reference Scenario. Or external factors such as capital shortages could prevent producers from investing as much in expanding capacity as they would like. The Deferred Investment Scenario of *World Energy Outlook 2005* analysed how energy markets might evolve if upstream investment in each MENA country were to remain constant as a share of GDP at the average level of the past decade. Lower investment on this scale would cause MENA oil production to drop by almost a third by 2030 compared with the Reference Scenario. Production falls further than investment by the end of the projection period because of the cumulative effect over the projection period. The average IEA import price increases gradually over time relative to the Reference Scenario and is almost one-third higher in 2030. The prices of gas and coal also increase. Gas production in MENA countries also falls significantly, due to lower global demand and lower output of associated gas.

Uncertainty about future supply-side infrastructure investments is by no means limited to the Middle East or to crude oil production. The prospects for urgently needed investment in new refining capacity are clouded by environmental restrictions and local opposition, especially in OECD countries. Under-investment in gas-production facilities and transmission pipelines in Russia and Central Asia threatens to create a supply crunch in the next few years. The lack of competition in the Russian gas sector is an impediment to the efficient and timely development of Russian and Central Asian gas resources. And current capital flows to the electricity sector in many countries – notably in the poorest developing regions – cannot even maintain system reliability, let alone meet the increasing demands of economic and population growth.

Consuming countries must identify policies and measures aimed at reducing the risk of disruptions and higher prices, as well as mitigating their consequences. They need to strengthen their ability to handle a supply emergency, including maintaining adequate volumes of strategic stocks. Consuming-country governments also need to consider long-term policies that promote further diversification of their energy supplies as a means of both lowering their vulnerability to supply disruptions and of addressing environmental challenges, including rising greenhouse-gas emissions. Reducing dependence on oil and gas through diversification of fuels and their geographic sources and more efficient use of energy must be central to long-term policies aimed at enhancing energy security.

Consumer country concerns are not limited to energy security. Because energy consumption accounts for approximately 80% of global GHG emissions, consumer governments are under increasing pressure to take steps to reduce or mitigate the effects of domestic energy consumption. The G8 leaders, meeting with leaders from several key developing countries at Gleneagles in July 2005, acknowledged as much when they called for stronger action to combat rising consumption of fossil fuels and related greenhouse-gas emissions.

Global energy-related carbon-dioxide (CO₂) emissions increase by about 50% between now and 2030 in the Reference Scenario. Power generation contributes half of the increase in global emissions over the projection period. Developing countries account for over three-quarters of the increase in global CO₂ emissions between 2004 and 2030 in this scenario. They overtake the OECD as the biggest emitter after 2010.

Government Action can change Energy Future

The Reference Scenario trends described above are not set in stone. Indeed, governments may well decide to take stronger action to steer the energy system onto a more sustainable path. In the Alternative Policy Scenario, the policies and measures that governments are currently considering aimed at curbing energy use and reducing emissions are assumed to be implemented. This would result in significantly slower growth in fossil-fuel demand, in oil and gas imports and in emissions. These interventions include efforts to improve efficiency in energy production and use, to increase indigenous output of fossil fuels in importing countries, nuclear power and renewable energy sources, and to encourage the development and deployment of other clean and more efficient energy-related technologies.

There are formidable hurdles to the adoption and implementation of the policies and measures in the Alternative Policy scenario. In practice, it will take considerable political will to push these policies through, many of which are bound to encounter resistance from some industry and consumer interests. Politicians need to spell out clearly the benefits to the economy and to society as a whole of the proposed measures. In most countries, the public is becoming familiar with the energy-security and environmental advantages of action to encourage more efficient energy use and to boost the role of renewables.

Private-sector support and international cooperation will be needed for more stringent government policy initiatives. While most energy-related investment will have to come from the private sector, governments have a key role to play in creating the appropriate investment environment. The industrialised countries will need to help developing countries leapfrog to the most advanced technologies and adopt efficient equipment and practices. This will require programmes to promote technology transfer, capacity building and collaborative research and development. A strong degree of co-operation between countries, and between industry and government will be needed. Non-OECD countries can seek help from multilateral lending institutions and other international organisations in devising and implementing new policies. This may be particularly critical for small developing countries which, unlike China and India, may struggle to attract investment.

The policies of producing and consuming countries will change over time in response to each other, to market developments and to shifts in market power. If MENA upstream investment falters and prices rise, the more likely it becomes that consuming countries will adopt additional policies to curb demand growth and reliance on MENA. This would have the effect of tempering the long-term impact on prices of lower MENA investment. It would also amplify the depressive effect of higher prices on oil and gas demand. The more successful the importing countries' policies are, the more likely it is that the producing countries will adopt policies to sustain their production and their global market share. Lower prices would result. These interactions illustrate the case for improving market transparency, for more effective mechanisms for exchanging information between oil producers and consumers, and for a more profound dialogue between them.

The uncertainty surrounding the outlook for global energy markets has rarely been greater. For as long as the world economy continues to expand, we can be sure that demand for oil and other forms of energy will increase commensurately. But the rate of growth in primary energy needs and the mix of fuels will depend on what action governments decide to take to curb demand and emissions and on developments in energy technology. Other factors, including extreme weather, natural disasters and geopolitics, will complicate our ability to anticipate near-medium- and long-term energy-market developments with confidence. More than ever, energy security is a matter of managing risk and coping with uncertainty.

Deepening the dialogue between oil and gas producers and consumers would help all energy players handle uncertainty and help industry mobilise much-needed investment. The aim should be to improve market transparency, by developing more effective ways of exchanging information, and co-operating on policies to enhance the efficiency of the oil and gas sector. Producing countries are as much concerned about security of demand as consuming countries are about security of supply. Working together, consumer and producer governments can improve the mechanisms by which we meet our common challenges and achieve mutually beneficial outcomes. But they need to identify this objective as a priority and take the first steps. And they should start now.



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Study of the Long-Term Energy Outlook for China and Implications for Global Governance

Li Zhidong
Nagaoka University of Technology



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By Dr. Li Zhidong

Associate professor, Nagaoka University of Technology

1. Introduction

In the 25 years leading up to 2005, China's GDP grew by a factor of 10.3. However, this has given rise to a number of problems: the fact that China has become a net importer of energy, pollution of the domestic environment, ecological destruction, cross-border pollution, and a rapid rise in carbon dioxide levels. According to the Eleventh Five-Year Plan for 2006 to 2010, the government is targeting an average annual economic growth rate of 7.5 % and is aiming to improve energy consumption per unit GDP by 20% over 2005. In the medium-to-long term, by 2020 the government plans to quadruple its GDP in 2000 and to improve energy consumption per unit GDP by 43% compared with 2002. However, there is a fear that in the medium-to-long term, China's energy problems and environmental problems will grow even more serious.

Meanwhile, the international community has several concerns regarding China's energy problems. There are fears that China's increasing oil imports may well be having an adverse effect on price stability in the global oil market, as demonstrated by the fluctuations in global crude oil prices since mid-2004. There is also anxiety that China has adopted a strategy of using summit-level diplomacy and economic assistance as weapons in a struggle to secure overseas resources, before the basic measures essential for energy security, such as energy conservation and stockpiling of oil reserves, have yet been adopted enough, which might possibly redraw the world energy map with adverse geopolitical consequences. A further fear is that energy supply shortages (such as the electricity shortages that came to light at the end of 2002 and which have yet to be overcome) and escalating energy prices will arrest China's high economic growth and adversely affect the global economy. Finally, there is the fear that the sharp rise in the consumption of coal and other fossil fuels will further exacerbate problems such as air pollution, acid rain pollution, and global warming, undermining the foundations for sustainable development—not only in China but also throughout Northeast Asia and the rest of the world.

None of this anxiety is groundless. All these fears are born of real or potential threats. However, it would be wrong to become obsessed solely with the threats. The international community must now objectively identify energy problems as the source of these threats, as is the reality, and address them head on with China under the rubric of global governance.

This paper outlines an integrated future outlook for China's economy, energy situation, and environment, revealing problems and investigating countermeasures, and goes on to consider the need for international cooperation in the shape of an Asian community as an essential part of global governance.

2. Worsening Energy and Environmental Problems

China achieved self-sufficiency in oil in the mid-1960s, and became a major oil-exporter in 1980s. However, after peaked with 36.3 MTOE (million tons of oil equivalents) in 1985, net oil exports decreased sharply due to the stagnation of production and a rapid increase in demand. As a result, China became a net oil importer in 1993, and just 11 years later in 2004, the net oil imports reached to 152 MTOE, ranking as the world's third largest importer behind the US and Japan. Despite a steep rise in the price of crude oil, China's net oil imports in 2005 remained at a high 136 MTOE. Triggered by this explosion in oil imports, China became a net importer of primary energy in 1997. The era of energy self-sufficiency and net exports, which lasted nearly three decades, has come to an end and energy security has become a vital problem in the country.

China's inefficient use of energy also constitutes a major problem. Measures of this vary greatly according to the index used; however, based on exchange rate conversion for GDP, China's energy usage efficiency (energy consumption per unit of GDP output) is no more than 16 percent of Japan's. This is clearly an underestimate. Based on a combination of GDP in purchasing power parity (PPP) term and quantitative evaluation, China's energy efficiency is between 60% and 80% that of the advanced industrialized nations. In other words, the reality seems to be that China's energy efficiency is 20% to 40% lower than in those nations.

In addition, there are a number of other problems, including the following: there are problems with the energy supply-demand structure, of which coal comprises 70%; flue gas desulphurization facilities only have capacity for a mere 53 million kW, as against current (2005) installed capacity for coal-fired thermal power generation of approximately 370 million kW; and adoption of cleaner coal technology is lagging across the board. There are also continuing electricity and coal supply shortage problems, which have been looming over the past few years.

Meanwhile, the Eleventh Five-Year Plan, which was drawn up in March 2006, summarized China's environmental problems as follows: damage to the environment is accelerating, ecological destruction is spreading, and environmental protection targets such as the pollutant reduction targets in previous five-year plans have not been achieved. As regards the air environment, China is the world's largest pollutant emitter with 25.49 million tons of SO₂ emission in 2005. Acid rain has been observed in 51% of the cities where measurements have been taken, and the resulting pollution extends to approximately 40 % of China's total area as well as to the Korean peninsula and Japan. With regard to the water environment, the amount of sewage discharged has risen to 52.5 billion tons, many urban bodies of water are polluted, and 59% of rivers are polluted seriously enough to disturb marine animal reproduction. Water shortages have grown more serious, particularly in northern China, and more than 400 of China's 668 cities have slipped into drought, with an annual water shortfall of six billion tons. If rural areas are included, the annual water shortfall for all of China amounts to 21.8 billion tons. There is also a serious desertification problem, with sandstorm damage extending as far as Japan. A total of 18% of the country's area (approximately 1.75 million square kilometers) has undergone desertification. Although the newly increased area of desertification has been reduced from an average of 3,436 square kilometers per annum in the latter half of the 1990s to an average of 1,283 square kilometers per annum since 2000, the number of spring sandstorms has risen from 7 in 2003 to 15 in 2004. At the same time, arable land is declining by between 300 to 600 thousand hectares per annum, and soil quality is

progressively degrading. Furthermore, over the 23-year period since 1980, CO₂ emissions have increased by a factor of 2.7, its share in the world total amounted to 16.4% from 8.2%, making China the world's second-largest emitter of CO₂ just after the US.

The conclusion that can be drawn is that China's environmental problems have already reached a state of crisis.

3. Future Outlook for Economy, Energy and Environment

The most important factors affecting energy supply and demand are energy policy and macro-economic trends. The government set the goals of maintaining a high level of economic growth, conserving energy, and stepping up the reduction of pollutants in the Eleventh Five-Year Plan. The results of analysis using econometric method that take these key factors into account are as follows.

China's annual GDP growth rate to 2030 is expected to reach 6.6% in 'Business as usual' (BAU) case, 7.7% in high growth case and 5.0% in low growth case. The probability will be 60% for the BAU case, 30% for high growth case, but only 10% for low growth case, respectively. This means that there is a strong likelihood of some 7% growth through 2030. The driving force behind this high growth is the improved total factor productivity that results from technological progress, its contribution rate will go up from 49% to 64%.

With regard to the industrial structure, it is anticipated that primary industry will decline and tertiary industry will grow while secondary industry will remain virtually unchanged.

Due to the high expansion of GDP and low increase of population, per capita GDP in 2030 will go up rapidly, reaching to US\$15 thousand in purchase power parity terms (PPP) from the current US\$ 4 thousand. Meanwhile, vehicle ownership will skyrocket, driven by the continuation of high economic growth and the increasingly improvement in living standards as well as the development of domestic automobile industry and liberalization of car trade. In BAU case, the total vehicle ownership will reach to 240 million vehicles by 2030, up from 38.1 million vehicles in 2005, and the penetration rate to population is expected to rise from 2.4% in 2005 to 16.1% in 2030. At the same time it is envisaged that automobile production levels will rapidly increase from 5.7 million vehicles in 2005 to 7.6 million vehicles in 2010, 16 million vehicles in 2020, and 32 million vehicles in 2030.

The BAU case simulation for energy-related are based on the assumption that the current trends will continue and the basic countermeasures planned by the government will be conducted. More specifically, it is assumed that energy use efficiency will improve at an annual rate of 2.5% over the next 30 years; the adoption of renewable energy will progress; coal self-sufficiency will be kept; crude oil production will peak in 2020 and decline thereafter, and that natural gas production will increase. As for nuclear energy, China is considering increasing its existing installed capacity of 7.7 GW with 10 units by the end of September 2006 to 30 GW with 32 units by 2020, and 50 GW with 52 units by 2030. Though there are issues such as less favorable circumstances for the adoption of nuclear energy in the wake of deregulation of the electric power industry, safety problems, and problems with processing spent nuclear fuel and waste material, these are outweighed by worsening electrical power shortages, stronger environmental protection, the ability to produce

reactors with indigenous technology, and a post-Cold War desire to preserve the nation's status as a nuclear-capable state.

As a result, the total primary energy demand in BAU case will reach to 3 billion TOE by 2030—three times the level in 2000 (Table 1). This would exceed the combined 2003 energy consumption of the USA and Japan, which stood at 2.8 billion TOE.

Comparing with other studies, the estimated energy consumption by this study is consistent with the typical Chinese side study for the year 2020 by the State Council Development Research Center (SCDRC, 2003). On the other hand, the World Energy Outlook published by the International Energy Agency (IEA) in 2004 estimated China's energy demand for 2030 at 2.3 billion TOE—almost 700 M TOE lower than this study. There is little difference in Energy-GDP elasticity, with a figure of approximately 0.6; however, the IEA is assuming an average economic growth rate of 5.2 % through 2030—1.4 % lower than the 6.6 % estimated in this study. Thus, the difference in projected energy demand is accounted for by the variation in economic growth rate predictions.

It is predicted that China's energy structure will see a progressive shift away from coal. The share of coal in primary energy demand will decline from 71 % in 2000 to 51 % by 2030. By contrast, the oil share will rise from 24 % to 32 %, natural gas will rise from 3 % to 9 %, nuclear power from 0.5 % to 3.3 %, and renewable energy from 0.4 % to 2.1 %.

Table 1 Comprehensive comparisons of projections on China's energy consumption

	Annual growth rate (%) or elasticity to GDP				
	1980-2000	2000-2010	2010-2020	2020-2030	2000-2030
Results of this study in the BAU case	1980	2000	2010	2020	2030
Primary energy demand (Mtoe)	412.9	929.3	1,405.7	2,062.8	2,974.0
GDP (trillion Yuan of RMB, 1995)	1.4	8.7	18.4	34.9	59.5
Energy-GDP intensity (toe/1000 Yu)	30.2	10.7	7.7	5.9	5.0
Energy-GDP elasticity		0.42	0.54	0.59	0.67
Reference: IEA(2004)					
Primary energy demand (Mtoe)	412.9	929.3	1,395.0	1,836.0	2,303.0
GDP growth rate		4.1	4.1	2.8	2.3
Energy-GDP elasticity		0.42	0.60	0.58	0.58
Reference: SCDRC(2003)				(2000-2020)	
GDP growth rate (common assumption)				7.2	
Primary energy demand (Mtoe) ^a					
Base case		910.4	1,510.7	2,342.7	
Policy adjustment case			1,462.3	2,078.7	
Policy strengthen case			1,324.0	1,786.3	
Energy-GDP elasticity				4.2	
Base case				3.4	
Policy adjustment case				0.67	
Policy strengthen case				0.59	
				0.48	

Sources: State Council Development Research Center (2003), IEA (2004) and this study

^a The projections are different from the original studies, because of the recalculation by IEA conversion factors to convert the primary energy from original units to TOE.

Table 2 Simulation results of China's energy security issue in BAU case

	1980-2000					2010-2030					Annual Growth rate (%)	
	1980	2000	2010	2020	2030	1980-2000	2000-2030					
Fossil Energy Consumption (Mtoe)	408	905	1,323	1,912	2,748	4.1	3.8					
Coal	307	656	878	1,158	1,529	3.9	2.9					
Oil	89	222	366	592	945	4.7	5.0					
Gas	12	28	79	162	274	4.4	7.9					
Fossil Energy Production (Mtoe)	424	870	1,183	1,488	1,863	3.7	2.6					
Coal	304	678	923	1,158	1,529	4.1	2.7					
Oil	108	163	176	190	176	2.1	0.3					
Oil substitutes	0	0	8	16	25	-	-					
Gas	12	28	76	124	134	4.4	5.3					
Net Imports of Fossil Fuels (Mtoe)	-16	36	140	424	885	-	11.3					
Coal	3	-23	-44	0	0	-	-					
Oil	-19	58	182	386	744	-	8.9					
Gas	0	0	3	38	141	-	-					
Dependence on net imports (%)	-4.0	3.9	10.6	22.2	32.2							
Coal	0.9	-3.5	-5.0	0.0	0.0							
Oil	-21.1	26.3	49.6	65.2	78.7							
Gas	0.0	0.0	3.7	23.4	51.3							
Import Price												
Coal (\$/toe)	89.8	54.3	77.4	100.4	123.8	-2.5	2.8					
Oil (\$/bbl)	33.1	28.4	30.0	40.0	50.0	-0.8	1.9					
Gas (\$/toe)	221.9	192.8	211.1	263.2	315.6	-0.7	1.7					
(A) Payment for Energy Net Imports (Billion)	-4.4	13.3	37.1	123.2	317.2	-	11.2					
Coal	-0.2	-2.4	-3.4	0.0	0.0	-	-					
Oil	-4.2	15.7	39.9	113.2	272.7	-	10.0					
Gas	0.0	0.0	0.6	10.0	44.5	-	-					
(B) Total Value of Exports (Billion \$)	23.0	279.6	558.7	1,325.2	3,025.9	13.3	8.3					
(A/B) Rate of Payment for Energy Net import to Total Value of Exports (%)	-19.3	4.7	6.6	9.3	10.5							

Table 2 shows the balance between supply and demand by energy source. It is probable that China will remain self-sufficient in coal (although in the long term it will lose its export capacity), since potential annual production capacity is between 2.5 and 3 billion tons and the demand will increase relatively slowly. However, there are many factors that cannot be neglected, such as whether production safety can be maintained; whether water resources can be preserved in northern China, which boasts 90 % of the nation's coal resources, 60 % of its arable land, and 40 % of the population, but which possesses a mere 20 % of the country's water resources and is already facing severe water shortages; whether the necessary infrastructure will be constructed to transport coal to the coastal regions, where demand is concentrated; and whether cleaner coal technology will spread.

Meanwhile, demand for oil and natural gas will increase sharply, but domestic production will be restricted by resource limitations and other factors. As a result, net imports of oil will increase from 152 MTOE in 2004 to 390 MTOE in 2020 and 740 MTOE in 2030. Although currently self-sufficient in natural gas, China will soon become a net importer, and it is predicted that net imports will amount to 3.3 billion cubic meters in 2010, 42.1 billion cubic meters in 2020 and 156.4 billion cubic meters in 2030. By way of comparison, in 2002 Japan imported 260 million tons of oil and 73 billion cubic meters of natural gas (in the form of LNG). China is set to surpass Japan in terms of oil imports in the first half of the 2010s, and by 2030 will be importing approximately three times as much as Japan. In terms of natural gas imports, China will surpass Japan in the first half of the 2020s, and by 2030 will be importing approximately twice as much as Japan.

Various problems are anticipated—for example, it is questionable whether China will be able to physically procure such large volumes, and, even if it can, whether China can guard the infrastructure for energy imports such as sea lane, pipeline etc. Whether China has the economic ability to import is also a critical question. China will also have to verify that it has the capacity to sustain this economic burden. It is estimated that, even under normal circumstances, the payment for energy imports would be 11.1 % of total imports for 2030, or 10.5 % of total exports. Factors such as a rise in oil prices would increase this burden. If there were a temporary disruption in the supply of oil from overseas at the same time as a sudden hike in oil prices, China could well find itself in the same boat as Japan did in 1973, when the Oil Crisis put a stop to its high economic growth. In short, the growing dependency on imports of oil and natural gas is very likely to make worse China's energy security issue further.

On the other hand, it is very likely that China's various environmental problems will become even more severe. As consumption of fossil energy increases, the SO₂ production will reach to 65.6 million tons by 2030 from 25.97 million tons in 2005, and the CO₂ emissions will rise from 1.13 billion T-C (tons of carbon equivalents) to 2.58 billion T-C. Both of these are on an unacceptable scale—not only for China but also for the international community as well. There are also fears regarding other environmental problems—namely, that as demand for water will approach to 800 billion tons (the maximum volume of developable water resources) and water shortages in northern China will grow more severe, desertification will spread and there will be a progressive decrease in area and deterioration in quality of arable land and grasslands. This could further lead to food shortages.

4. Implications for Global Governance: Self-Help Efforts and an Asian Energy Community

Energy problems originating in China not only undermine the basis for sustainable development in China, they also represent a potential threat to the international community, which it cannot afford to ignore. Self-help efforts on the part of China will be fundamental to defeating this common threat, but the collaboration of the international community will also be essential.

The structural flaw at the heart of China's energy problems is that—despite being second largest energy consumer in the world—it has no an empowered actor for energy, such as the Department Of Energy (DOE) in the USA, hence no one to hammer out a comprehensive set of policy measures.

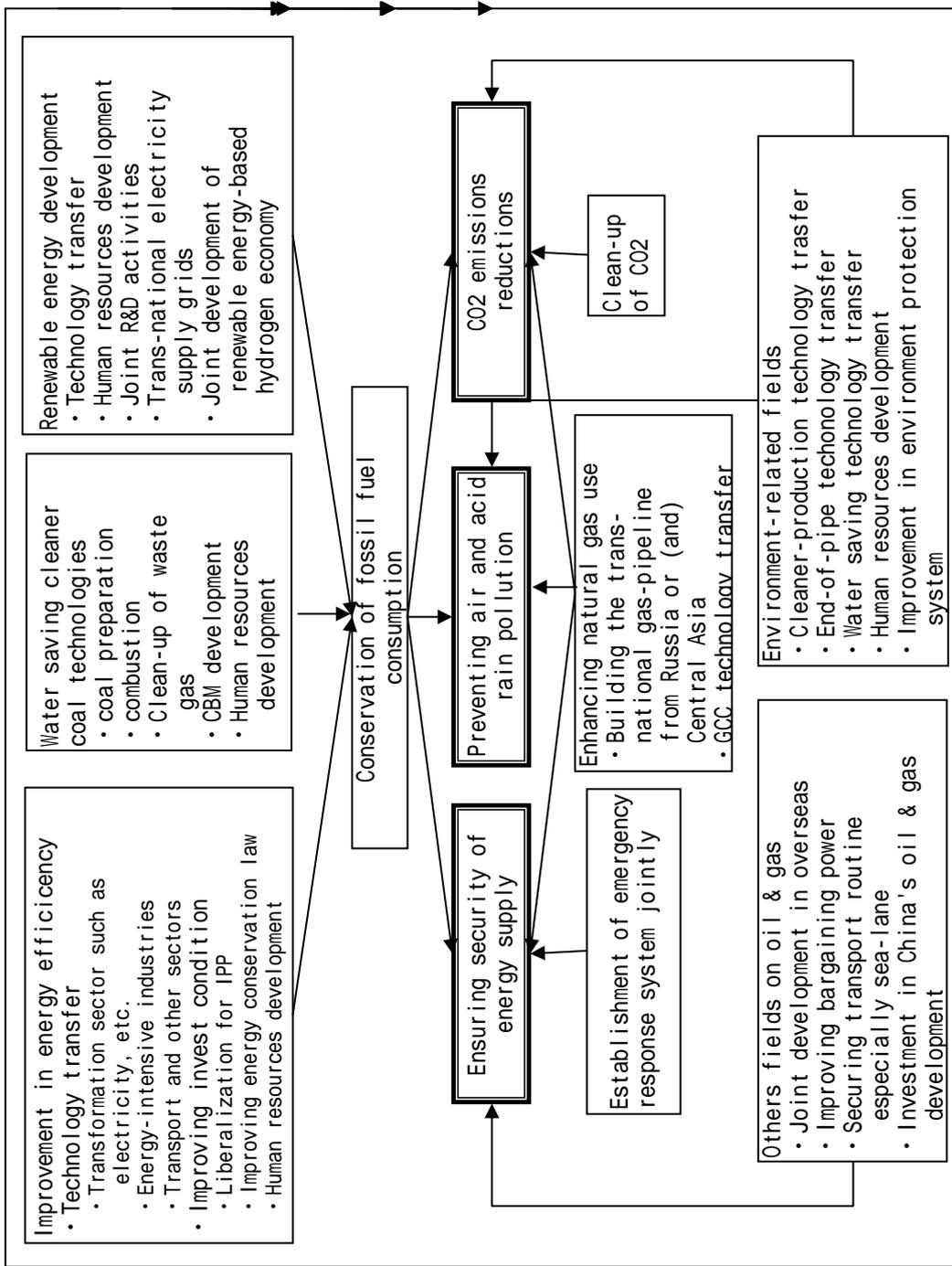
Certainly the Chinese government has instituted various energy measures (for example, in the Tenth and Eleventh Five-Year Plans and the Mid-to-Long Term Development Plan) and is achieving results to a certain degree. China has achieved a lot of progress in ensuring energy security, especially with respect to source diversification and overseas investment. Up to 2005, China's oil importing sources have been expanded to more than 40 countries or regions, and the dependence on the Middle East has been kept to 47%; at the same time, China's investment in overseas oil and gas resources has increased to some 50 countries or regions, not only including resource-rich regions, such as the Middle East, Russia, and Central Asia, but also extending its reach to areas of untapped latent potential in Latin America and Africa. As a result, in 2005 a single company, China National Petroleum Corporation (CNPC), China's largest oil company, posted overseas crude oil production of 35.82 million tons and acquired sharing rights to 20.02 million tons. In addition, remarkable progress has clearly been made in the construction of transportation infrastructure. As China patiently continues to participate in negotiations over Russia's Siberian oil pipeline (which are said to be leaning Japan's way), it has reached an agreement with the Russian government to increase imports by railway, and has at the same time completed construction of a pipeline to import crude oil from Kazakhstan. China is also working to establish the Myanmar route as an alternative to the Straits of Malacca and is also keeping watch on the scheme for transit of the Malay Peninsula through Thailand. It is clear that active summit-level diplomacy that makes full use of China's status as a permanent member of the UN Security Council and increased foreign assistance enabled by its growing economic power have been effective tools in China's development of these foreign strategies.

However, China has been slow to build up strategic oil reserves and to develop alternative energy. There are also signs that overall the measures are less than ideal. For example, the government is placing an emphasis on the liquefaction of coal and the development of fuel alcohol from foodstuffs. However, it would seem premature to proceed with coal liquefaction on a commercial basis, as there are related environmental and water supply conservation problems, as well as issues of technological and economic competitiveness. Since there are also fears of problems relating to food shortage, the development of bio-fuel from foodstuffs has attracted much opposition—even in China—and efforts ought rather to be devoted to developing fuels that are not derived from foodstuffs.

The author's suggestion would be that China should first establish an empowered energy agency, and should then adopt a comprehensive set of policies focused on the promotion of energy conservation and the development of renewable energy. This should enable China to achieve the objectives of securing energy supplies,

environmental protection, and economic efficiency. There has also been some discussion of environmental and carbon taxes. This idea should be considered with caution, however, since if these taxes were introduced in too simplistic a fashion, the relative price of coal would be driven up, and instead of curbed coal consumption, oil and natural gas imports will be pushed up, which would exacerbate the energy security problem. Since many environmental problems are caused by the direct firing of coal, efforts should be devoted to introducing and popularizing cleaner coal technology, which the environment industry could also be expected to promote effectively. Diversity is the key to proper energy security measures. China needs to simultaneously consider a raft of possible measures—demand measures, supply measures, multilateral cooperation and alliance with other Asian nations such as Japan, and improving the international environment through dialogue with and support for oil-exporting countries.

Figure 1 Potential energy-related fields for international cooperation in Asia



Secondly, international cooperation will be vital, particularly regional cooperation such as an Asian energy community. Although the nations of Asia have differing priorities, they all face the same set of problems as regards energy and environment, with energy security the central issue. A major player in Asia, Japan boasts world-class environmental and energy conservation technology, possesses huge financial muscle, and is well versed in energy security measures such as the establishment of oil reserve systems. China on the other hand enjoys comparative advantages in areas such as market volume, cost competitiveness, human and natural resources.

In general, a nation acting alone can take independent measures such as increasing energy self-sufficiency by developing domestic resources, improving strategic reserve systems, diversifying overseas supply sources, expanding independent development, and exercising demand-side control for purposes such as energy conservation. The measures that countries take affect the energy security of other nations through the medium of the global energy markets. Both situated in Asia and both major net importers, China and Japan exert an especially large effect on one another.

Using its advanced energy conservation technology, financial muscle, and strategic reserve capacity, Japan has established the best energy security system in the world. For example, Japan is reputed to have the advantage over its competitor China in the running for the Russian Far East oil pipeline project, by virtue of its financial clout. However, if China cannot construct an equally good energy security system, Japan's system will not be as effective as planned. Stated another way, in order for Japan's energy security system to function properly, China must be able to ensure energy security and avoid disrupting energy markets.

Meanwhile, the potential energy security measures that China could take are foreseen as affecting Japan in markedly differing ways. For example, if China were to work to secure resources on the world market using its comparative superiority over Japan in areas where Japan is deficient (such as its negotiating clout underpinned by its enormous market potential, its cost competitiveness as a developing nation, and its political and diplomatic superpower status), it would become all the more difficult for Japan to protect its interests and the cost of its energy security would increase. Conversely, if China were to attempt to achieve energy security through promoting energy conservation and establishing strategic reserve capacity, it would become easier for Japan to maintain energy security.

Japan and China—both major Asian powers—have up until now remained indifferent to each other's energy security problems, and have in the main used their respective comparative advantages solely for the construction of their own energy security systems. However, this kind of fortress mentality is no longer a viable option. It is essential for future Sino-Japanese and pan-Asian energy security that the two nations avail themselves of each other's comparative advantages, cooperate with one another, and work towards building an Asian energy community.

The vital fields for cooperation within such a community will include energy conservation, popularization of cleaner coal technology, promotion of the use of renewable energy for fossil energy substitute, joint promotion of pipelines for the importing of natural gas, establishment of common reserve systems, transfer of pollution prevention technology, and joint development of CO₂ recovery technology (Figure 1).

Finally, as the process of resolving these energy and environment problems moves forward, there are likely to be huge commercial opportunities, particularly in areas such as the energy conservation business, the environment business, and the supply capacity and infrastructure building businesses.

By way of example, as demand for electricity increases, China's electricity power industry will inevitably have to make increased use of coal-fired thermal power. This will require the introduction of leading-edge technology such as ultra-critical pressure power generation technology and coal gasification combined cycle technology; however, China's inability to commercialize these technologies is a stumbling block. Meanwhile, Japan boasts all these leading-edge technologies; however, as there is little increasing in domestic Japanese electricity demand, the potential market is small, and Japan cannot expect to realize cost competitiveness from economies of scale by its own markets. If this logjam cannot be broken, leading-edge power generation technology could go to waste and there is the undeniable risk that Japan's power generation infrastructure industry will sadly wither on the vine. In order to kill two birds with one stone and cure their respective woes, China and Japan should cooperate and share China's gigantic potential market for coal-fired thermal power and Japan's leading-edge coal-fired thermal power generation technology between them.

It is to be hoped that this kind of opportunity will not be let slip by and that, led by the private sector, Asian industry is expected to strengthen business collaboration and encourage dialogue between governments with a view to the formation of a community.

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“Japan’s Political, Economic, and Social Systems and
Its Contribution to the International Community

December 5-6, 2006

ANA Hotel, Tokyo

(資料編)



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**Japan's Political, Economic, and Social Systems and
Its Contribution to the International Community**

December 5-6, 2006

ANA Hotel, Tokyo

AGENDA

December 5, Tuesday

- 8:45~ **Welcoming breakfast** hosted by IIPS President Yoshio Okawara
(Aries Room, 37F)
- 10:00~12:30 **Session 1** (Aurora Room, B1F)
Building an Economy with Dynamic Development
Chaired by IIPS Distinguished Research Fellow Shinzo Kobori
Introductory presentations (15 to 20 minutes per person) by:
Ms. Yuko Kawamoto (Professor, Waseda University)
Dr. Tetsuji Okazaki (Professor, University of Tokyo)
Dr. William W. Grimes (Associate Professor, Boston University)
- 12:30~ **Lunch** (Aries Room, 37F)
- 14:30~17:00 **Session 2** (Aurora Room, B1F)
Generating a Peaceful and Vigorous Society
Chaired by IIPS Research Director Taizo Yakushiji
Introductory presentations (15 to 20 minutes per person) by:
Dr. Shumpei Kumon (Director, The New Institute for Social Knowledge and
Collaboration : Kumon Center, Tama University)
Dr. Masahiro Yamada (Professor, Tokyo Gakugei University)
Dr. Christopher P Hood (Director, Cardiff Japanese Studies Centre, Cardiff
University / Associate Fellow, Chatham House)
- 18:00~19:30 **Reception Party** hosted by IIPS Chairman Yasuhiro Nakasone (Former Prime Minister)
(Aries Room, 37F)

December 6, Wednesday

- 10:00~12:30 **Session 3** (Aurora Room, B1F)
Fostering Politics of Leadership and Capacity for Coordination
Chaired by IIPS Research Counselor Koji Kakizawa (former Minister of Foreign Affairs)
Introductory presentations (15 to 20 minutes per person) by:
Mr. Hiroshi Hoshi (Senior Political Writer, The Asahi Shimbun)
Dr. Jun Iio (Professor, National Graduate Institute for Policy Studies)
Dr. David Asher (Senior Associate Fellow, The Heritage Foundation)
- 12:30~ **Lunch** (Aries Room, 37F)
- 13:45~ Preparation meeting for open symposium (between chairman and panelists)
- 14:00~16:30 **Public Symposium** (Galaxy Room, B1F)
**Japan's Political, Economic, and Social Systems and Its Contribution to the
International Community**
Chaired by IIPS President Yoshio Okawara
Panelists: Ms. Kawamoto, Dr. Grimes, Dr. Hood, Dr. Asher

日本の政治・経済・社会システムと国際社会への貢献

2006年12月5日・6日 於 東京全日空ホテル

議事日程

12月5日(火)

- 8:45～ 朝食会 (アリエス, 37F)
- 10:00～12:30 第1セッション (オーロラ, B1F)
存在感のある経済力の構築に向けて
議長：小堀深三（世界平和研究所首席研究員）
報告者：
川本裕子 早稲田大学大学院教授
岡崎哲二 東京大学教授
William W.Grimes ポストン大学助教授
- 12:30～ 昼食 (アリエス, 37F)
- 14:30～17:00 第2セッション (オーロラ, B1F)
安心と活力を生み出す社会の構築に向けて
議長：薬師寺泰蔵（世界平和研究所常務理事 研究主幹）
報告者：
公文俊平 多摩大学情報社会学研究所所長
山田昌弘 東京学芸大学教授
Christopher P Hood カーディフ大学日本研究センターディレクター／
英国王立問題研究所副研究員
- 18:00～19:30 レセプション (アリエス, 37F)

12月6日(水)

- 10:00～12:30 第3セッション (オーロラ, B1F)
指導力と調整力を備えた政治の構築に向けて
議長：柿澤弘治（世界平和研究所研究顧問、元外務大臣）
報告者：
星浩 朝日新聞編集委員
飯尾潤 政策研究大学院大学教授
David Asher ヘリテージ財団シニアアソシエイトフェロー
- 12:30～ 昼食 (アリエス, 37F)
- 13:45～ 公開シンポジウム打ち合わせ（大河原理事長、登壇パネリスト）
- 14:00～16:30 公開シンポジウム (ギャラクシー, B1F)
日本の政治・経済・社会システムと国際社会への貢献
議長：大河原良雄（世界平和研究所理事長）
パネリスト：川本裕子、William W.Grimes、Christopher P Hood、David Asher



Prepared for the IIPS Symposium on

Japan's Political, Economic, and Social Systems and Its Contribution to the International Community

Tuesday, December 5, 2006
Tokyo

Session 1

Building an Economy with Staying Power

Yuko Kawamoto
Waseda University



Building an Economy with Staying Power

Yuko Kawamoto
Waseda University

What kinds of economic strength does Japan require in order to maintain its existing economic presence and develop dynamically? To put it another way, what is it about the current make-up of Japan that jeopardizes its economic standing and prevents it from developing dynamically? The Abe administration is touting the slogan of building Japan into a “beautiful country.” Exposing the not-so-beautiful reality of the Japanese economy will provide clues on how Japan may build an economy with staying power.

Half-Baked Structural Reforms

First, the structural reforms promoted by the Koizumi administration are as yet unfinished in the sense that they are still far from achieving their objectives. The greater the number of companies and individuals that rely on the national government, the more unstable the economic system becomes. The term “structural reform” denotes the embedding in the economy of self-sustaining mechanisms and the building of socio-economic structures that are capable of manifesting the untapped potential of companies and individuals—precisely what the first steps towards an economy with staying power should be.

However, although urgent financial reconstruction under the Koizumi administration eventually reduced the deficit in the primary balance, borrowing continues to snowball. (In mathematical terms, the second derivative is now positive, while the first derivative remains negative.) The long-term liabilities of the national and regional governments amount to 170% of GDP, and the key question is whether the new administration can speed up reduction in expenditure. With the completion of the attempt to privatize the postal services so as to return the bloated flow of public finance to the private sector still ten years away, this giant state-maintained monopoly will continue to operate for the next ten years. The state will thus have to continue to monitor it constantly.

Reform of the financial system—described as the most successful reform of financial institutions—has taken hold at least in the mega-banks, dragging them out of financial crisis. However, they are yet to reach a point on par with global financial institutions in terms of fiscal health and profitability. While Japan was floundering in the Lost Decade, global financial systems got two or three steps ahead. On the other hand, bad debts owed to regional financial institutions in the shape of local banks, trust companies, and credit cooperatives amount to 15 trillion yen, and there remains a succession of moves afoot that attempt to resolve the situation through injections of public funds. This is the ugly reality from which it is impossible to look away.

There are many problems that are not being addressed. The most serious issue is consumer benefit. Unless the consumer can live in comfort, the idea of a beautiful Japanese economy is inconceivable. The government will require all its ingenuity to fulfill its role of allaying consumer unease amid all the cuts in expenditure. The outsourcing of the prosecution of parking offenses and prison administration to the private sector are prime examples of this cost-cutting that have made a contribution to civil order and traffic safety. Furthermore, it is apt to be forgotten that competition between companies represents the best form of protection for the consumer. Bid-rigging and other practices that limit competition are deeply rooted in Japan. In the course of government restructuring it will be necessary to strengthen policy on

competition by drastically beefing up the Japan Fair Trade Commission in both qualitative and quantitative terms.

Measures to Combat the Falling Birthrate—the Key to National Survival

In addition to its lack of military might, Japan is indisputably possessed of less than stellar diplomatic abilities. In order to maintain its presence, Japan must take a realistic view of its place in the world. If Japan were no longer able to maintain its position as a major economic power, would it be able to rely for its survival on the goodwill of the countries of the world? Since such an existence would likely be no bed of roses for Japan, it would seem that failure to devise a state strategy would be an abdication of the country's responsibility to the next generation.

The reality is, however, that the birthrate is falling faster in Japan than anywhere else in the world. The number of young people is declining as society continues to age. In 2005, 37% of households were headed by someone aged 60 years or above, and this figure is set to rise to 42% by 2010, and to 44% by 2015. It is estimated that Japan's population will fall from its 2006 total of 120 million people to a mere 85 million by 2050. This equates to the disappearance of one city of one million inhabitants every year, or 20,000 people per week.

Whether or not to have children is an issue for the individual. However, Japan shows a widespread propensity to accelerate the decline in its birthrate. First, Japan has the lowest standard of public assistance for childcare of any OECD nation. Second, although the social security system imposes no income restrictions with respect to the elderly, it imposes stringent limitations in regard to child allowances and childcare services. Third, while the expenses for the delivery of a child are not covered by health insurance and must be borne by the individual, healthcare costs for the elderly remain largely unchecked. While the cost of childcare is paid out of taxed income, healthcare costs are tax-deductible. Fourth, while the wide-ranging payment structure accords adult status to children as soon as they enter junior high school, the elderly are showered with benefits when they reach 60—irrespective of income.

Since the declining birthrate has more impact on the social security system than any other factor, rectifying this equation would now seem to be a major issue. When the social security costs and benefits that accrue to each household over a lifetime are evaluated, it emerges that people aged 60 and over profit to the tune of 56 million yen in lifetime benefits. People in their fifties profit by 30 million yen, and those in their forties by 7 million yen. People in their thirties lose out to the tune of 7 million yen, and those in their twenties by 14 million yen. The generation of young people of 20 and under—who are too young to vote—are currently set to bear the heavy burden of 40 million yen each. Among the young, unease about the future is growing increasingly pronounced.

Those of every generation must now tackle the problem of the falling birthrate with all their might. Japan's survival depends on it. This is a *sine qua non* for an economy with staying power.

Restoring Investment in Human Capital—the Responsibility of Adults for the Future

In a land poor in resources and possessed of little territory, the citizens of Japan harbor a communal recognition of the importance of people. As the advanced nations battle furiously with one another on the front lines of science and technology, and countries such as China and India head for future economic superpower status, how can Japan survive in the twenty-first century unless the Japanese raise children

capable of competing on the world stage? Training children's minds, inculcating in them a set of values and a sense of judgment, and equipping them with practical abilities that will meet with favor in the labor market—and persisting honestly with this process for at least ten years will yield individuals who can start to make a contribution to the economy. Underwritten by this human capital, Japanese society will be able to endure. Recently, however, gaps have emerged in this human investment scheme. In an indication of the attendant sense of crisis, the Abe administration has established a council to revitalize education and tackle educational reform. This has been sparked by a welter of problems, including a deterioration in academic achievement, frequent cases of bullying, and juvenile delinquency.

The responsibility for educational problems rests solely with adults. In reality, however, adults have scant interest in schools and do not talk to their children at home; within the system of lifetime employment, the presence of adults serves to exclude young people from the high-quality labor market; and adults adopt a *laissez-faire* attitude to the heavy pension burden on the current working generation. This type of selfish behavior is endemic and adults are failing to fulfill their responsibilities to their children's future.

The greatest problems are with the public elementary and junior high schools—in other words, there has been a deterioration in the quality of public education. Falling standards in public education stand to polarize society. As elementary and junior high schools are reduced to little more than leisure complexes, those who suffer the most in the process are children from families who cannot afford to resort to alternative forms of education, such as after-hours cram-schools and private schools. At the heart of this disparity is the problem of poverty—the great fear being that the deterioration in public education will deprive poor children of equal opportunity. The old view of compulsory education—that if the state establishes the system, people will be happily absorb the fruits of education—is no longer valid. New incentives are required in public education—that is to say, people should be consumers of educational services with the right to exercise choice, rather than be simply at the mercy of educational administrators. Consumers would evaluate the services on offer and then make a choice. This would lead to competition among service providers. As with any kind of enterprise the world over, if competition is absent, inefficiency and unfairness persist, and poor-quality services and practices continue due to the lack of any assessment.

A school selection system could be a key opportunity for reform. At the same time, a system should be promoted that permits trying various methods to improve the academic results of schools and teachers, in conjunction with the development of an environment in which parents and children can evaluate the curriculum and standards. It will be extremely important to have an overall organizational plan for this. The evaluation in a competitive environment of which teachers and schools are good will restore the discipline that has been lost from education. The government should work hard at fulfilling its role in setting rules regarding the allocation of resources, publishing standards that public education would have to attain, promoting the sharing of information and learning from each other in relation to various educational methods, and monitoring the results for each school using methods such as standardized tests.

In its pursuit of more effective teaching methods, the government should naturally also look at proficiency-based teaching and smaller classrooms.

Building a Nation from People, Not Concrete—the Urgent Need for a New National Strategy

Thus in order to build a beautiful economy with staying power that it can confidently pass on to the younger generation, Japan needs an overall package of reforms that addresses education, the labor market, the declining birthrate, and social security. As described earlier, the introduction of competition and choice, and the creation thereby of a mechanism for actively evaluating the work of teachers and outstanding schools, would improve the quality of education, in conjunction with delegation of authority to local governments.

Abolishing the various controls that currently distort the labor market will promote originality and ingenuity in companies, prompting them to invest in human capital in a manner applicable to the *freeter* generation (young people who engage in non-permanent freelance work). It would be impossible to resolve the problems of the working poor (the heart of the so-called social divide) within the constraints imposed by the vested interests of organized labor.

Yet to come are policies to counter the declining birthrate, such as reform of the employment system to allow people rearing children to work in a more flexible manner and stronger economic support for childcare. More reforms are required to the social security system as well, in order to eradicate the inequality and disparities between different generations.

In other words, the notion of switching from building a nation out of concrete to building a nation out of people would seem to be essential to the realization of a “beautiful Japan.” Even during the Lost Decade, Japan’s road density was the highest in the world. Even the so-called privatization of the public highway corporations did not prevent on-going construction of 2000 kilometers of new highways from being forced through. There has been a strong adverse public reaction to the way in which construction has deformed the nation by pickling it in concrete—public opinion polls all reflect mass sentiment to the effect: “no more public works” and “no more roads.” It is not a matter of cutting back public works costs by a fixed percentage compared to the previous year. Rather, is Japan capable of switching over to a new national vision, under which public investment would be significantly reduced and the money thus saved used to reduce the amount of outstanding government bonds and to invest in people—with part of it spent to combat the falling birthrate and part spent on education? Therein surely lies the real challenge inherent in the quest for a beautiful Japan and an economy with staying power.

Improving Productivity and Sowing the Seeds of Innovation

To judge from private companies in Japan, Japanese management has never worried too much about profitability. Revenues and profits rose steadily in tandem up until the 1990s, but since 1990 profits have been declining. Of particular concern has been a steady decline in operating profit ratios, which, even when using period averaging, have continued to gradually decline from a level of 4.8% in the 1960s. Though this ratio was recovering during the period 2000–2005, the average was still only 3.13%—no better than the level in the 1980s. This problem would seem to be rooted in the fact that the structure of many companies remains unchanged since the immediate post-war catch-up era.

In addition, at around 10% the cost of capital in Japan is much lower than in the USA, where it is usually in the region of 15%. In terms of return on invested capital (ROIC) as well, Japan’s capital efficiency is poor.

Dividing Japanese industry into three sectors—the export-led manufacturing industry, the domestic manufacturing industry, and the domestic service industry—allows comparison of productivity in each sector with that of the USA. If US labor productivity for the year 2000 in the export-led manufacturing industry (comprising automobiles, iron and steel, electronic machinery, and IT equipment) is ascribed a level of 100, Japan’s labor productivity for the sector would be 120. This sector accounts for no more than 10% of the Japanese workforce. The domestic manufacturing industry (including food processing, textiles, and furniture) accounts for 15% of the Japanese workforce, with labor productivity at 63% of the US level for the sector. The domestic service industry (including retail sales, construction, healthcare, and agriculture) accounts for 75% of the nation’s workforce, and here too labor productivity stands at 63% of the US level.

However, there is opportunity in adversity. In other words, there is still cause to believe that Japan has major potential for growth. Improving productivity will be a key factor. The Japanese cannot afford to indulge in nostalgia for systems bearing the unique imprint of Japan. The Japanese economy must simply evolve.

In order to boost productivity, Japan must first speed up the introduction of outstanding foreign-owned technology and expertise. Independent Japanese innovation will also be extremely important. Speeding up innovation and spreading the reputation of value created in Japan throughout the world will allow a Japanese economy with staying power to take off.

However, the current innovation fever in Japan seems to be more rhetoric than reality. In the USA, the well-spring of innovation, the slogan “Innovate America” is touted. There is a clear sense among Americans that they are on the verge of completely re-inventing themselves. Microsoft muscled its way to the forefront of the IT industry on the strength of the concept of easy-to-use PC software for everyone; in the realm of the Internet, Google devised a business model that swept the world. The current “star” company that is driving the economy changes by the minute. A changing economic landscape and the overthrow of the existing economic order are totally consistent with the term “innovation.” In this sense, “innovation” is completely synonymous with “revolution.”/

Within the Japanese economy there have been few instances of this kind of revolutionary changing of the guard among the leading players. First and foremost Japan would seem to require an economy, a financial environment, and a culture that encourages and supports young entrepreneurs to take risks. According to the OECD, Japan invests the least venture capital as a proportion of GDP of any of its member nations—on average no more than about 10%. It is not only the USA behind which Japan is sorely lagging—the EU long ago overtook the USA in terms of total venture capital investment. Since Japan’s level of investment in ventures and new businesses is strikingly low in comparison with neighboring South Korea as well as with the EU, it is clearly not the product of any cultural difference. It is not that there is a dearth of investors or funding in Japan; nor is it the case that in comparison with other countries Japan has a shallower bench of outstanding scientists and technologists capable of devising innovative concepts. In order to build a substantial, strong, and dynamic economy, Japan needs a fertile environment in which innovation can be cultivated. It will be necessary to tackle the task in a holistic fashion with wide-ranging measures that include the mobilization of human resources—including people at universities—and the promotion of investment in venture start-up companies—including individual entrepreneurs.



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Japan's Political, Economic, and Social Systems and Its Contribution to the International Community

Tuesday, December 5, 2006
Tokyo

Session 1

Economic Growth and Structural Change— the Lessons of Economic History

Tetsuji Okazaki
University of Tokyo



Economic Growth and Structural Change—the Lessons of Economic History

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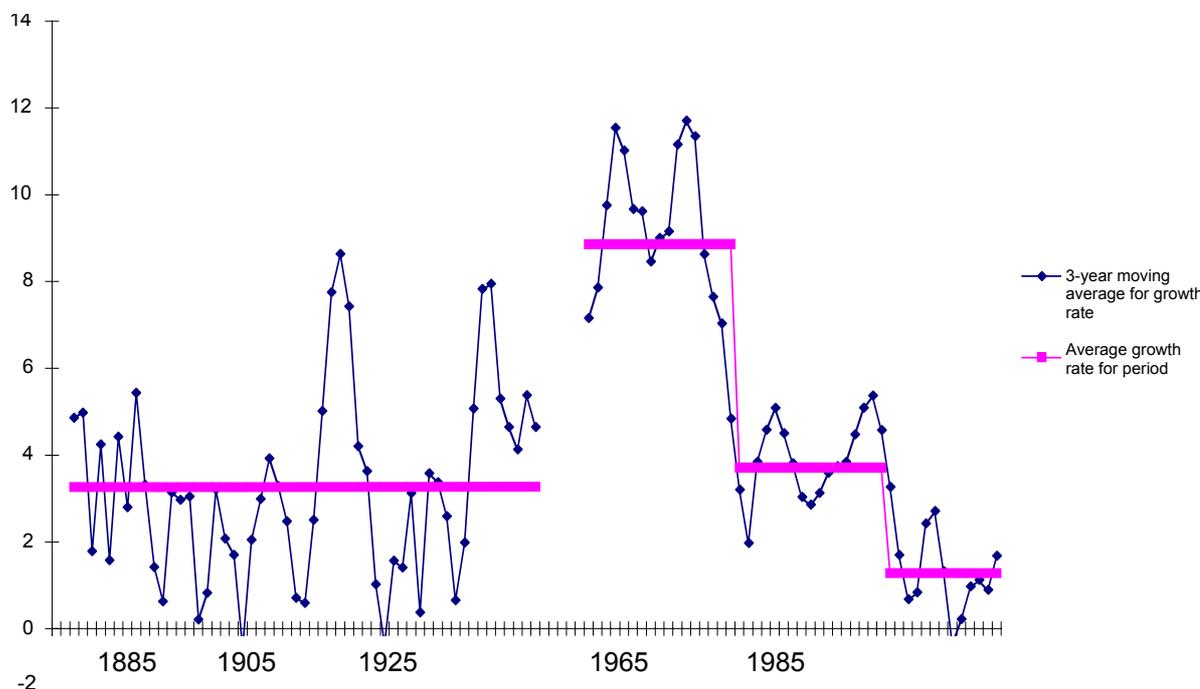
1. Introduction

In October 2006 the Japanese government announced that since February 2002 the Japanese economy had witnessed 57 straight months of expansion—equaling the Izanagi Boom as the longest post-war period of consecutive economic growth. The Japanese economy appears to be finally emerging from the long-term stagnation that has lasted since the start of the 1990s. However, the economic growth rate during this current process of economic expansion has been decidedly modest—for the years 2002 to 2005 the annual growth rates have been 1.1%, 2.3%, 1.7% and 3.2% respectively. In contrast, the average rate of economic growth during the Izanagi Boom of 1965 to 1970 amounted to 11.1%. Even in 1965, the year of Japan's worst post-war recession, which immediately preceded the Izanagi Boom, the growth rate was 5.7%. Thus, the economic growth rate for the current period of economic expansion is much lower than that in the depression during the period of high economic growth. This would appear to be why the Abe Cabinet that was formed in October recognized economic growth as one of its chief policy objectives.

Although slipshod policies that postpone financial reconstruction premised on unreliable expectations of a high rate of economic growth are undesirable, there is no doubt that accelerated growth will at least be conducive to the alleviation of the difficult problems that face the Japanese economy, such as public finance, pensions, and employment. Will it be possible to boost Japan's economic growth rate once again? Assuming that this is possible, what conditions are necessary to achieve it? These questions are now of vital significance, and in order to consider them, this paper focuses on the historical experience of Japan's economy. Thus, it seeks to present a reappraisal from a micro-economic perspective of the nature of the phenomenon of Japan's past rapid economic growth, and to shed light on possible strategies for future growth.

2. Economic Growth and Changes in the Structure of Industry

Figure 1 Long-term growth in the Japanese economy



Japan has a long history of economic growth. At the very least, the Japanese economy has been growing continually since the end of the nineteenth century (the earliest time for which reliable GNP estimates are available) right up until the present—although the pace of growth in different periods has varied (see Figure 1). In the period before the war the rate of growth fluctuated considerably, reflecting tempestuous economic cycles. However, between 1885 and 1940 growth averaged 3.2%. This was slightly higher than US growth over the same period, which averaged 2.8%, and markedly better than in major European nations such as Britain. As is well known, Japan's economic growth sped up after World War Two. Already high during the process of post-war reconstruction between the late 1940s and early 1950s, Japan's economic growth rate rose in the late 1950s (despite the fact that the need for reconstruction seemed to be at an end) as the nation entered the era of rapid economic growth. From 1955 until 1973, when the first oil crisis occurred, Japan attained an average growth rate of 8.8%. Although the oil crisis dealt a severe blow to a Japanese economy that was heavily dependent on oil for energy, the economy bounced back in the late 1970s and enjoyed stable growth once again up until the end of the 1980s. Although growth during this period was much slower than it had been in the era of rapid growth, it still averaged 3.7% a year, which was relatively high in international terms. After the collapse of the so-called economic bubble, which emerged towards the end of this phase, Japan's economic growth rate declined even further, and between 1990 and 2003 economic growth averaged 1.2%. Not only was this less than half the average US growth rate of 2.8% over the same period, it was also less than Japan's average growth rate of 2.0% in the 1920s—renowned as a long period of economic stagnation.

As shown above, over the period from the end of the nineteenth century until the end of the 1980s, the Japanese economy experienced at least 100 years of continued growth at an annual rate of between 3 and 10%. What is the significance of the phenomenon of long-term macro-economic expansion at this speed? First, an examination of the industry-specific data shown below reveals the structural changes that formed the background to this macro-economic growth. Table 1 presents a breakdown of post-war GDP by industry in terms of production, and shows the degree to which each industry contributed to economic growth in successive ten-year periods. In this table the contribution of growth by each industry is expressed as a proportion of each decade's GDP percentage growth—with the total giving the GDP growth rate. It can be seen that, at least from the early days of rapid economic growth until the early 1990s, the manufacturing industry was always the most significant driver of growth.

Table 1 Analysis by industry of degree of contribution to economic growth rate (I): post-war period

%/decade

	1955–1965	1965–1975	1975–1985	1985–1995
Total	145.1	129.0	57.9	40.7
Agriculture, forestry, and fisheries	3.8	0.0	0.0	–0.3
Mining	1.0	0.2	0.0	–0.1
Manufacturing	38.0	35.1	19.1	9.7
Construction	20.9	16.5	0.4	4.8
Electricity, gas, and water	4.8	3.6	1.5	1.0
Wholesale and retail	14.8	17.0	8.5	6.5
Finance and insurance	4.3	5.5	3.7	3.0
Real estate	14.9	13.0	6.5	5.1
Transportation and communication	13.0	9.4	2.7	2.3
Services	13.8	19.1	10.4	6.7
Government services	12.5	7.6	3.9	1.2
Private non-profit services for households	3.3	1.8	1.3	0.9

Source: Cabinet Office, Economic and Social Research Institute “Report on National Accounts from 1955 to 1998” Base year 1990, published in 2001

Cabinet Office website

Over the course of approximately 50 years, growth has thus been consistently driven by the manufacturing industry; however, the internal composition of the manufacturing industry has altered greatly over this period. For the same ten-year periods used in Table 1, Table 2 lists in order the degree to which the various branches of the manufacturing industry contributed to growth. Aside from the “Others” category, oil and coal products and foodstuffs (highlighted in green and blue) made significant contributions in the first decade, while electrical machinery and chemicals (highlighted in pink and orange) contributed significantly in the final decade. Clearly, the degree of contribution made by the two branches of manufacturing that drove growth in the early stages dropped down the rankings after rapid growth had come to an end. By the final decade shown, they had come to lie around the bottom of the chart. On the other hand, the two branches of manufacturing that drove growth from the 1980s onwards—electrical machinery and chemicals—were close to the bottom of the contribution rankings in the early stages. It can thus be said that growth in the post-war Japanese manufacturing industry was achieved with a high level of turnover in terms of the branches of manufacturing that drove this growth.

Table 2 Branches of manufacturing industry driving growth (I): post-war period

%/decade

1955–1965		1965–1975		1975–1985		1985–1995	
Total	236.0		148.8		71.4		32.2
Others	56.4	Foodstuffs	24.3	Electrical machinery	14.6	Electrical machinery	18.9
Foodstuffs	32.1	Others	21.2	General machinery	14.2	Chemicals	4.8
Oil and coal products	23.9	Primary metals	19.1	Others	9.7	Transportation equipment	2.7
Transportation equipment	22.4	Transportation equipment	17.5	Chemicals	7.3	Fabricated metal products	2.4
General machinery	17.9	Oil and coal products	12.9	Transportation equipment	6.4	General machinery	1.8
Fabricated metal products	17.5	General machinery	12.5	Foodstuffs	4.6	Primary metals	1.7
Primary metals	16.2	Chemicals	8.2	Fabricated metal products	4.3	Others	1.1
Cement, ceramics, and glass	14.4	Fabricated metal products	7.5	Primary metals	4.2	Paper and pulp	0.6
Textiles	13.9	Cement, ceramics, and glass	7.4	Precision machinery	2.4	Cement, ceramics, and glass	0.6
Paper and pulp	9.0	Textiles	6.2	Cement, ceramics, and glass	1.6	Foodstuffs	0.1
Chemicals	6.9	Electrical machinery	5.9	Paper and pulp	1.5	Precision machinery	-0.1
Electrical machinery	3.5	Paper and pulp	4.4	Oil and coal products	1.2	Textiles	-0.6
Precision machinery	2.0	Precision machinery	1.6	Textiles	-0.4	Oil and coal products	-1.7

Source: Cabinet Office, Economic and Social Research Institute (as above).

Table 3 analyses the degree of contribution to GNP growth by industry for ten-year spans during the pre-war period—just as Table 1 did for the post-war period. Even with the sweeping classifications shown here, it can be seen that during the pre-war period there was turnover in terms of the categories of industry that drove growth. Thus, at the end of the nineteenth century, the degree of contribution to growth by the mining and manufacturing industry was small, while the agricultural industry and the trade and services industry were driving economic growth. Although the mining and manufacturing industry grew rapidly from the end of the nineteenth century, it had little impact on the macro-economy, since it only accounted for a small proportion of the GDP. This state of affairs began to change as the twentieth century dawned. The economic growth rate fell considerably during the decade 1895–1905, which witnessed repeated recessions as well as the First Sino-Japanese War and the Russo-Japanese War. Even during this period, however, the mining and manufacturing industry continued to grow rapidly and its relative status as a contributor to growth rose. In the following decade (1905–1915), the mining and manufacturing industry came to be the most significant driver of growth. In the decade 1915–1925, which included the depression that followed World War One, the mining and manufacturing industry temporarily slipped back down the rankings; however, by the early 1930s its degree of contribution to growth had risen again and the industry had cemented its position as a leading engine of growth. Whereas post-war economic growth was accompanied by changes in the internal composition of the manufacturing industry, as seen previously, pre-war economic growth can be said to have occurred in a milieu of structural change in the form of industrialization. As is well known, it was the textile industry that drove the industrialization of the pre-war Japanese economy. As Table 4 illustrates, for virtually the entire period from the end of the nineteenth century until

the early 1930s, the textile industry was the most significant contributor to the growth of the manufacturing industry.

Table 3 Analysis of degree of contribution to economic growth rate II: pre-war period
%/decade

	1885–1895	1895–1905	1905–1915	1915–1925	1925–1935
Total	44.9	15.5	40.9	48.3	31.2
Agriculture, forestry, and fisheries	10.7	-0.4	11.7	3.7	0.3
Mining and manufacturing	5.8	5.7	14.8	8.6	19.7
Construction	1.1	1.0	2.7	2.8	3.3
Transportation, communications, and commerce	1.7	3.0	5.0	15.0	4.5
Commercial services	25.6	6.3	6.7	18.3	3.4

Source: Kazushi Okawa et al “National Income” Toyo Keizai News, 1974

Table 4 Branches of manufacturing industry categories that drove growth II: pre-war period
%/decade

1875–1885		1885–1895		1895–1905		1905–1915		1915–1925		1925–1935	
	17.14		109.71		19.36		85.81		75.25		114.31
Textiles	8.90	Foodstuffs	44.20	Machinery	5.27	Textiles	27.19	Textiles	22.67	Textiles	32.91
Others	4.46	Textiles	44.00	Foodstuffs	3.73	Foodstuffs	20.93	Foodstuffs	20.37	Machinery	25.79
Chemicals	3.19	Others	7.53	Chemicals	3.05	Chemicals	10.10	Machinery	8.67	Chemicals	20.99
Machinery	0.79	Chemicals	6.34	Textiles	1.97	Machinery	8.98	Iron and steel	7.29	Iron and steel	16.39
Non-ferrous metals	0.48	Ceramics	2.54	Printing and binding	1.68	Non-ferrous metals	5.54	Chemicals	6.16	Foodstuffs	4.25
Lumber	0.31	Machinery	1.95	Lumber	1.44	Others	4.05	Ceramics	3.29	Lumber	3.50
Printing and binding	0.30	Lumber	1.26	Iron and steel	0.95	Printing and binding	3.21	Printing and binding	3.14	Others	3.46
Iron and steel	0.09	Printing and binding	0.85	Non-ferrous metals	0.78	Iron and steel	3.15	Non-ferrous metals	1.99	Non-ferrous metals	2.83
Foodstuffs	-0.48	Non-ferrous metals	0.73	Ceramics	0.29	Ceramics	1.91	Lumber	1.63	Ceramics	2.52
Ceramics	-0.91	Iron and steel	0.30	Others	0.21	Lumber	0.75	Others	0.02	Printing and binding	1.65

Source: Miyoei Shinohara, “The Mining and Manufacturing Industry,” Toyo Keizai News, 1972

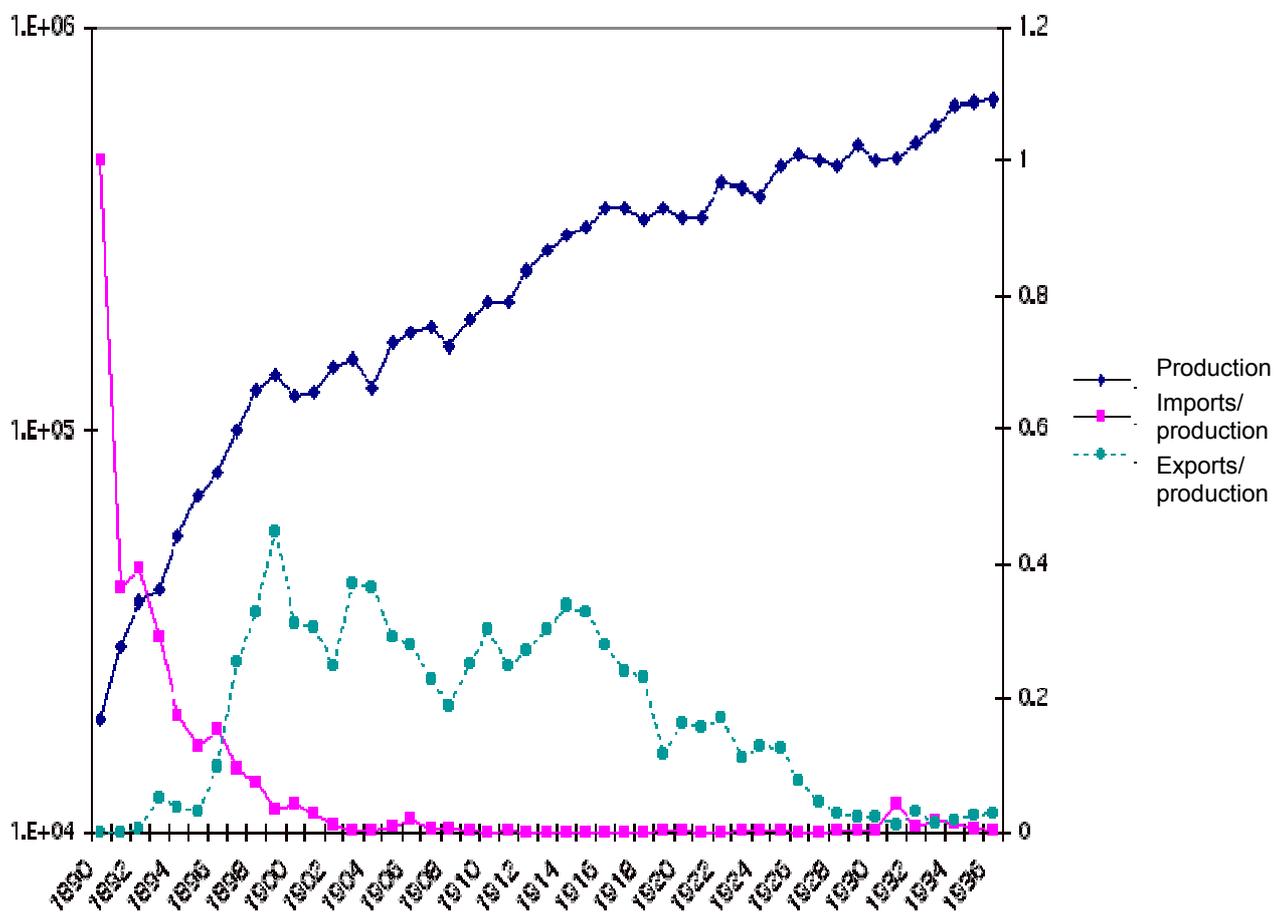
3. The Mechanisms of Industrial Progress

The preceding section attested to the fact that, from the end of the nineteenth century onwards, the long-term growth of the Japanese economy was founded on continuing change in the structure of industry. This section will probe the mechanisms that generate change in the structure of industry at the micro-economic level—focusing on data relating to individual companies. The subject of this investigation will be the textile production industry, which

drove pre-war industrialization, with a particular focus on the cotton-spinning industry, one of the most significant branches of textile production.

Cotton spinning had been performed using traditional methods as early as the Edo Era; however, it was not until the 1880s that a cotton-spinning industry using modern technology developed in Western Europe became established in Japan. Thereafter the industry grew rapidly (see Figure 2). By the mid-1890s, domestic cotton yarn had virtually supplanted imports of cotton yarn products, and at about the same time cotton yarn exports increased sharply. Subsequently, the Japanese cotton-spinning industry grew as an export industry until the end of the 1910s, as illustrated by the high rate of export. In the 1920s exports of cotton yarn declined, due to real wage increases; however, the cotton-spinning industry continued to grow, albeit at a somewhat slower pace.

Figure 2 The development of the cotton-spinning industry



The growth of the cotton-spinning industry is noteworthy in that it involved substantial turnover in the companies concerned. Table 5 shows how cotton-spinning companies entered and withdrew from the industry over the 31-year period from 1894 to 1925. Over the course of this period cotton production increased by a factor of 9.6. In 1894 there were 45 companies involved in the industry, while in 1925 there were 50, creating the superficial impression of an industry that was stable. Of the original 45 companies that existed in 1894, however, a mere six lasted the duration until 1925, and 39 companies withdrew from the industry in some form. In other words, 44 of the 50 companies that were involved in 1925 had entered the industry since 1894. In 1925 these 44 companies comprised 62.7% of the cotton-spinning industry.

Table 5 Basic statistics relating to companies entering, remaining in, and withdrawing from the cotton-spinning industry

			1894	1925
Total	Production volume	Total	13,748,061	131,885,921
(N=45, 50)		Average	305,512	2,637,718
		Standard deviation	351,047	4,257,915
		Coefficient of variation	1.149	1.614
	Productivity	Average	0.09407	0.23557
		Standard deviation	0.02607	0.09563
		Coefficient of variation	0.277	0.406
Companies staying in	Production volume	Total	1,907,640	49,168,223
(N=6)		Average	317,940	8,194,704
		Standard deviation	228,854	6,402,935
		Coefficient of variation	0.720	0.781
	Productivity	Average	0.08655	0.24191
		Standard deviation	0.01543	0.04032
		Coefficient of variation	0.178	0.167
Companies withdrawing	Production volume	Total	11,840,421	—
(N=39)		Average	303,601	—
		Standard deviation	368,473	—
		Coefficient of variation	1.214	—
	Productivity	Average	0.09523	—
		Standard deviation	0.02730	—
		Coefficient of variation	0.287	—
Companies entering	Production volume	Total	—	82,717,698
(N=44)		Average	—	1,879,948
		Standard deviation	—	3,316,023
		Coefficient of variation	—	1.764
	Productivity	Average	—	0.23471
		Standard deviation	—	0.10112
		Coefficient of variation	—	0.431

Source: The Japan Spinning Association, "Japan Spinning Association Monthly Newsletter," various issues.

Note: The unit of production volume is 1000 kan (1 kan=3.75 kg) and the unit of productivity is kan per man-hour.

Table 5 also shows that over the same period labor productivity in the cotton-spinning industry increased by a factor of 2.5. Although this did not match the increase in labor input (which rose by a factor of 3.8) over the same period, a substantial proportion of the increase in overall production was due to this increase in productivity. What is the relationship between this increase in labor productivity and companies' entry to and withdrawal from the industry, as described above? In order to investigate this, the rise in labor productivity is analyzed by breaking it down into the following components: the proportion due to increased productivity by the companies that stayed in the industry (termed "within"), the proportion due to changes in the market shares of the companies that stayed in the industry (termed "between"), the proportion given by the product of the increase in labor productivity and the change in market shares of the companies that stayed in the industry (termed "covariance"), the proportion due to the withdrawal from the industry of existing companies with low productivity (termed "exit"), and the proportion due to the entry to the industry of companies with higher productivity than existing companies (termed "entry"). This analysis is shown in Table 6. It is noteworthy that approximately 62% of the increase in labor productivity between 1894 and 1925 is attributable to the "entry" component. The period can be divided into three sub-periods of equal production growth rate as follows: 1894–1899, 1900–1916, and 1917–1925; the three rightmost columns of Table 6 show the results for each sub-period. Although the proportion of the contribution by the "entry" component declines relative to that for the period as a whole, while the proportion of the contribution by the "within" component rises, there is no denying the fact that the contribution by the "entry" component was considerable. It can thus be said that the average labor productivity in the cotton-spinning industry in pre-war Japan was boosted by the introduction of new companies whose productivity was higher than that of existing companies.

Table 6 Analysis of the causes of increased labor productivity

		1894–1925	1894–1899	1900–1916	1917–1925
Increase in productivity	Total	0.12181	0.02920	0.07546	0.01715
	within	0.01851	0.03215	0.02081	0.00867
	between	-0.00130	-0.00159	0.00358	-0.00344
	covariance	0.03278	-0.00756	0.01281	0.00629
	exit	-0.00419	-0.00035	-0.00148	-0.00066
	entry	0.07601	0.00655	0.03973	0.00629
Annual average increase in productivity	Total	0.00393	0.00584	0.00444	0.00191
	within	0.00060	0.00643	0.00122	0.00096
	between	-0.00004	-0.00032	0.00021	-0.00038
	covariance	0.00106	-0.00151	0.00075	0.00070
	exit	-0.00014	-0.00007	-0.00009	-0.00007
	entry	0.00245	0.00131	0.00234	0.00070
Degree of contribution to increased productivity	Total	100.0	100.0	100.0	100.0
	within	15.2	110.1	27.6	50.6
	between	-1.1	-5.4	4.8	-20.0
	covariance	26.9	-25.9	17.0	36.7
	exit	-3.4	-1.2	-2.0	-3.9
	entry	62.4	22.4	52.7	36.7

Source: The Japan Spinning Association (as above).

Increased productivity is a phenomenon that is intrinsic to the process of industrial development. At the same time innovative structures or business models are also frequently apparent in this process. A typical example of this was when companies making use of the joint-stock corporation system became standard-bearers for the modern spinning technology that was introduced to Japan in the 1880s. This section focuses on organizational reform, in relation to the integration or non-integration of the weaving process by cotton-spinning companies.

As early as the 1890s, some cotton-spinning companies began to vertically integrate the weaving process. Table 7 shows the number of integrated companies (companies that integrated the weaving process) and the number of specialist companies (companies that specialized in spinning), as well as the change measured in their respective production shares. Both these indices show that over the period encompassing the end of the nineteenth century and the start of the twentieth century the integrated companies' share increased; however, it is worthy of note that from the late 1920s the specialist companies' share began to rise. The development of the specialist companies is closely related to the emergence of the regional textile industry after the introduction of new technology such as the power loom in the 1920s. In other words, in the cotton industry as a whole (including cotton-spinning and textiles), a new business model undergirded by technological innovation emerged in the 1920s—typified by the growth of specialist weaving companies in the spinning industry.

Table 7 Industry share for integrated companies and specialist companies

		1905	1910	1915	1920	1925	1930	1935
Total number of companies	Integrated companies	10	13	16	30	39	45	41
	(companies)	(20.0)	(36.1)	(40.0)	(55.6)	(78.0)	(75.0)	(66.1)
	Specialist companies	40	23	24	24	11	15	21
		(80.0)	(63.9)	(60.0)	(44.4)	(22.0)	(25.0)	(33.9)
	Total	50	36	40	54	50	60	62
Production volume	Integrated companies	203,346	344,114	652,483	695,746	1,127,979	1,043,004	1,484,690
	(bales)	(44.9)	(61.7)	(73.0)	(84.3)	(90.7)	(89.4)	(84.8)
	Specialist companies	249,750	213,655	241,925	129,295	116,333	124,074	266,977
		(55.1)	(38.3)	(27.0)	(15.7)	(9.3)	(10.6)	(15.2)
	Total	453,095	557,769	894,408	825,040	1,244,312	1,167,078	1,751,667

Source: The Japan Spinning Association, "Statistics on Japanese Spinning Industry," issues for the relevant periods.

Note: Values are for the second half of each year.

1 bale = 400 pounds (lb)

Percentage production share shown in brackets

What kinds of mechanism led to this organizational reform in the shape of splitting off the weaving process? By analysis of the causes of increased productivity as well as other methods, it is possible to analyze the progress of this organizational reform in terms of companies' entry to and withdrawal from the industry or their change in a particular attribute. This entails analyzing three factors: the change in the proportion of companies within the industry that possess a certain organizational attribute, the entry to or withdrawal from the industry by companies that do or do not possess this attribute, and companies acquiring or

ridding themselves of this attribute. The results are summarized in Table 8. Here, the growth of the specialist companies that was described above is shown in terms of the decline in the industry share of the integrated companies since the end of the 1920s, so as to highlight the organizational change due to the changing proportion of integrated companies. Notably, the decline in the integrated companies' share of the industry was almost entirely due to the entry of new companies. Thus, many of the new entrants to the cotton-spinning industry were specialist companies, and this was the cause of the decline of the integrated companies' industry share. This finding suggests that it is companies that newly enter an industry that are the principal drivers of organizational reform within the industry—particularly in the initial stages of reform.

Table 8: Decomposition of the change in the share of integrated companies in terms of number of companies

(%)

		1905–1910	1910–1915	1915–1920	1920–1925	1925–1930	1930–1935
Change in share		16.1	3.9	15.6	22.4	–3.0	–8.9
Degree of contribution	Companies that withdrew	5.2	–0.7	2.9	6.0	1.4	0.7
	New entrants companies	1.7	–0.3	4.1	8.4	–4.9	–8.1
	Companies that switched attribute	8.3	5.0	7.4	6.0	0.0	–1.6

Source: The current article

4. Conclusion

Various lessons can be drawn from the past experience of the Japanese economy. Over a period of 100 years from the end of the nineteenth century until the 1980s, the Japanese economy continued to grow rapidly at an annual rate of between 3 and 10%. At the same time there was a process of change in the structure of industry. In the pre-war period, industrialization progressed with the textile production industry at the forefront. In the post-war period the manufacturing industry has been the engine of growth, while witnessing a large scale of turnover in the various branches of manufacturing that have driven this growth. In other words the process of economic growth has been characterized by the “metabolism” (regeneration) of industry. Within individual industries, the regeneration of companies has played a major role in the process of the birth of new industries and their continuing growth. In particular, companies newly entering an industry have played a significant role in increasing productivity and in introducing and popularizing new business models within the industry. With the attainment of sustained economic growth a current policy challenge, it could be said that the implications of these realities are now highly significant.



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Session 1

Fostering Dynamism in Japanese Finance through Regional Cooperation

William W. Grimes
Department of International Relations, Boston University



Fostering Dynamism in Japanese Finance through Regional Cooperation *

William W. Grimes[†]

The current economic news from Japan is generally positive – the recovery is picking up speed, deflation appears to be coming to an end, corporate restructurings have led to healthy profits, banks are healthier than they have been in well over a decade, employment is improving, and even real estate prices have stabilized. Overall, it seems that the goal of private-sector-led, sustainable growth has finally been achieved. Of course, vulnerabilities remain, and this is much more of a recovery than a resurgence. But with corporations holding significant cash positions and the prospects of a financial crisis dim, the timing is good to start thinking seriously about where economic policies should be going from here.

This session calls for us to consider how to build an economy with “dynamic development.” This is an extremely important goal for Japan, for reasons that relate both to the recent past and to the long-term future. Looking backwards, a decade and a half of stop-and-go economic growth, punctuated with several crises or near crises, has left Japan with a considerable stock of underutilized resources. One piece of evidence can be seen in the continuation of weak returns on equity – Japanese firms are putting far too much capital into ventures with only moderate effects on productivity growth. While weak corporate profitability has been an ongoing trend in Japan since the 1960s, a new phenomenon could be seen in labor markets as the numbers of underemployed workers rose significantly over the period. Looking beyond official unemployment numbers, this phenomenon was visible in increased reliance on part-time, temporary, and contract workers; withdrawals from the labor force, especially among women and marginal labor groups like youths and seniors; and the emergence of such social phenomena as “freeters” and “NEETs.” Japan needs a dynamic economy to provide good employment opportunities for potential workers who have been marginalized; the decline in employment stability also calls for firms to respond more flexibly and dynamically to ensure optimal matching of skills and talent.

Looking forwards, Japan is a low-birthrate, aging society. The Japanese economy will need to be dynamic and flexible to maintain living standards as senior citizens make up an ever-larger proportion – and working-age population an every smaller-proportion – of the economy. Per-worker productivity will need to improve significantly, even as the economy must shift to better accommodate more employment of senior citizens, women, and (most likely) foreigners.

Even if we take as given that both the past and the future call for improved dynamism, it is easier said than done. My own perspective is that the private sector must

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[†] Department of International Relations, Boston University, 152 Bay State Rd
Boston, MA 02215 USA, 1-617-353-9420, 1-617-353-9290 (fax) wgrimes@bu.edu.

be the driver for productivity growth, technological development, and increased competitiveness. However, I take as given that not only will the entire private sector not heed my suggestions at this conference, but also that the combined wisdom of multitudes of companies and financial firms competing for their survival is certain to exceed any good ideas I could actually devise as I sit in my university office over ten thousand kilometers from Japan.

As a practical matter, it is much more manageable to ask what the Japanese government and other official or quasi-official actors (Bank of Japan, Tokyo Stock Exchange, etc.) should be doing to support this kind of private-sector-led dynamism. Here, I can think of many policies that the Japanese government could implement to increase the dynamism of the Japanese economy, ranging from employment law and pension reform to decentralization to tax reforms to financial regulation to child care policy. Clearly, however, this is far too expansive a drawing board to be interesting or useful. So I will use as my guide the theme of this conference: “Japan’s Political, Economic, and Social Systems and Its Contribution to the International Community.” In the rest of this discussion paper, I attempt to address how the Japanese government can make use of its regional cooperation efforts to support dynamism in its own economy.

Japanese Financial Markets and the Challenge of Services

Japan is increasingly a post-industrial economy. Services account for the bulk of jobs and income; given Japan’s high-wage structure, there is no reason to believe that manufacturing is going to displace services as the core of the Japanese economy. So in thinking about how to increase the dynamism of the economy, sooner or later we must consider the question of how to make the service sector more efficient, innovative, and flexible – in a word, dynamic.

The service sector comprises many different types of activities, ranging from transportation to food services to entertainment to financial services. Although my students all seem to be most interested in *anime*, in this discussion paper I will concentrate on financial services, which offer the best opportunity for large numbers of high-paying jobs as well as the most direct link to issues involving the international community. I argue that a key goal for Japan is to make Tokyo a regional financial center for East Asia.

Promotion of Tokyo as a regional financial market center is an important national goal for Japan, for several reasons. Most fundamentally, domestic investors and households deserve access to innovative financial products and services, in order to make better use of their savings. Also, domestic capital allocation will be improved by more choices and greater liquidity in the market as a whole. Third, a vibrant regional financial market centered in Tokyo would be a useful base for the global advance of domestic financial institutions – particularly important at this point in time, when Japanese banks are finally at a level of stability where they are looking internationally again. Finally, as already noted, in a post-industrial, service-oriented economy such as Japan’s, financial markets can help to create attractive employment and opportunities for profit. Making Tokyo into a world-class and vibrant financial center will not only create jobs within financial institutions and exchanges, it will also create demand for legal, accounting, IT, and other ancillary services. (These services remain geographically bound even as an increasing proportion of trading activities occurs electronically, outside of exchanges.

Tokyo should not cede this ground to either the global centers of New York and London or the regional challengers of Hong Kong and Singapore.) We could also expect important spillover effects throughout the economy, as professionalism and transparency in accounting and other business practices rise.

Regional Cooperation in Support of Economic Dynamism

Despite the size of Japanese financial markets, Tokyo trails London and New York by significant margins in terms of liquidity and measures of globalization such as international listings. (Currently, the Tokyo Stock Exchange has only 24 foreign listings, of which only four are Asian firms.) While it will undoubtedly take a long time before Tokyo becomes a primary financial center for firms based in Europe and the Americas, East Asia and Oceania offer attractive prospects from the perspectives of both investing and raising funds. Moreover, Japan has important advantages over the other global financial centers in servicing the region's financial needs.

Japan has been a leader in East Asian economic regionalization, with Japanese firms pioneering the development of regional production networks through the region. Although intra-regional trade and investment account for a lower percentage of GDP and international transactions in Japan than in the other East Asian economies, Japanese firms and financial institutions are deeply involved in the region. Japan remains an important source of capital, intellectual property, and demand for East Asian goods and services. In the last decade or so, the government of Japan has been seeking to reinforce economic regionalization with economic regionalism in the form of economic partnership agreements (EPAs) and other regional initiatives.* In terms of financial issues, there are several ongoing efforts, including the Chiang Mai Initiative, Asian Bond Market Initiative, Asian Bond Fund, and ASEAN+3 Economic Review and Policy Dialogue.

What I would like to suggest in a very general way in this discussion paper is that the Japanese government create an integrated strategy of pushing forward financial regionalism, while at the same time working to improve the attractiveness of Tokyo financial markets. By doing so, Japan can position Tokyo as the premier destination in Asia for investing, raising funds, and doing deals. I should also emphasize that timing is crucial. Right now, there are many Asian companies that are emerging as international players that could benefit from greater exposure to international financial markets. However, other market centers such as Hong Kong, Singapore, and eventually Shanghai and Mumbai may challenge Tokyo for regional preeminence. So Japan must act quickly and decisively to solidify its advantage, addressing both infrastructure and supply issues.

In terms of infrastructure, there is still a ways to go to lower costs for participants in Tokyo financial markets. There is a pressing need to improve the technological infrastructure of the markets, as recent embarrassing failures of the Tokyo Stock Exchange demonstrate. Moreover, settlement systems throughout most of the market (with the exception of the Bank of Japan book-entry system for government bonds) are deficient in comparison with both the global leaders and regional challengers such as Hong Kong and Singapore. A number of laws and tax rules also serve to raise the costs

* Political scientists use the term "regionalization" to denote increased intensity of regional transactions. "Regionalism" means efforts to create formal institutions within a region. Such institutions can support and even accelerate regionalization.

of issuing securities. Tokyo is also at an automatic disadvantage in a world of globalized finance since reporting and legal documentation must be completed in Japanese, whereas Hong Kong and Singapore use English. Meanwhile, Japanese individuals remain reluctant to invest their savings in financial markets, even through investment trusts. Finally, market participants point to a shortage of skilled professionals, not only in financial specialties themselves, but also in auditing and legal services.

In terms of financial regionalism, I admit to being rather skeptical of the potential of local-currency bond markets. Asian currencies are not likely to be extremely attractive stores of value, and few firms outside of Japan and Korea would be able to attract high confidence and liquidity. But if local-currency bonds are to become popular among international investors, the most practical way will be in offshore markets. Hong Kong has already made a play for this niche, but Japanese authorities and exchanges should seek to compete. Even if a Tokyo-based euro-bond market is slow to develop, the effort to lure issuers can have synergies in terms of increasing regional firms' listings and attracting regional financial institutions to Tokyo. This would contribute to positive network effects, which so far have been lacking in Japanese financial markets.

Regional financial cooperation can complement efforts to improve market infrastructure by supporting regional economic stability, improving market and reporting standards in the emerging economies (and thus increasing the number of potential participants in Tokyo), and increasing the visibility of Japan as a regional leader. It should also contribute to a greater feeling of confidence among individual Japanese investors in investing in the securities of firms from Japan's East Asian partners – after all, one of the major benefits to regional firms of issuing securities and participating in financial transactions in Tokyo would naturally be to tap into the vast pools of Japanese savings.

To really establish Tokyo as the preeminent East Asian financial market center, all the key official actors will need to coordinate more effectively than ever before. This will require imagination and flexibility on the part of regulators, not to mention substantial investment on the part of exchanges. In particular, officials from the Financial Services Agency and the Ministry of Finance Tax Bureau will need to shift their focus from ease of administration to maximizing financial market efficiency. And the Tokyo Stock Exchange will need to address its infrastructural deficits seriously and publicly. Most of all Ministry of Finance and Bank of Japan officials in charge of regional financial cooperation will need to focus their efforts not just on theoretical goals of regional stability and bond market development, but on actively supporting the growth of East Asian participation in Japanese financial markets.



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Session 2

Creating a Peaceful and Vigorous Society

Shumpei Kumon
The New Institute for Social Knowledge and Collaboration:
Kumon Center, Tama University



Creating a Peaceful and Vigorous Society

Shumpei Kumon

The New Institute for Social Knowledge and Collaboration:
Kumon Center, Tama University

1. Redefining Modernization

The single term best characterizing the present, now that the Cold War has ended, is “unrelenting modernity.” As Giddens wrote in 1990, “Rather than entering a period of post-modernity, we are moving into one in which the consequences of modernity are becoming more radicalised and universalised than before.” The late Yasusuke Murakami said that the present is an age of “super-industrialization,” meaning industrialization’s quantitative expansion and qualitative enhancements are both advancing such that the shift to an information-based society is actually a manifestation of industrialization’s qualitative enhancement. In this sense, he wrote in 1992, “the current shift to an information-based society is unlikely to prove a decisive weapon overturning industrialization’s basically human-centric logic.”

Contemporary society is sustained by values of modernity and modern social systems. As the values or belief mainstays of the former may be cited

1. Progressive humanism, in which the global condition undergoes unbroken progress and improvement in terms of human happiness,
2. Instrumental activism, in which this progress is achieved by working upon the world actively with appropriate means, and
3. Decentralized liberalism, in which guaranteeing decentralized freedom of thought and action is effective in the identification and acquisition of superior means.

Of these, Murakami took especial note of the culture of instrumental activism, writing in 1975 that this is the very core value of modernity. Around the middle of the 20th century, there were attempts made by totalitarianism of both right and left to replace the third mainstay (decentralized liberalism) with a values system that might be termed tyrannical dictatorship. However, these efforts from both left and right were thwarted. More recently, the first mainstay (progressive humanism) has been subject to critical review, but it has not yet been refuted or rejected. And the second mainstay (instrumental activism) remains alive and well.

On the other hand, the major pillars of modern social systems are generally seen as the existing sovereign states, the international society, industrial enterprises, and the global

marketplace, to which should be added the many social institutions (NGOs, NPOs, and CSOs) that lead the trend to informationization—what I have termed information intelprises—and the global interplace where they operate.

Given this, it seems appropriate to expand Murakami et al's 1979 definition of modernization to state that "modernization is the progressive process of the modern society's evolving through the interaction of the three phases of statization (manifestation aspects), industrialization (breakthrough aspects), and informationization (maturation aspects). As such, modernization obviously also includes the development of modernization itself and the values that sustain it, as well as the formation of those social systems without which it cannot be sustained." Yet that alone is insufficient, and it is also necessary to articulate the essential characteristic defining "modernization itself" common to statization, industrialization, and informationization. This I see as a race-like empowerment of the principals that constitute modern society, which is to say the incessant quest and spiraling process that takes place like a social game with the means to achieve objectives and power in the sense of the ability to utilize means for the attainment of objectives. The types of core principals, the types of power primarily wielded by these principals, and even the types of social games that the principals play as they seek to acquire and exercise power differ depending upon the phase of modernization. For example, in the statization phase, it is the aggrandizement and exercise of military power by sovereign states that is advanced through militaristic "power games." In the industrialization phase, it is the aggrandizement and exercise of economic power by corporations that is advanced through capitalistic "wealth games." And in the informationization phase it is the rise of a new type of principals, what might well be termed information intelprises, that advance the aggrandizement and exercise of information power through "knowledge games."

2. New Vigor and Threats

Seen from the perspective of the three phases of modernization, the features characterizing the present are to be found in the fact that the rise of the state has taken such hold that there are currently over 200 sovereign states as well as the fact that the third industrial revolution and the first information revolution have both gone beyond manifestation and are headed for breakthrough.

It is especially worth noting that

(1) on the rise of the state—and by implication the rise of the military, since it is

primarily military power that the state exercises—the states that developed and possess nuclear weapons as the core of their military power as sovereign states have, with the end of the Cold War, turned their attention to promoting industrialization as a key element of national vitality and are achieving remarkable success in this endeavor;

(2) on the rise of industry, with hopes and expectations high for the emergence of “ubiquitous societies” as the computer sector comes into its own, new digital items engendered by online game communities have opened new possibilities for economic growth that is less disruptive of the environment, this then being buttressed as the third industrial revolution enters breakthrough phase with new materials created through advances in nanotechnology, biotechnology, and other technologies, this supplemented by the possibility, as Gershenfeld noted in 2005, that we may see the development of a personal fabricator sector marking a quantum leap from the assembly sector that produced consumer goods (e.g., automobiles and appliances) for mass consumption; and

(3) on the rise of information, the industrial society’s *homo economus*, who sought to achieve personal goals with the exclusive use of privately owned assets, may be giving way to a new type of individual who seeks to achieve conviviality through the co-production and co-use of shared assets, especially information assets, as noted by Benkler in 2006, this signifying the rise of what I termed in 2001 netizen patterns of awareness and action.

While all of these trends will be important sources of new vitality for society, flat-out most promising are the new vitality (knowledge power) that the rise of information will engender in people, the new social games (knowledge games) race-like exercised as a result, and the new social ideal (conviviality) that it is hoped will be manifested as a result. In effect, the most promising possibility for generating the peaceful and vigorous society of the future lies not in tweaking statization or industrialization but rather in full-throated informationization.

Yet today’s world is not homogeneous. As Thomas Barnett pointed out in 2004, there is a profound divide between those “societies that are actively integrating themselves into globalization’s Functioning Core and those that remain ... largely disconnected from the global economy” (the Gap). New developments on the statization front, such as the kind of regional integration that is continuing apace in Europe, or new developments on the industrialization front, such as the rise of the BRICs and the Next 11 as detailed by Prestowicz in his *Three Billion New Capitalists* (2005), are phenomena taking place only within the Core that Friedman described in 2005 as flattening, and the Gap is

conversely characterized by social dysfunctionality and poverty, environmental degradation, global terrorist networks that spread out from them, and other threats arising from their non-contemporariness with the modern world. Many of the possibilities and potential opened up by information's primacy will probably have to be utilized to overcoming this non-contemporariness.

That said, it must also be noted that today's world is also beset by a wide variety of other threats as well, and special heed must be paid to the "negative feedback loop" in which the enhancement of social vitality feeds into an expanded threat of aggravating the wealth, opportunity, and other divides and of exacerbating environmental degradation. Grouping these myriad threats, it is possible to identify a number of basic threat patterns.

Looking first at the threats as regards the rise of the state, there are three main threat categories. First is that the states that have succeeded in identifying statization with militarization may find the momentum so intoxicating that they embark upon imperialistic or hegemonistic quests. This would be a reprise of the nightmares of the 20th century, including the Cold War. Second is the danger that newly emerging or long-established sovereign states may embark upon ambitious, or even defensive, efforts to develop and possess nuclear weapons and other weapons of mass destruction, this triggering major proliferation of WMDs and consequently heightening the threat of war. And third is the threat, as mentioned above, of regional conflict and even global terrorism emanating from and among states and regions that have been left behind in modernization or that are adverse or hostile to modernization.

With regard to the rise of industry, the possibility that resource depletion and environmental degradation could well be further exacerbated by industrialization for new production building upon the second industrial revolution is a particularly serious threat. Indeed, global warming and desertification have already passed the could-be stage and the situation is already perilous.

With regard to the rise of information is the widening disparity of information and knowledge between the front-running information societies and the laggards, and even the regional, class, and generational disparities within any one country. Termed the digital divide, this is already a serious concern and its further widening is a threat. Another threat is the danger of over-reaction sparked by fear of the unknown. Excessive shielding of personal information, unrelenting surveillance of others, and other

responses provoked by obsessive fear that personal privacy might be compromised could well lead to a crippling of the very vitality that the greater use of information is engendering. There are real problems with viewing attitudes and behavior at variance with *homo economus* modalities as pernicious piracy and seeking excessive protection for intellectual property as a result.

3. Issues in Creating a Peaceful and Vigorous Society

3.1. Supporting modernization

The central form of socially mutual activity within the statization phase of modernization has been discord and conflict. In the industrialization phase, this manifested itself as competition. Even the social ideal pursued changed from “fighting to win the peace” to “achieving prosperity through competition.” Yet in the information society, we will likely see the new ideal of “conviviality grounded upon co-operation” being pursued. Such a society will probably witness a transformation from the process of individual states and enterprises advancing in conflict and competition to a process of creation within a climate of mutual co-operation and co-support. Especially since the end of World War II, with the global recognition that regions and ethnic groups have the *right* to declare their independence and to establish state structures, active support and co-operation from the modernity-leader states to these regions and ethnic groups that are unable to achieve statehood on their own is both necessary and desirable.

In the early stages of industrialization, the state played an important role in supporting and promoting industrialization by providing security guarantees and establishing and enforcing the rules of the wealth game. While the state will continue to play this support role in the informationization phase, it will be complemented by supranational agencies. In effect, it is hoped that both state and non-state actors will move beyond development support to promote the establishment and operation of a co-operative promotion regime of what might be called co-development support and will create a variety of support frameworks for the apt governance of the Internet, the most important infrastructure for eliminating the digital divide and enhancing the information society. In addition, national and supranational actors alike can and should play a major role in creating and establishing a new information-rights regime premised upon joint ownership and shared use of intellectual property that can supplement or replace the current intellectual property framework premised upon private ownership and personal use of intellectual property.

In today's informationization phase, it is important that corporations join national and supranational agencies in this effort to support the wider use of information. Corporations are able to make platforms available for free and unfettered use not only by other for-profit corporations but also by intelprises and netizens. Rather than seeing the activities of intelprises and netizens as hostile piracy and seeking to suppress them, it is important that corporations make it their business to further the spread of knowledge games developed by different value systems and different behavioral patterns and to facilitate and expedite play. In providing such support, along with making search engines and other information-processing applications available, providing platforms offering earnings opportunities to netizens such as currently seen emerging in, for example, Google's AdSense and Amazon's affiliate program, is an especially important element. Just as corporations were able to pursue business opportunities unarmed thanks to state support in the early stages of industrialization, so is it important that intelprises not have to devote all of their energies to surviving but be able, thanks to corporate support, to pursue knowledge games in peace in the early stages of informationization. If this can be done, the result is likely to be that the fruits of these labors will find their way back to corporations who will be able to utilize these innovations and convergences in their own business operations. As such, this is very similar to the way the state, having provided support for industrialization, was then able to reap considerable tax revenues and to acquire powerful arsenals as industrialization succeeded.

3.2. Deterring explosions

While modernization enables diverse empowerments, there is the danger that this might be a source of major threats to society if they are abused. If the emerging leadership burns with ambition to develop and possess nuclear weapons while the state is still under construction, the result will likely be greater proliferation risk, which threat will likely spread to neighboring states or over the whole of the broader global community. While it goes without saying that considerable risk would also be entailed if one or more of the great powers, having succeeded in consolidating its state, were to embark upon hegemonic pursuits on a global scale, likewise can greater peaceful industrialization not only pose a threat to other-state markets and industries if it engages in blatant and massive developmentism but even run the risk of aggravating environmental degradation and triggering resource depletion.

On the other hand, even among states that have achieved independence, we are already witnessing some that have failed to establish full statehood and have been unable to industrialize on their own, leading to social unrest at home and sparking conflict with neighboring states and region-wide. In some cases, this has even escalated to international terrorism aimed at the earlier-modernizing states, as seen in the conflict in the Balkan states and the September 11 terrorist attacks in the United States.

If we are to deal effectively with these threats, it is essential we accurately identify their causes and establish global co-operative structures with creative leadership from the earlier-modernizing states to ameliorate them.

3.3. Maintaining social balance

Society frequently over-reacts to new threats that are not yet accurately assessed as to scale and probability or that have yet to materialize, instituting extreme countermeasures to ward them off. At other times, society goes overboard wantonly and prolifically utilizing new technologies and systems as they become available, triggering the creation of bubble phenomena in the process. While at times marshalling every possible social surveillance mechanism to monitor every nook and cranny of society, society at other times seeks to throw a shroud of protection over even such basic personal information as name and address. Just as there are those who seek to use P2P applications to access and distribute illegal content, so are there others who view such P2P applications as solely and inherently tools for piracy and stridently advocate stringent legal restrictions to stamp them out. While there are some who attempt to make all knowledge easily available, shareable, and usable by all, there are also those who would impose wide-ranging restrictions and ever-more-stringent protection for intellectual property, going so far as to restrict the resale and even the lending of used books and the downloading of any and all content. As seen for example in attempts by Google and others, information and knowledge that all people may freely use is currently being brought together on giant server complexes, but there are also counter-predictions that this move to centralization will be reversed and knowledge will be unrelentingly decentralized. While this swinging from extreme to extreme, this cleaving of public opinion, is perhaps to some extent inevitable and unavoidable, it carries the danger that it could hinder peaceful and vigorous social activity if taken to extremes. It is thus imperative society not lose that spirit of moderation that is so conducive to appropriate balance.

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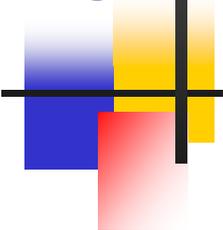
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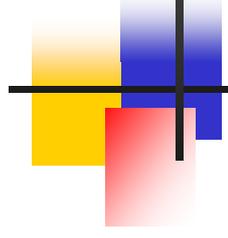
安心と活力を生み出す社会
Generating a Peaceful and Vigorous Society

公文 俊平 Shumpei Kumon
多摩大学 Tama University

2006/12/5

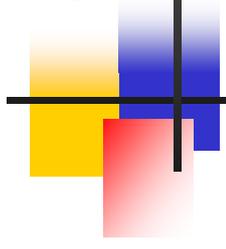
Characteristics of contemporary society = thorough modernization

- Values of Modernity
 - Progressive Humanism
 - Instrumental Activism
 - Decentralized Liberalism
- Modern Social Institutions
 - Nation States
 - Industrial Enterprises
 - Information Enterprises
 - NGO-NPO-CSOs



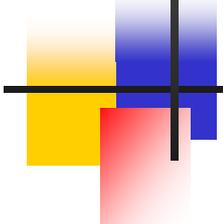
Aspects of modernization

- Statization: establishment and change
 - Regional integration vs. new developmentalism: BRICs, Next 11
 - co-developmentalism, aidism
- Industrialization: Third industrial revolution
 - Maturation of computer industry→ubiquitous society
 - Breakthrough industries→personal fabricators
- Informationization: First information revolution
 - New entities (knowledge industry) and new social games (knowledge games)



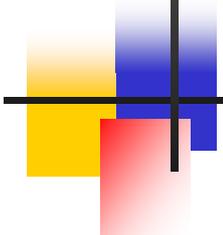
Current threats

- Related to statization
 - Hegemony
 - International terrorism and nuclear proliferation
- Related to industrialization, in particular new developmentalism
 - Environmental degradation、resource depletion
- Related to informatization
 - Digital divide
 - Over-reaction to fear of unknown
 - Surveillance of others, shielding of personal information, protection of intellectual property



Sources of vigor

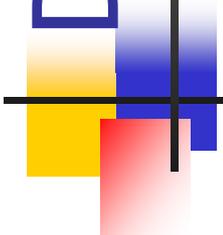
- Industrialization: new opportunities for growth
 - New digital items
 - New platforms: universal machines, personal fabricators
- Informatization: new values (conviviality), mutual benefit (cooperation)
 - Make available (sharable) information processing applications
 - Dissemination of knowledge games



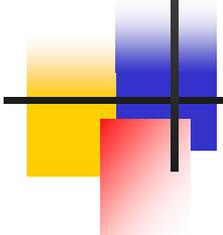
Issues (1): supporting modernization

- Role of state, supranational agencies
 - Co-development support: promotion of industrialization and elimination of digital divide
 - New rules for knowledge games: information-rights regime
- Importance of corporate support
 - Information-processing platforms
 - Knowledge base and new revenue opportunities

Issues (2): Detering explosions



- Nuclear non-proliferation
- Counter-terrorism
- Environmentalism, resource conservation



Issues (3): Maintaining balance

- Surveillance vs. protection of personal information
- Sharable knowledge vs. protection of intellectual property
- Centralization (Googlization) vs. decentralization (P2P)



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Session 2

Japan's Growing Social Divide and Its Attendant Problems

Masahiro Yamada
Tokyo Gakugei University



Session 2: Generating a Peaceful and Vigorous Society

December 5, 2006

Japan's Growing Social Divide and Its Attendant Problems

Masahiro Yamada

Tokyo Gakugei University

"Events that indicate that our efforts will succeed arouse hope. Events that suggest that our efforts are futile foster despair."

Social Psychologist R. Nesse, *Social Research* 66-2, 1999

"This country has everything... everything but hope. It's all here, whatever you need to live a lifetime, and yet, no hope. And what are we to think of the fact that, in this country without hope, children are still being taught in essentially the same way as in the days when hope was all this country had?"

Ryu Murakami, *Exodus in the Hopeful Country*, 2000

Required Conditions for a Peaceful and Vigorous Society

A peaceful and vigorous society is one in which all people can lead their lives with hope. Because hope is a feeling that comes when effort is rewarded, such a society is also one where some expectation of reward for effort can be maintained.

Conversely, as the number of people who fail to find hope in their lives increases, society begins to lose its vigor and sense of peace, a loss that can occur in two ways. First, stagnation begins with the appearance of a group that gets rewarded for no effort at all, simply because people lose motivation once they perceive that the result will be the same whether they work hard or not. Second, a society that fails to recognize the efforts of some of its members also begins to lose its civility, and as the number of those living in such despair grows, the social order itself begins to crack and weaken.

Thus, government and society must take steps to eradicate these two tendencies.

For some time after the war, Japan was economically impoverished, yet it enabled its people to retain hope. Today, as the opening quotation from Ryu Murakami demonstrates, the cost of the economic riches that Japan has acquired over the half century that has elapsed since the war is becoming apparent, as the very structure of Japanese society has allowed the emergence of vested interests and other forms of reward without effort.

The economic restructuring of the past ten years, exemplified by Koizumi's reforms, has focused largely on breaking down such vested interests and on eliminating the ranks of those who benefit without making any contribution. This can be seen—correctly—as a social measure, and as such naturally found support among the people. (Although deregulation was not carried out in the name of social reform, it ended up with popular support). At the same time, however, these efforts were structured in a way that ignored the existence of the second sub-group—those whose work goes unrewarded by society.

Typical examples of this sub-group include the so-called “freeters” (young non-permanent freelance workers) and the working poor. Specifically, this group encompasses those whose work goes unrecognized, leaving them stuck at the bottom in terms of labor productivity and pay, as well as those who may work hard but who continue to feel unrewarded because they fail to achieve a decent standard of living.

Economic Restructuring and the Growth of Economic Disparity

The reasons for the growth of this under-rewarded group have less to do with any failure of policy than with the economic transformation that has taken place. The same symptoms can be found throughout the world, with the move from an industrial economy (the “old economy”) to a post-industrial economy (the “new economy”). It is thus worth reviewing the workings of the old industrial economy.

Japanese society from the post-war period to 1990

As a society focused on industry and enjoying high economic growth—a society on its way to greater affluence—Japan saw shrinking economic disparity, and offered, by its very structure, great hope to a great many of its citizens. This was because the high volume of manufacturing and sale of goods necessitated by a mass-production mass-consumption industrial economy required the support of large numbers of skilled laborers, salesmen, and other workers.

From the post-war period until around 1990, reward for effort was virtually assured in Japanese society. This was because 1), in terms of education, anyone who studied hard enough to graduate could hope for full-time employment; 2), in employment, any (male) employee who worked hard enough could count on continued promotion and raises; and 3), in daily life, if the man worked hard for his company and the woman worked hard in the home, hope was always there in the promise of a more affluent life.

As long as there was hope, economic disparity never turned into a social problem, simply because as long as people continued to grow more affluent in their daily lives, any economic gaps were perceived not as disparities, but rather as real opportunities to “catch up.” In employment, this meant that while there may have been differences in individual goals and the speed with which they were attained, continued training and advancement assured that gaps in income over a lifetime were actually quite small. Because there was little difference in initial pay for newly hired graduates, everyone in the workforce began their working careers from the same starting line, and any subsequent pay gaps could be attributed to differences in individual ability or effort. More than anything else, it was this sense of being of important to one’s company—and by extension to society—that helped generate the sense of peace and vigor that so characterized the period.

The spread of the new economy and a redefinition of disparity

The new economy, exemplified by affluence, globalization, and a shift toward IT and services, is fertile ground for economic disparity. According to Robert Reisch, this is primarily because, as society enjoys greater affluence, huge changes occur in the way people (consumers) go about fulfilling their needs. In order to lower the cost of maintaining a more affluent society, people seek first to obtain the basic commodities of daily life cheaply and more efficiently. At the same time, new desires emerge that cannot be satisfied with simple commodities. Success thus hinges on whether goods can be delivered with some perceived value added (newness, comfort, individuality, attractiveness, or even cuteness).

As a result, a polarization occurs in the new job growth that emerges from this fundamental transformation of the economy. On one hand, more jobs require sufficient creativity, imagination, and information and design skills to develop and provide products and services that can deliver this kind of added value—jobs that are targeted by what might be called “core specialists.” On the other hand, there are also jobs which require little on-going training, and which can be done strictly “by the book”—such as distributing tissue packets, sorting, cleaning, performing simple customer service, waiting tables, and carrying out basic computer operation—work that requires what might be called “routine laborers.”

Take the example of a new product that is to be sold on the Internet. To design and build the product and develop a system for ordering it over the Internet requires advanced skills. At the same time, without people to process the orders, pick and package the products, and deliver them to the customer, the products would never reach the consumer.

Companies employ core specialists, train them, and reward them with compensation, and many of these skilled specialists eventually have the opportunity to strike out on their own. In contrast, the routine laborers are faced with the loss of permanent employment status as companies convert their jobs to part-time, outsourced, or temporary positions in order to cut costs. Not only do routine laborers work for less pay with little prospect of raises, companies fail to even see them as individuals, leaving them with little hope of advancing their skills.

This is where the hopes of young people begin to diverge. Those who have become skilled specialists know that with hard work, they can expect to grow, acquire new skills, and earn a high income. In short, they have hope in their jobs. The “freeters” and others who end up as routine laborers, on the other hand, never achieve that same hope. No matter how hard they work, they are offered no new skills, no raises, and no recognition, and thus cannot expect their lives to ever improve.

The Unique Characteristics of the Economic Transformation of Japan

This polarization of the workforce is a global trend. Growth in income disparity, along with a growth in non-traditional employment, can be seen in virtually all developed countries, the process having started with the USA, the UK, and Australia in the 1980s, before spreading to continental Europe in the early 1990s. Globalization, the spread of information technology, and moves toward greater deregulation have all spurred the economic changes that drive the need for a vast number of low-paid routine laborers. How this pool of routine labor develops varies from country to country; in most Western nations, it is typically filled by immigrants from Third-World nations.

In Japan, these effects were first seen in the late 1990s, when structural economic reform first gained significant momentum. The author has referred to this as the “1998 Problem,” and it was during this period that many of Japan’s key social indices (the suicide rate, unemployment, personal bankruptcy, child abuse, homelessness, welfare numbers, and the shift away from permanent full-time employment) first began to deteriorate. In short, more and more people began to lose hope.

Behind all this was the increasing disparity in labor, and there appear to be two reasons why this arose when it did. First, the economic crisis and the subsequent reduction in public works projects as a result of financial reconstruction both occurred during this period. This led to an absolute reduction in employment overall, as companies downsized their full-time workforces, went out of business, or withdrew from the marketplace. Second, while new industries were being created and the need for both core specialists and routine laborers was increasing in the course of the shift toward an IT and service-based economy, these new industries were the very ones which were shunning the use of permanent full-time employees.

In Japan, the burden of filling these low-prospect routine labor positions fell largely on the young. The result is the increase which can be seen today in the number of young unmarried people who lack permanent employment, the so-called “freeters”—the group which can be said to have been most directly affected by the polarization of the workforce. This trend is further confirmed by a number of other statistics: the drop in the number of young permanent employees, the fall in overall employment, the growth in the Gini coefficient for income among workers in their twenties, the increase in the number of workers earning less than 1.5 million yen annually, and the growth of the “NEET” (not in employment, education, or training) population.

This increase in the population of underpaid young people has so far not resulted in any significant social problems in Japan—primarily because of the unique Japanese phenomenon of so-called “parasite singles,” unmarried adults who continue to live with their parents after graduation and who essentially rely on them for their basic needs. Under normal circumstances, anyone asked to live on 1.5 million yen per year

would quickly fall into poverty; in Japan, however, many of these young lower-paid workers—both men and women—continue to live with their middle-class parents, who enjoy relative economic affluence. Not only do they not have to worry about food, shelter, or utilities, they can live quite well on little or no income. As dependents, many of them are covered by health insurance, and the parents have in effect taken over the role of providing a social safety net for these underpaid youth.

With little hope to be found in their work, many of these young people become dreamers. The men may dream of one day pursuing a job that they love; the women, of someday marrying a well-paid man and becoming a housewife. It goes without saying that the chances of these dreams ever becoming reality are slim, although in fact few young people ponder the possibility that their dreams may never come true.

The Consequences of the Disparity in Hope within Society

The result for Japanese society of the structural transformation of its economy has not been a fundamental growth in the number of low-paid workers forced to live in poverty. However, other social problems have arisen, in response to which society is procrastinating.

The greatest consequences of this trend are the decline in marriage and the falling birthrate. Lower-paid young people still living at home find it difficult to contemplate marriage. As a result, as of 2005 the proportion of Japanese men and women in their early thirties who were unmarried had risen to 47.1% and 32% respectively, further deepening the birthrate crisis.

Moreover, adversity knows no bounds. Not all young people have the luxury of living with their parents as “parasites,” unplanned pregnancies may force some to set up home unprepared, and parents may themselves lapse into poverty. As the number of low-paid workers who cannot rely on their parents for support gradually grows, Japan will see the emergence of its own population of working poor.

As a result, there are signs that Japanese society is becoming increasingly unstable, and the number of young people (as well as middle-aged and elderly people) who have all but abandoned hope for the future continues to grow.

Of even greater concern is the future of those young people with unreliable underpaid jobs who are still living at home. Today the proportion of unmarried men and women aged 35–44 still living with their parents is 12.6%, which represents nearly two million people. A significant number of them have no stable employment. When they get older (and when in twenty years time the parents off whom they have been living eventually die), they will suddenly find themselves confronting a whole new set of problems in their lives.

In short, the willingness of today's parents to accept the burden for their children does nothing more than postpone the crisis. Immediate steps are needed to prevent such a future from coming to pass.



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Session 2

Education as the Foundation of Everything

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Christopher P. Hood
Cardiff Japanese Studies Centre, Cardiff University



EDUCATION AS THE FOUNDATION OF EVERYTHING

Christopher P. Hood

Cardiff Japanese Studies Centre, Cardiff University (HoodCP@Cardiff.ac.uk)

In this paper, I will set out what I believe Japan could be doing to further improve moral education. This is a critical issue now not only in Japan's development, but also in relation to on-going changes around the world. Indeed, so critical is enhancing moral education that this paper will stress that it is inseparable from the need to reform the Fundamental Law of Education and the Constitution.

Due to a variety of incidents by school children in the past decades, there has been a tendency for people to believe that moral standards have been falling and that moral education has failed. However, we have to remember just how many millions of students pass through the education system, and had been passing through the system since the reintroduction of moral education in 1959, without causing problems and who go on to be integral members of society. Moral education in Japan has not failed. I cannot imagine any form of moral education or teaching that ensures that 100% of people behave properly 100% of the time. There are always likely to be fringe elements that cause problems. The target of a perfect moral education and a compliant audience may be a noble one, but ultimately, I would suggest, it is unrealistic and futile.

There are two key words in the previous paragraph – 'properly' and 'problems'. What is considered 'proper' or a 'problem' are fundamental issues. Proper behaviour is something we can learn in a manner of different ways – from our parents, through the education system, from the behaviour of those around us, from religious institutions, and so on. In a country such as Japan, where so much time is spent at schools and other educational establishments, the education system is particularly key. Conversely, it is often suggested that in Japan religion is not significant. Part of this belief may be due to the lack of *written* ethical and moral codes in Shintō and Buddhism, in the way that is found in Christianity and Islam, for example. This is a mistake. For clearly the main religions in Japan, supported by Confucianism, do contain moral and ethical codes. An underlying respect for all life, as so beautifully demonstrated in a discussion between Prime Minister Nakasone and President Mitterand about how to deal with a mosquito, is one good example of this.

So what are Japanese morals? If we cannot answer this question, then I believe it is not possible to answer the bigger questions as to how to teach moral education. There are various points that I believe should be kept in mind here. I am presenting my personal opinions. These are based on my experience in living in a country made up of four different countries, of having studied with people from around the world from when I was at high school, of having done research about Japan, and of having visited all 47 of Japan's prefectures. It should also be noted that in discussing Britain, we

also now have moral education classes although they are referred to as 'citizenship' classes and that these classes are not purely about learning to become British, whatever that may mean.

First, I believe that it is not necessary to have a single moral code for a whole nation. There is diversity across Japan and this diversity should be celebrated. Whilst there is likely to be a large degree of commonality, trying to ensure the whole nation follows a single moral code may not be an effective goal. In Britain, we have significant differences in moral beliefs due, in part, to the great variety of religious beliefs, races and other forms of diversity that co-exist. 'Citizenship' classes address the issues without trying to stamp out the diversity. To attempt to get all people to adhere to one moral code in Britain, particularly a written document such as the Fundamental Law of Education, would be doomed to failure and could alienate those who could not agree with the document to such a degree that they would not see themselves as part of society.

This paper was originally prepared before the bill to re-write the Fundamental Law of Education was submitted to the Diet.

We need to remember that moral codes can change over time. Japan rejected many of its traditional moral codes at the time of the Meiji Restoration in favour of so-called 'Western' practices, purely on the basis that the Japanese way would not be considered appropriate in 'Western' nations. Such abandoning of a way of living merely so as to not offend outsiders is a concept that I find deplorable. When Japan rejected so many of its practices out of hand in the Meiji Period, an opportunity to consider what was appropriate for Japan and the Japanese people themselves was missed. Whatever the rights and wrongs of the reasoning behind the Meiji changes, many of these morals have become, to some degree, embedded in Japanese society. Yet, I sometimes still detect a tension, which may in part be due to the lack of a total acceptance of a 'Western' way. Let me give one possible example of this. I have chosen this example as I hope it will be particularly thought provoking and controversial. Many 'Western' observers of Japan criticize the practise of *enjo kōsai*, particularly where it leads to sex between the man and the girl. Of course this practice has also been criticized by many Japanese, with some saying that it is a result of the perils of modern-day consumerism and capitalist society. Yet, could it not also be a consequence of the very different attitude towards human relationships, including the role of sex between people, regardless of their age or gender, that has existed traditionally within Japan? That it is 'different', that is to say 'different' to what would be considered normal in the 'West', does not mean that it is necessarily wrong. What is 'wrong' is subjective, not objective.

That there can be temporal differences in moral codes is significant, for they form the basis of documents and laws such as the Fundamental Law of Education and the Constitution, which are inherently difficult to change. Laws are meaningless if there is not a moral underpinning. If people do not respect laws, then ultimately they will not be effective. Therefore, it is critical that we consider now what moral codes may be appropriate, and how they are taught, for not just the next ten years, but perhaps fifty or more years. Returning to the point I made above about the variety of moral beliefs that exist in Britain, this can be seen in terms of the laws also. England has different laws, and even a different education system, to that of Scotland..

I have begun to raise the vexing issue of what Japanese morals are. However, it is also important to ask questions about what it means to be *Japanese*. This is not straight forward. A Japanese answer about what it is to be Japanese is typically very different to a British answer to what it is to be British. If the standard Japanese answer, that having Japanese blood is critical, then the question of 'Japanese-ness' needs little or no discussion in relation to moral education. However, in reality, I think the situation is more complicated than this. Furthermore, when we consider the probable increase in ethnic minorities, whether they have even a little Japanese blood in them or not, that is likely to occur over the next few decades, it is clear that moral education, and the laws which it underpins, need to have a clearer position about what being Japanese means.

There are two issues that I would like to raise here, as I believe that they are not only critical to this debate, but that there are also parallels with my own country. These are the position of the Imperial Family in Japan, or the monarchy in Britain, and the teaching of national identity.

A monarchy may be an imperfect system, but I believe that it is less imperfect than democracy. Monarchies can transcend the 'maelstrom of politics' to become a 'shining sun in the sky' as Prime Minister Nakasone described it. My personal problem with the British monarchy is not with it being a monarchy, but because the monarch is also the Head of the Church of England. As a non-Christian, I have issues with this. I believe that Japan should keep the Imperial throne and this position should be protected in the Constitution. This does not necessarily mean that there should not be changes. I think that despite the birth of a prince in September 2006, thought still needs to be given to the means of succession as dictated in the Imperial Household Law. In relation to the issues I am discussing here, I am concerned about how respect for the Emperor and the Imperial Family could or should be taught in schools. I will return to this below.

The teaching of national identity is particularly problematic as we need to find a way that avoids language or a means that can lead to extremist thoughts and behaviour. Having respect for national symbols, such as an anthem or a flag, strikes me as being natural, although we have to acknowledge that not all members of a society may like their particular anthem or flag. For example, I have a problem with my own country's national anthem due to it being 'God save the Queen'. When the law to officially recognize *Kimigayo* as the national anthem of Japan was passed I was asked on many occasions about whether I was surprised at the speed in which the bill was passed. My response was that such speed was in fact desirable, for any longer debate may have led to discussions not merely about whether Japan needs to have a legally recognized national anthem, but what that anthem should be. I believe trying to get all of the people to agree on the words, and even the music, for an anthem would be infinitely more difficult than agreeing on the need for an anthem itself. Indeed, it is this issue that is the crux of the problem of the Fundamental Law of Education. Whilst 'liberals' and 'conservatives' alike can agree on the desirability of having such a law, there are clearly differences on what the wording of the law should be.

A central problem in considering the contents of moral education classes and how to teach national identity is the creation of anything which excludes people. Any phrasing which people cannot agree with, whatever the reason for doing so, is ultimately likely to lead to a feeling of alienation. Once an individual or group feels alienated in this way, one can no longer have confidence that they will adhere to the morals, ways and laws which are also based upon these documents. Consequently, I would like to suggest that consideration be given to a radical proposal.

Regarding the Fundamental Law of Education, this is primarily the type a law which tries to encourage particular ways. Not adhering to it should not be something that would lead to punishment. Positive behaviour should be encouraged. Punishment is likely to lead to what could be termed 'empty adherence' or *tatema*, and an alienated part of society. To get these members of society to rejoin the mainstream, may be extremely difficult. So, when we consider that there are difficult issues such as respect for the Emperor, respect for the flag and anthem, and such like which many would like to see included in the Fundamental Law of Education, what would I recommend the wording of the new law be? My answer is simple. Do not write a new law, but abolish the current Fundamental Law of Education. I am sure 'liberals' and 'conservatives' alike will be shocked by this proposal. 'Liberals' will fear that teachers will be pressured by some to teach right-wing propaganda, whilst 'conservatives' will fear that teachers will not teach the key elements of Japanese citizenship, morals, and identity. These are possibilities. What is needed is a means by which moral education classes can become a forum for open and free discussion. Let the individuals form their own opinions. There will be subtle differences from classroom to classroom, from school to school, from city to city, and from prefecture to prefecture. But ultimately everyone should feel engaged with society. No law will have excluded anyone on the basis of their personal morals and beliefs. That will be a true Japanese moral education.

Why do I say this? My reasoning is simple. In Britain we have no written constitution. I find the idea of a written constitution bemusing at best. After all Japanese religions have no written moral codes. That the USA tries to maintain laws and ways of behaviour today consistent with such an antiquated constitution strikes me as nothing less than absurd. When I say this to my Japanese students, they often ask about where the British constitution is, if it is not written. My answer to this question is simple. It is one word, one Japanese word. *Kokoro*. It is inside us. We all have slightly different ideas of what it is, but the underlying principles are largely the same. Ones that have developed over time and been passed down from generation to generation. That in education in Japan, one often hears of the need for '*kokoro no kyōiku*' is perhaps an indication that this is what would be natural for the Fundamental Law of Education, and perhaps even the Constitution at some point.

Let me develop this point further. If one considers the current Constitution and Article 9, clearly the understanding of the majority of how it should be applied does not relate exactly to the way it is written. Ultimately such written documents are meaningless if they do not match with the reality of thinking of the people. Unfortunately many of those proposing changes, particularly to Article 9, have, in my opinion, done a poor job in explaining what they are proposing and why. Too many people seem to be under the impression that revision of Article 9 is equivalent to abolishing the no-war clause and would be a first step to Japan becoming a military power. This does not match with the words written in the proposals made by organizations such as the Liberal Democratic Party, Yomiuri Shimbun or even IIPS. While the battle to gain an understanding of what the spirit of the Constitution should be in relation to a new Article 9, I believe, has been won, clearly there is a public relations battle that still needs to be won to see a formal written revision being implemented. That this imbalance can occur is another example of why I believe that no words are needed in a new Fundamental Law of Education. The majority of Japanese people have come to an understanding of what Japan's military should be for without it being dictated to them in a written document. 'Liberals' and 'conservatives' are not as far apart as they think they are. There is a Japanese way. A Japanese way underpinned by Japanese morals.

I believe that part of the problem here lies in the nature of modern politics, and in turn the education system. 1980s leaders such as Thatcher, Reagan and Nakasone were what I would term true leaders. They had a firm ideological base. Whether you agreed with them or not, it was possible to understand and respect them for saying what they believed, for there was generally clarity about what they believed. Some may suggest that it was easier to be ideological then, for it was the time of the Cold War and the great battle of capitalism against communism. I do not believe this to be true. I believe that now is the time when we need leaders with strong ideologies. The ideological battleground is about morals, religion, citizenship and identity. However, modern politicians are rarely leaders in the sense of the names I mentioned above. Many are like actors with sound-bites prepared for them by skilful speech-writers that have 'dumbed' down any serious debate to its lowest common factor and hidden behind a wall of political correctness and ideological emptiness. What education must do now is raise the stakes. Give children the opportunity to debate and understand, to question and ultimately to demand more of the politicians, for they are the voters and the politicians of the future. Moral education classes are the perfect forum for this to happen. Teachers should not *teach* these classes in the traditional sense. They should ensure that discussions cover a wide range of important issues, as well as cover background information about key areas of Japanese society, so that the children can explain them to outsiders. '*Tōdai motokurashi*' is a phrase that moral education should help to eradicate in relation to knowledge of one's own country. Teachers should act as chairs that ensure balance, the use of facts, and that everyone has an opportunity to speak in the discussions. This is largely how citizenship classes in Britain are supposed to work also.

So when we consider the position of important symbols of the nation, such as the Emperor, I believe that it is best to trust the spirit of the majority of Japanese to prevail and that those items which some would like to see added to the Fundamental Law of Education will indeed happen, naturally. We want people to feel a part of the country and society. This is why we need to be careful about the way in which morals and national identity are taught. The alternative is dangerous. For surely the alternative is to say to those who cannot sign up to the 'agreed moral code' of a country or what that country defines as being the key principles of being a citizen of that country means that they cannot expect to enjoy the benefits of being a citizen of that country – whether that means in terms of security, access to education and health care, or merely a passport that would allow them to travel to other countries.

The new moral education classes, Fundamental Law of Education and Constitution need to be inclusive, not divisive. That is why I believe that we should be looking for unwritten conclusions and rely upon the *kokoro* of the Japanese people to prevail.



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Political Reform and Leadership

Hiroshi Hoshi
Senior Staff Writer, Asahi Shimbun



Session Three: Fostering Politics of Leadership and Capacity for Coordination

Political Reform and Leadership

By Hiroshi Hoshi

Senior staff writer, Asahi Shimbun

Introduction

There is demand for a debate on the issue of Japan's contribution to the international community from the perspective of the Japanese political system. In this paper the author intends to identify a number of points arising from the low-key day-to-day events he has observed in his capacity as a political journalist. With the demise of the Cold War between East and West and its domestic equivalent in the shape of the end of the 55 System, which comprised the Liberal Democratic Party (LDP) and the Japan Socialist Party (JSP), Japanese politics faced severe challenges in the form of economic regeneration and Japan's contribution to the international community, as well as reform of the political system. There were vociferous calls for the establishment of political leadership and partial political reform was achieved by means of revision of the electoral system; however, this has not led to a reinvigoration of democracy via a change of administration. Although progress has been made with regard to Japan's contribution to the international community, as exemplified by Japan's participation in peace-keeping operations (PKO) and the dispatch of the Ground Self-Defense Force to Iraq, efforts to build a durable framework have proved inadequate. Although economic regeneration has brought about a self-sustaining recovery in the private sector, there are no systems in place to cope with the aging population and the low birth rate. National and regional debt continues to grow and currently amounts to 800 trillion yen. All these issues continue to be vital topics in Japanese politics, creating a demand for stronger political leadership.

The Collapse of the Cold War Structure and the 55 System

Within the framework of the Cold War and the 55 System, Japan's contribution on the international stage involved no more than simply following the lead of the USA, while domestic political debate revolved around the conflict between the LDP, which advocated the Japan-US alliance and the retention of the minimum capability required for self-defense, and the JSP, which opposed the Japan-US security arrangements and the Self-Defense Forces. Although correction of trade imbalances and increased allocation of security duties were sources of friction between the USA and Japan, the LDP government was more successful in partially opening up markets and in shouldering a greater responsibility for security, for example by providing host-nation financial support for the US military in Japan. As events such as the Soviet invasions of Czechoslovakia in 1968 and Afghanistan in 1979 revealed the confusion in the socialist camp, the JSP was constantly revising its security policy, but was never able to radically alter its stance.

With the collapse of the Cold War structure, the debate over Japan's contribution to the international community began in earnest; however, prior to the bombshell of the First Gulf War, the Japanese government was unable to demonstrate unequivocal leadership ability. The Kaifu administration drafted a bill mandating the cooperation of the Self-Defense Forces in the activities of the multinational force, based on UN resolutions, but it was not passed due to

resistance from within the LDP as well as from the opposition parties. Japan's participation was limited to 13 billion dollars in financial assistance, amounting to a stinging defeat for Ichiro Ozawa and the reformist bureaucrats, who had advocated a more substantial international contribution. The Miyazawa administration finally passed the PKO Cooperation Law, and the Self-Defense Forces participated in peace-keeping operations; on the international stage, however, the delay stood out like a sore thumb.

During this period there was a welter of scandals involving money and politics, such as the Recruit and Sagawa Kyubin scandals. As a result, the conclusion was reached that in order for Japanese politics to deal with political scandal and develop leadership, it was necessary for the system of elections to the House of Representatives to be changed from the multiple-seat constituency system to a single-seat constituency system. This was labeled "political reform."

The debate over political reform led directly to a political battle. The LDP was divided between those in favor and those opposed, and in 1993 Ichiro Ozawa and Masayoshi Takemura were among those who seceded from the party. After a general election, the LDP found itself reduced to being in opposition for the first time in its 38-year history. An anti-LDP coalition government was formed that included Ozawa's Japan Renewal Party, Takemura's New Party Sakigake, Morihiro Hosokawa's New Komeito, and the Democratic Socialist Party, with Hosokawa as prime minister. This signified the collapse of the 55 System. In 1994 the parties that comprised the ruling coalition reached an agreement with the LDP and passed a political reform bill which introduced a combination of single-seat and multi-seat proportional-representation constituencies for elections to the House of Representatives, thereby ushering in a new electoral system.

A succession of general elections was held under the single-seat constituency system, in 1996, 2000, 2003, and 2005, and the system became established. During this period the LDP took the plunge and entered into an alliance with the New Komeito, while in 2003 the opposition Democratic Party and Liberal Party merged under the name of the Democratic Party and put out a manifesto. With the LDP and the Democratic Party squaring off in many constituencies, the country was embarked on a course towards a two-party system involving policy-oriented political disputes. However, the single-seat constituency system has failed to yield a change of administration, as was anticipated, and the LDP remains in government.

Achievements and Limitations of the Koizumi Reforms

While the debate over political reform was proceeding, the Japanese economy was hit by the bursting of the bubble and the stagnation which followed. As bad debts mounted, fiscal stimuli were repeatedly employed in an effort to revive the economy. However, the economy did not recover and the nation's debts only continued to mount up. Unable either to promote political reform or to resolve to dispose of bad debts through an injection of public funds, the "mainstream conservative" Miyazawa administration also collapsed.

In 1995 the LDP returned to power, initially as part of a coalition administration in which Japan Socialist Party (JSP) president Tomiichi Murayama served as prime minister. There followed a succession of LDP administrations, headed by prime ministers Hashimoto, Obuchi, and Mori—none of which radically reformed the structure of the economy, however. Although measures such as administrative reforms under the Hashimoto administration brought about the advent of prime-ministerial leadership in policy-making, foot-dragging by LDP special interests sometimes delayed the formulation of policy.

This was the setting in April 2001, when Junichiro Koizumi acceded to the post of prime minister. Declaring that he would “smash the LDP apart,” he replaced formulation of policy led by LDP special interests with prime-ministerial leadership. Chaired by the prime minister, the Council on Fiscal and Economic Policy took center stage in policy-making, and wide-ranging structural reforms were promoted. In the wake of the terrorist attacks on the USA of September 2001, Koizumi lent his support to the US wars in Afghanistan and Iraq, and took the decision to dispatch the Self-Defense Forces. This was foreign policy driven by prime-ministerial leadership.

In line with the prime minister’s objectives, up until the end of his term in September 2006 the administration continued to restrain fiscal stimuli and aimed for an economic recovery driven by the private sector. As a result the problem of bad debts was essentially resolved and the private economy also got back on track towards recovery. On the other hand, disparities such as those between the central and local governments or between high-earners and people in the low-income bracket became more pronounced. The prime minister showed resolve in the diplomatic arena, with visits to North Korea and the return of abductees to Japan. In addition, the honeymoon relationship between the USA and Japan proved to be enduring, based on the personal trust between Koizumi and President Bush. Both at home and abroad Koizumi’s tenure as prime minister verged on the presidential in terms of his leadership style. However, due to his problematic worship at Yasukuni Shrine, summit talks could not be held with China and South Korea under the Koizumi administration and East Asian diplomacy reached an impasse. This aspect of his leadership could be seen as lacking.

The highlight of Koizumi’s term in government was the 2005 general election—essentially a referendum on postal reform. Koizumi had made privatization of Japan’s postal services the sole point at issue, and when the House of Councilors voted against his draft bill, he dissolved the House of Representatives. LDP legislators who had opposed the draft bill were targeted for so-called assassination, as Koizumi attempted to eliminate them by backing rival candidates. His reasons for going through with this policy-driven general election were genuine enough; however, in the end the lack of regard for the full spectrum of policy issues, such as finance, social security, and foreign policy, meant that it hardly qualified as a true general election.

Political Issues in Japan

Koizumi has been succeeded by Shinzo Abe, Japan’s youngest prime minister since the war. Abe’s election as LDP president was also due to the fact that LDP legislators from single-seat constituencies wanted a party leader who could easily obtain the support of voters, especially independent voters—in itself an advantage in single-seat constituencies. With an eye on the domestic election calendar, Abe wasted no time after assuming office in embarking on visits to China and South Korea in a bid to improve relations. Diplomatic policy is thus determined in accordance with domestic policy conditions.

The Abe administration will have to come to grips with various institutional reforms that the Koizumi administration did not get around to. Although the private economy has revived, reform of the bureaucracy lags behind. Reform of social security systems, such as pensions, is also lagging, and there appears to be no prospect of finance reform. Foreign policy challenges include dealing with North Korean nuclear testing, reviving East Asian diplomacy, and responding to the realignment of US forces. Accession by Japan to permanent membership of the United Nations Security Council has also been at a standstill since the Koizumi administration. Abe has publicly committed himself to a political agenda of

constitutional revision. It is unclear, however, whether the constitutional revision to which he refers would entail a contribution at the international level that involves exercising the right to collective self-defense and the use of military power overseas. In view of the distribution of power between the ruling and opposition parties in the current parliament, it would appear to be difficult to revise the Constitution and it will be no easy task for Abe to put his theories into practice.

Despite the introduction of the single-seat constituency system, political parties have little ability to formulate policy and there is an urgent need to develop think-tanks. Although the House of Representatives employs the single-seat constituency system, one-third of the constituencies for the House of Councilors are multi-seat districts. There are still problems with the electoral system, such as the high number of multi-seat districts for local assembly members.

This general outline illustrates that as Japanese politics has attempted to build up political leadership over the past decade and a half through the introduction of the single-seat constituency system, it has also addressed problems such as regeneration of the domestic economy, structural reform, and (in the foreign policy domain) participation in global security, as political issues. Events such as the LDP's brief spell in opposition and the advent of the Koizumi administration have served to strengthen political leadership. However, although reform has been effective in some areas, Japanese politics still faces numerous additional problems.

Biographical outline

Hiroshi Hoshi was born in 1955. In 1979 he graduated from the Faculty of Education at the University of Tokyo and joined the Asahi Shimbun newspaper. Since 1985 he has worked in the political department. His responsibilities have included covering the office of the prime minister, the LDP, and the Ministry of Foreign Affairs. After stints working as special Washington correspondent and on the political desk, he became a member of the Asahi Shimbun's political editorial board in 2000. He serves in various posts, such as project professor at the University of Tokyo Graduate School. His writings include "The LDP and the Post-War Period," "The Japan of the Abe Administration," and (as co-author) "TV politics."



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Political Reform Tasks for Boosting Leadership and Capacity for Coordination

Jun Iio
National Graduate Institute for Policy Studies



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Jun Iio

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The changes that occurred in Japanese politics during the Koizumi administration did not happen over night—they came to light in conjunction with the fruits of various prior reforms. However, since the issue of reform is a wide-ranging and profound one, it is necessary to continue reforms to boost leadership and capacity for coordination even further. This needs to include amelioration of the problems that arose during the Koizumi administration. In this paper the author intends to look back over the reform process to date and to review key areas for future reform.

The Structure of Japanese Politics in the Heyday of the LDP

As the political style established in the post-war period underwent a process of disintegration under the pressure to reform, the chaos that began to afflict Japanese politics in the 1990s was that of a transitional period preceding the emergence of a new system. Accordingly, it is necessary to first examine the Japanese political structure that emerged during the era that constituted the heyday of the Liberal Democratic Party (LDP), such as the Nakasone administration.

The bureaucratic cabinet system

Although post-war Japanese politics was democratized, the system of government in the narrow sense was founded on continuity from the pre-war period. Consequently, it differed in character from the parliamentary cabinet system, a system of uniform representation characterized by the following chain of appointment and delegation of authority (as indicated by the arrows): electorate → members of the Diet (House of Representatives) → prime minister → cabinet ministers → ministry bureaucracy. The main distinction resides in the notion that the final arrow is reversed and the cabinet ministers represent the ministry bureaucracy. Thus the cabinet is a gathering of ministry representatives—not a council with the prime minister at the helm, comprised of his assembled subordinate ministerial appointees. This could be termed a “bureaucratic cabinet system,” in contrast to the parliamentary cabinet system, in which the cabinet represents the Diet (the two houses of parliament). Since government policy is determined under this system by the behind-the-scenes maneuvering of the ministry bureaucracy, politicians have only limited opportunities to display leadership, such as when a crisis situation calls for measures to resolve it.

Ministerial representation

However, the bureaucratic cabinet system does not entail “bureaucratic domination,” with a bureaucracy acting arbitrarily in accordance with its own interests. The bureaucracy does not determine its own views in isolation—it also serves to represent the interests of relevant industrial associations and social groups. In that sense, society’s wider interests are represented by the ministries as well as by the Diet in its capacity as the organ of popular representation. This could be termed “ministerial representation.” The result, however, is that the Japanese government is afflicted with sectionalism. This is because individual ministries are autonomous, making it difficult to achieve coordination between them. There is also the drawback that the entrenched nature of the relationship between the ministries and the special interest groups creates a framework of vested interests.

The government and the ruling party—a dual structure

Japan's post-war government has of course been democratic, as its operation has not resided in the bureaucratic cabinet system alone. Empowered Diet members—especially LDP politicians—came to display their own independent influence. However, as in most countries that employ the parliamentary cabinet system, influence is not wielded by politicians through the official leaders of the parties in the cabinet. Instead, the ruling party established a deliberative body for policy, separate from the cabinet (and the government), with a view to reflecting the intentions of the politicians in the formulation of policy. In this sense, with the addition of a ruling party element to the bureaucratic cabinet system, the Japanese government as a whole is fulfilling the function of the parliamentary cabinet system. However, this entails problems such as the sheer complexity of the policy determination process, the fact that policy determination takes time, and the decentralization of power resulting from the focus on detailed coordination.

Party politics without a change of administration

The long-running LDP administration resulted from the fact that its policies were accepted by many voters. This may not have constituted a problem in itself; in a sense, however, the lack of any competition to the administration was the source of problems. For example, not only did the intensely cozy relationship between politicians and bureaucrats strengthen the framework of vested interests (as has already been pointed out), it also made it difficult for senior leaders to defeat these interests. A further consequence of the absence of competition was that there was little questioning of the nature of the administration at the time of a general election, yielding policy inertia and a lack of clarity about administration objectives. Thus, elections and policy were completely divorced from one another. Diet members stood for elections as individuals in order to be able to conduct political activity, but this bore no relation to their participation in the policy process back in Tokyo—a set-up that gave voters little opportunity for careful policy selection through the medium of elections.

Institutional Maladjustment

Thus there were a number of problems with the LDP administration's political style, which was predicated on stable and fine-tuned government. These included slow response to change, lack of clarity over where responsibility lay, and lack of voter involvement. Starting in the lost period of the late 1980s, the underlying conditions that shored up the manner of LDP rule lapsed rapidly into dysfunction.

Changes in the international environment

Changes in the international environment in the wake of the demise of the Cold War demanded significant changes in the introspective politics of Japan. In an international environment where Cold War conditions had obtained and the integration of Asian nations into the global economy had been limited, it had been possible for Japan to deal with numerous diplomatic issues in collaboration with the USA. Consequently Japanese leaders were rarely forced to display forthright leadership or to deal with foreign policy problems. However, the demise of the Cold War was accompanied by a fundamental change in conditions—as well as the increased importance of Asia (especially the rise of China), a more complex security landscape with proliferating conflicts, and globalization sweeping away the barriers between economics and politics. However, the fact that Japanese politics remained inward-looking and took time to adjust, coupled with lack of judgment on the part of senior leaders, proved to be an obstacle to the development of a foreign policy to cope with these changes.

A mature economy and society, and the emergence of new issues

During the period of high economic growth, the government's required economic role was straightforward and political decisions were easy, as policy objectives were widely shared. However, with the advent of a wealthy society, social interests became more varied, causing a breakdown in the traditional socio-political system, and making it essential to review the very cornerstones of policy. In the process major policy challenges emerged that made the government consider a change of course; however, the traditional political system, at the heart of which lay a static accumulative style of coordination, could no longer cope adequately.

Imbalances in the administration's base of support

Ministerial representation was without doubt the established system of social representation; however, there had been no administrative reform to reorganize the ministries, and the interests that were represented were falling far out of kilter with the expectations of society as a whole. In other words, the vested interests had started to become socially isolated and disaffection over this emerged. Accordingly, discontent grew among the class of people whose interests were not represented and came to light in the form of a change in political allegiance at election time. This proceeded to eat away at the LDP's long-term support structure. In the 1990s, this class—with its new-found political sensibilities—came to be highly significant to the outcome of elections, in the shape of the non-aligned voter problem.

Voters' renewed sense of effectiveness

Some of these voters, with their new-found sense of self-confidence, developed the urge to participate in politics more directly. They were no longer happy to leave matters up to the Diet members who represented them, such as the selection of the prime minister, which was decided after discussion among LDP legislators. Accordingly, a posture of conducting affairs of state so as to reflect the will of the voters became essential. Transparent government was now demanded. However, the complex political structure of the LDP administration—in itself largely devoid of transparency—was increasingly being called into question by the electorate.

Chaos in the Political World and the Process of Reform

With the introduction of consumption tax at the end of the 1980s by the Takeshita administration, on the heels of the widespread Recruit scandal, this trend came to a head in an eruption of voter anger that threw the political world into a spin. In its wake the internal power structure of the LDP gradually became more fluid, fueling the confusion that had arisen during the process of reform and causing a number of problems in Japanese politics. However, it must be noted that over the course of the turbulent 1990s a number of reform issues were addressed—albeit gradually.

Political reform focusing on electoral reform

Various different assessments are possible of the introduction of the system of single-seat constituencies for the House of Representatives. However, it has given the voters the sense that they are electing the administration as well as creating the possibility of a change in administration, by virtue of increasing the number of legislative seats. By changing the significance of the election this system has created a format where the party that has gained the confidence of the voters takes charge of the administration. In addition, it has also created the conditions for concentrating power in the hands of the prime minister, by making clear in a general election that the prime minister also has the confidence of the electorate. This electoral reform established its effectiveness over the course of several general elections, although it was rather hard to perceive its effectiveness. Instead, events such as the LDP's rapid fragmentation over the issue of electoral reform and the establishment of the anti-LDP

Hosokawa administration caused problems such as the premature implementation of half-baked reforms. Thus there were reasons why this simplistic political realignment instead damaged the effectiveness of the electoral reforms. However, when the new system was employed for the fourth time in the general election of 2005, the fruits of this reform were evident (even though the circumstances surrounding the dissolution of the House of Representatives were exceptional and the election was held under decidedly unique conditions) in that the election made clear that the electorate retained confidence in the administration. Naturally, however, it must be recognized that political reform is as yet incomplete, as the problems of the bicameral system and reform of the structure of political parties have yet to be addressed.

Administrative reform

Although the framework of the parliamentary cabinet system has served to increase the power of the prime minister through means such as electoral reform, the improvement of institutional conditions is also necessary. This has been continuing since the mid-1980s and administrative reforms to strengthen the function of the cabinet (such as improved organization of prime-ministerial duties, reform of the way in which cabinet meetings are run, the adoption of a vice-ministerial system, the establishment of the cabinet office, and the development of the Council on Economic and Fiscal Policy) have gradually given the prime minister genuine authority and charted a new course—away from the bureaucratic cabinet system and towards the parliamentary cabinet system. In addition, the reorganization of the ministries and the enactment of the Administrative Procedures Act, the Freedom of Information Act, and the Government Policy Evaluation Act have dealt a blow to the ossified system of ministerial representation, and a new course involving change to the administrative framework is emerging.

Changes in political style during the Koizumi administration

Although these reforms had been successively implemented over the course of the 1980s and 1990s, it was under the Koizumi administration that they truly became effective. Although Prime Minister Koizumi's leadership was unique in character, attention is also due to the ways in which he took advantage of the political and administrative reforms to maintain his authority. The appearance of his much-touted manifesto was significant in that it meant that simply electing candidates in a general election lent a sense of coherence to the ruling party, its policies, and the party's candidate for prime minister as the advocate of those policies. There were some limitations in the content of these policies and in his management of the party, as will be described later. However, as a prime minister with the support of the electorate, leading the government and developing a dynamic brand of politics based on a mandate of confidence won in general elections, his tenure will be remembered in the post-Koizumi political era as a milestone in the recapture of the essence of the parliamentary cabinet system. The problem is that these reforms are not advancing in the form of the popular will distilled through the medium of the parties. The electorate still has a strong tendency to let its leaders do as they see fit, while demanding—somewhat paradoxically—that they work effectively. This is one of the problems that has emerged with the onset of today's "TV politics."

Demands for Future Reform

Greater reform of the decision-making process to lower the cost of coordination within the government

Although the prime minister now plays the pivotal role in government, the government's internal decision-making framework remains complex and integration between the government and the ruling party is undeniably incomplete. In this regard, as well as using cabinet meetings and ministers to strengthen cabinet committees, it will be necessary to sort out the respective jurisdictions of the office of the prime minister (the cabinet secretariat), the cabinet office, and the various ministries, and to distinguish between routine governance on the one hand and setting the agenda and coordination at the cabinet level on the other. As regards the relationship between the government and the ruling party, and the process of distilling the will of the ruling party, it will be necessary to consider a mechanism for politicians to advance policy coordination (free from the blandishments of bureaucrats), in which a ministerial team led by the minister of state would play an active role. Specifically, reforms such as the following should be promoted—the chairman of the Policy Research Council should be elevated to the cabinet and vice-ministers should do double duty as departmental chiefs on the Policy Research Council (necessitating a significant increase in the number of vice-ministers).

Switching to political parties that capture the popular will

Reforms focused on the prime minister that are handed down from on high lack stability. Political parties must instead fulfill their role as parties—siphoning the will of the people at the constituency level, abstracting it, and introducing it into the policy framework. Politicians must grow out of being “delivery boys,” who simply take the voters' demands in unadulterated form and vent them on those in charge at government offices. Instead they must effect the transition to political parties in which politicians can autonomously create a policy framework such as a manifesto. In order to achieve this, the major political parties will have to search for a new structural paradigm—either by themselves or by means of a network.

A system of government adapted to the international environment

The significance of the march of globalization is that the system of sovereign nations will partially dissolve. Thus the traditional diplomacy framework—premised on the sovereign-nation system—will also no longer function adequately. It could be said that, for Japan (lacking as it is in traditional diplomatic power), having to confront this new issue as well amounts to a double whammy. Consequently it will be necessary to promote the participation of various government organizations in wide-ranging international networks, while centralizing the diplomatic decision-making process around the prime minister.

Rearranging the relationship between central and regional government

One of the causes of governmental dysfunction is the Japanese system of regional administration. This is more a consequence of conditions that make it difficult for the necessary reforms to be implemented and of confusion on both sides as to where responsibility resides (since in many areas of policy the relationship between central and regional government is highly integrated) than the result of the centralization of power. Accordingly, in future the respective domains of central and regional government must be gradually separated from one another, and their respective areas of responsibility clarified. Since this will demand a high degree of coordination capability on the part of the central government, however, it will place tough constraints on costs, such as the cost of

coordination between ministries. This too will require concentration of power within a central government based on the parliamentary cabinet system—and hence lower coordination costs.

New developments in the relationship between the state and the people

As society matures, the relationship between the state and the people is changing. The era of a hierarchical relationship in which the state leads the people from on high is at an end, and the state will instead be required to play a functional role. Instead of the state having a monopoly on public matters, there is emerging scope for the private sector to play a functional role in achieving the public good. There will thus be many contexts in which cooperation between the public and private sectors will benefit the public good, offsetting the limitations placed on governmental activity by financial constraints. In these cases the government would still retain ultimate responsibility and would need to focus more on strategic activities than in the case of purely government-run operations, with a view to ensuring the good of the overall community. In this area too it will be necessary to conduct a strategic review of government activity (not only in quantitative terms) and to redefine the role of government.

Alternative policy systems

A policy system must be selected in order to clarify administrative objectives. In the present-day post-ideological era, disputes between parties are no longer based on ideology or on conflict between right and left. Instead, dispute seems to revolve around differences in policy systems, based on the consistency of policies. With the focus on specific social inter-connections, the distinction between “peace of mind” and “confidence” seems to throw up differences in policy systems. To summarize, there is a schism over whether it is better to restore peace of mind by rebuilding a social structure that emphasizes human networks and human connectivity, or to build confidence and create mechanisms to preserve an open social structure by formulating general rules. Although the existing political parties have so far been unable to frame this distinction, in light of the details of the Koizumi reforms, it appears that since the LDP is extrapolating its traditional thinking and advancing reforms based on a peace of mind-type policy system, the crucial issue is whether the Democratic Party of Japan (DPJ) can create and articulate a confidence-type policy system.

Reshaping symbols of political integration

Although nationalism is said to be resurgent, it is rather the case that there is a perceptible response to the undermining of the foundations of nationalism. Consequently, in accordance with these conditions, reform is required of the system of symbols that enable political integration, as well as of this new nationalism. This issue should be addressed in a manner that transcends partisan dispute and should not be turned into a political football.

Conclusion

Thus there are many reform issues. However, the nation is approaching the stage at which it must conduct logical debate not on whether reforms should be carried out but on which reforms should be carried out. In this light, if politics is to have greater resonance in people’s lives, public interest in politics needs to be driven to a higher level. These issues are not of the type that can be resolved by the decision of a single leader—the cooperation of many people is essential. In this sense the key to achieving this would seem to be to encourage political parties and other organizations involved in politics to evolve.

In one sense, if the current emergence of “reform fatigue” is not dealt with, society could be enveloped by a pathological counter-reaction. Truly, the hidden potential of Japanese politics is soon to be put to the test.



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Session 3

Formulating and Coordinating a Comprehensive Strategy for Japan: The Challenge of the New National Security Council

David Asher
The Heritage Foundation



Formulating and Coordinating a Comprehensive Strategy for Japan: The Challenge of the New National Security Council

David Asher
Senior Fellow
The Heritage Foundation, Washington, DC

Chairman Nakasone, Ambassador Okawara, and so many other friends, I am deeply honored to be able to speak here today. I was privileged to be affiliated with IIPS in its early days. It is hard to believe that almost 20 years have passed since the Institute was founded. It makes me feel old—and you all know I’m just a young fellow with just a few gray hairs.

My first knowledge of IIPS or “Heiwa-ken” was back in the spring of 1988. I can recall sitting in a coffee shop (*kissaten*) in LDP headquarters with one of my mentors on Japanese politics, Kojima Hiroshi. Kojima-san had kindly brought me to meet his close friend, Professor Sato Seizaburo, for a brief cup of tea. It was supposed to be a 20-minute *aisatsu* greeting between an overeager student and an esteemed Professor, but somehow it turned into an intense discussion that went on over an hour—a beginning to a friendly and lively dialog we continued all the way to the months before he passed on.

Sato-sensei explained to me why Prime Minister Nakasone felt Japan needed a globally credible research institute to frame national strategy issues, without inhibition or taboos, and also promote constructive debate. I remember innocently remarking that in many ways, the defense debate in Japan at the time seemed founded more on national *insecurity* than national security concerns. Little did I know how much I had sparked sensei’s interest and I recall he launched into a brilliant analysis of the roots of Japan’s postwar “security allergy” and “inferiority complex” (*retto-kan*). He assessed that if the nation did not stop restricting the flow of serious information and actively stifling debate about national defense, Japan would remain “forever defeated” and unable to positively contribute to international civil society, let alone defend itself properly. He said the dream of IIPS was really to become a comprehensive security strategy center (*sogo senryaku-ken*) for protecting and enhancing international peace and security from a Japanese perspective. IIPS could help Japan revive the lively spirit over national strategy and take the nation toward “normalcy” in its defense institutions and rules, moving away from the emasculated nature of national security under the post US Occupation system.

In reflection, let me say that if Sato sensei were here today I think he would take immense satisfaction in the evolution of the security debate in Japan over the last decade, in particular the last five years. If Japan once had an “inferiority complex” and a “national defense allergy,” I see almost no sign of it today. It is often said that September 11th changed the United States. However, in some ways it changed Japan even more. Rather than stand on the sidelines waiting to be pushed to contribute, in the wake of the attacks Prime Minister Koizumi bravely and boldly announced that Japan would dispatch naval and ground support forces all the way to the Indian Ocean and Arabian Gulf,

directly assisting and enhancing coalition operations. Thereafter Japan decisively took the lead in coordinating fundraising for Afghan reconstruction hosting.

The whole world was impressed by Japan's post 9-11 contributions and it set the tone for the remaining years of the Koizumi administration's global affairs strategy, including the successful dispatch of troops to Iraq. However, if it not for the intellectual, educational, and strategic spadework of IIPS over the previous decade, I am not sure the Japanese government would have been as prepared for vigorously responding after the US was attacked or would therefore have enjoyed so much public support for its actions.

Despite Japan's progress, it still has serious obstacles to confront, strategically, politically, and economically, which, if not addressed, could endanger the nation's security in the coming decades. I believe the next two decades will be the most dangerous for the world since the Second World War. Maintaining national defense will require the development of a truly comprehensive approach to security with no taboos and with only serious costs versus benefits analyses determining priorities. Strengthening the US-Japan security alliance across the board is very important, but so is strengthening Japan's own defense capabilities, its *kokubo noryoku*. This will be the crucial task of Japan's new National Security Council that I will comment on later in my remarks.

As Professor Sato taught us, real comprehensive security is about using all aspects of national power coherently: **economic, military, political, and intelligence (or EMPI)**. Japan faces big challenges across the spectrum of EMPI and both the Japanese government and the US-Japan alliance will need to evolve and adapt. Allow me to review several of these challenges and suggest some ways to address them.

Economics:

The first pillar of EMPI is the economy, whose strength is at the root of national power. I am fundamentally optimistic about the Japanese economy today. This may surprise some people. I became known as one of the most bearish voices on the Japanese economy in the 1990s, beginning with a study for the US Congress that I did while a researcher at IIPS in 1992. I was not pessimistic because I did believe in the capabilities of the Japanese people—I always believed in the Japanese people. Instead, my pessimism was with policies that I thought short-sighted and wrong headed and which critically ignored or tried to avoid critical structural economic challenges.

In a book that I wrote in 1998, I summed these structural problems up in the framework of “five D's.” These were: **Debt**—which was then heading toward the stratosphere for both the public and private sectors, **Deflation**—which was the most protracted since the great depression, **Default**—bankruptcy rates that exceeded 4% of GDP for four years straight from 1998–2001, **Demography**—a rapidly aging population exacerbated by a hugely underfunded social security system, and **Deregulation**—needed to revive Japan's weakening rate of productivity. These forces resulted in the only multi-year decline in nominal GDP for any major economy since the great depression.

In the last five years Japan has made remarkable progress on the “five D’s” and has reached the longest period of growth in its post-war history. It’s an amazing turnaround. What made recovery possible was exactly what Sato-sensei would have predicted: decisive political and economic leadership and a willingness to make intelligent changes, despite risks. What made this possible was the formation of a comprehensive economic reform strategy under Prime Minister Junichiro Koizumi and Minister of State for Economic and Fiscal Policy Heizo Takenaka: the BOJ adopting a zero interest rate policy (ZIRP), and the whole country demonstrating a willingness to implement reforms despite the political and economic costs. I am optimistic about the future because I believe in the commitment of the Japanese leadership to continuing these sound policies.

Nonetheless, even though asset markets have stabilized, companies have deleveraged, private and public pension reforms are progressing, bankruptcies have fallen dramatically, and growth has surged, two of the five Ds remain daunting: **national debt** and **deregulation**; and to these I add two new ones: **defense** and **decentralization**.

The fiscal Mount Fuji of national debt that is nearing 200% of GDP continues to grow, leaving the potential that it someday could erupt under the pressures of rising interest rates. Japan clearly remains on a fiscally unsustainable course. Obviously, the government needs to raise revenues, restructure its government debt, and cut non-essential expenditures. In fact, I believe the whole fiscal system is in need of change. I think that Japan should adopt a much flatter approach to taxation and believe this can both stimulate growth and raise revenue by eliminating countless loopholes. Social security also must change. More radical pension reform, involving a change in the social contract for the elderly—for example means-testing social security benefits based on real need—also will be necessary to keep the public pension security system solvent. Decentralization and what we in the US call “Federalism” also is an important tool for enhancing vitality. As LDP Secretary General Nakagawa says, privatization of state assets and services and **Decentralization** of fiscal power to the regional governments will undoubtedly be important for raising central government revenue and reducing expenditures. **Deregulation** also is incomplete. To increase growth prospects and create jobs in the face of further adjustment, the service sector needs to be seriously deregulated. Finally, Japan’s **Defense budget** needs to be significantly increased. While seemingly large on paper, Japan’s defense budget is very low as percentage of GDP compared to other nations.

Deepening Japan’s ties with the US economy also can play a very positive role in promoting and protecting domestic reform. I believe a US–Japan common market agreement—aiming to comprehensively harmonize and liberalize our economies—could be used to help stimulate and support Japan’s structural economic changes. Such an agreement also would strengthen support the international trading system by setting a strong example of free trade between the world’s two largest economies. The main argument against such an agreement is that Japan cannot liberalize its agricultural sector, especially its rice market. Yet, in a nation where the average age of farmers is nearing 65

and the only growing segment of the agricultural population are workers over the age of 70, such a view makes no sense from the standpoint of logic, self-interest, and realism. Japan can and must change its position on agriculture. Doing so would help save the Doha round and strengthening ties with its main economic and security ally—and agricultural trading partner: the United States.

The Military:

The second pillar of EMPI is **military strength**. Japan is getting over its defense allergy just in time because the world is rapidly becoming a far more dangerous place. The US–Japan alliance remains capable of deterring, dissuading, and—if needed—defeating the main threats in NE Asia. Nonetheless, the US has become stretched thin by the war in Iraq and Afghanistan. As the regional and global threat environment worsens, Japan needs to play a larger and more active role in the deterrence and dissuasion aspects of the military relationship, accepting new roles and missions and developing and procuring the needed systems to enable these missions. Money also needs to follow interest. It may be absurd and unrealistic in the minds of many people to suggest this, but **from a threat-based perspective, Japan should be aiming to double its national defense budget in the next decade. Like it or not, national defense cannot be done on the cheap.** The US needs to likewise commit more leading edge defense systems to Japan as they become available, whatever the cost. We must aim for a “plus Alpha” alliance and getting there requires serious human, technical, and financial resource commitments on both sides. Threats should drive strategy and procurement. In this regard, let me comment briefly on the strategic threat that I know best: North Korea.

North Korea:

North Korea remains a major flash point and the situation is getting worse, not better, despite apparent progress in the Six Party Talks. Even while hope expands for a peaceful solution, we need to face up to the possibility that diplomacy cannot succeed with the Kim Jong Il regime.

The Bush and Koizumi–Abe policy toward the DPRK has been founded on a like-minded realism in our appraisal of North Korea and its strategic intentions. We are not naïve. We have approached North Korea as it is, not as we wish it would be. North Korea is like a Salvadore Dali painting, one where the clocks have melted but time has not stood still. Despite tremendous efforts over a fifteen-year period, sunshine has failed to penetrate the DPRK’s moonshine system. In international negotiations and North–South talks, North Korea has taken but it has not given. We have continuously adjusted to North Korea but it has never seriously adjusted to us. The US pulled its nuclear weapons off the peninsula in the early 1990s but immediately the North started building its nuclear weapons program up. Japan gave it two prime ministerial summits in Pyongyang and offered hundreds of billions in yen aid and North Korea gave Japan some remains that weren’t even those of Megumi Yokota while accidentally “lending” several other abductees to Japan without realizing that they would not be returned to their evil captors. My bottom line assessment is that the Kim Jong Il regime remains fundamentally defined in

adversity and enmity toward the outside world. This hostile orientation pervades its internal media and colors all of its actions, affiliations, and expressed attitudes towards foreign powers. The coercive use of nuclear weapons is a mere manifestation of the nature of the regime.

I am a believer in engagement and in trying to induce a positive change in their behavior, beginning with nuclear weapons. However, realistically, until they shift toward a new definition of the regime and, indeed, a new ruling ideology, I have little hope that things will get better. The problem is that Kim likely equates strategic accommodation and serious political economic reform with suicide. *Juche* has become a sort of intellectual coffin that Kim Jong Il lies comfortably down in at night. He might rather be buried in this coffin than start sleeping in a new bed. Likewise, denuclearization and military tension reduction likely implies the end to the army-first state (*songun*). Since *songun* defines the current regime, abandoning it clearly implies an end to the regime unless they can invent a new definition and national strategic course. The choices are a bit like those Japan faced at the end of the Tokugawa period where the outside world as well as internal reformers demanded a shift from *sakoku* isolation to *kaikoku* openness, from *sonno joi* “Revere the Emperor, Expel the Barbarians” to *wakon yosai*, or “Japanese spirit, Western learning.” Kim may feel more in common with Saigo Takamori and be willing to engage in final fight (*soretsu na saigo o togeru*) than give up peacefully. Whatever diplomatic hopes we have, they must be conditioned by a sober assessment of the DPRK’s dark reality.

In the face of such a deep diplomatic deadlock, a nuclear and missile buildup in North Korea, and with no sign of a willingness to change strategic directions, we cannot afford a repeat of naïve diplomacy, or if that fails, half-baked containment. We must get real about the long-term threat.

Irrespective of what they say, the danger North Korea poses to world stability is increasing by the day. At the current trajectory, by the middle of the next decade North Korea could have hundreds of missiles in its arsenal, some of which could hit the US and Europe, not just Japan and Korea, with nuclear weapons. Furthermore, by then it could possess as much as 100 weapons’ worth of nuclear warhead material.

Although we have assessed for years that North Korea had a limited nuclear capability, the recent nuclear test changes the equation. It implies intent by Pyongyang to weaponize its missiles. If this weaponization occurs, we need to ask, “Does the DPRK respect and understand our deterrence? Is our missile defense good enough to safeguard us in a world where if one nuke gets through we will have unimaginable casualties?”

In response to these dangerous developments, we may need to put in place the sort of direct deterrence measures that we used against Russia and Eastern Europe during the Cold War. If North Korea weaponizes its missiles, the US should offer to deploy to Japan whatever military capabilities that are judged needed to deter Pyongyang. Missile defense is obviously key and the US and Japan should not only implement systems like SM3 on the Aegis and PAC3 on land but also start working on new state-of-the-art systems for

next generation missile defense, like the SM6 missile and the CG(X) missile defense cruiser—the deemed successor to the AEGIS. The US has quite an open door to work with Japan on these next generation systems and the Japanese government hopefully will decide to cooperate soon.

As a further means of trying to get around a more direct nuclear confrontation, even as we negotiate with the DPRK, we should to move toward a policy of *active regime intolerance*, using all aspects of national power to pressure the regime to change its course, much as we did toward the Soviet Union following Ronald Reagan’s declaration that it represented an “evil empire.”

To get away from isolation and truly benefit from the promise of the Six Party Talks, North Korea should engage in what is called a "bold switchover"—moving seriously away from nukes, crime, and repression as the pillars of the regime, buttressed on bankrupt ideological foundations of *Juche* and *Songun*. Instead, it must turn toward denuclearization, demobilization of the army, and economic and gradual political opening, in turn normalizing not just its relations but also its approach to the international community. This includes providing full accountability regarding abducted Japanese citizens and hopefully return them alive or if they are deceased, provide their remains and a truthful accounting of how they died. Like Japan, the US is ready offer assistance to North Korea if it wants to change and make clearly stated security guarantees to the regime and its leadership.

Political:

The third pillar of national strategy based on EMPI is **political strength**. A lack of decisive leadership is not the only reason Japan has had a hard time adapting to its changing national security and economic needs in the past. Equally, if not more important, there has been a lack of sufficient institutions for managing and coordinating policymaking and implementing leadership decisions. This lack of central power has been exacerbated by the maintenance of unnecessary inhibitions, prohibitions, or restrictions on the use of the military in particular. The current government, to its great credit, seems intent on making many long-overdue institutional changes, such as creating a defense ministry and a national security council. It also is reviewing the Constitution, re-examining barriers on collective self-defense, and considering the removal of administrative restrictions, such as the Three Export Control Principles (*san-gensoku*) and limitations on contingency planning. This is vital work for the nation and Prime Minister Abe should be applauded for pursuing it.

The development of a Japanese National Security Council is particularly important. Japan’s NSC should not only be assigned with managing day-to-day national security issues. It also should be tasked with identifying and prioritizing national, regional, global security interests and putting resources into place to address these interests. It also should be in charge of preparing for contingencies, including homeland security threats and regional crises. In this respect there should be no taboos or off-limits topics.

Nonetheless, in creating an NSC, form cannot supplant substance. Moreover, even having an empowered and well staffed NSC is not an automatic recipe for success. It all comes down to sound strategy and implementation. The NSC is just a supporting vehicle. If Japan's NSC is legally restricted in how it can act, react, assess, debate, and plan, it will do little to make Japan more secure or able to enhance its prestige and power in the world. In fact, it could amplify bad decisions from the top-down.

This is why Constitutional reform and removing unnecessary prohibitions and restrictions are so critical. You can't run national security with your right arm tied behind your back because you don't trust your right hand.

Intelligence:

Intelligence is the last element of EMPI—in fact it's the lifeblood of sound national security strategy and decision-making. To better assess threats and develop plans to react to them—before a crisis, not after—Japan needs a centralizing intelligence mechanism and the means to collect, analyze, and disseminate full-spectrum strategic and tactical intelligence like the CIA. A *Nihon-ban* CIA needs to be funded robustly and a Cabinet level agency created to handle information in secure channels. Moreover, stovepipes need to be aggressively broken down to make sure that the intelligence gets to the end-users at the working level, not just the top leaders.

Conclusion: leadership is critical

The challenge I set out for Japan is to centrally manage national security from the top down and the center-out: **economic, military, political and intelligence**. Yet to manage EMPI, leadership matters and to be a good leader you need a good staff. Prime Minister Nakasone distinguished himself by assembling an array of brilliant minds around him, creating a sort of virtual NSC—several of whom are here today. Prime Minister Abe realizes the need to create permanent institutions to serve national security decision-making functions. He has appointed a talented national security advisor who is well known around the world and has tasked her to work with a team of experts to come up with an organizational scheme by late winter. He also has an excellent group of senior bureaucrats at the different national security agencies assisting him day-to-day. However, as Sato Seizaburo-sensei might say if he were here in this room, even if PM Abe builds a strong NSC and even if he unchains Japan's defense forces and lifts outdated controls, he may not succeed. Rather, his success or failure ultimately will come down to whether he can understand the dangers and opportunities ahead and create a *sogo senryaku*, drawing on all aspects of national power, to address both potential crises and opportunities (“*kiki*.”) It is often said, “fear exaggerates danger” (*Anzuru yori umu ga yasushii*). However, looking ahead, the new *hyogen* may be “danger is even worse than fear.” It's time to get prepared. The need is urgent.



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“国際的な信頼醸成と我が国の役割”

(資料編)

公開シンポジウム
「国際的な信頼醸成とわが国の役割」
- アジアの将来像：東アジア共同体の展望と課題 -
2007年2月22日 於：東京全日空ホテル
(議事録全文)

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○大河原 お待たせいたしました。時間が参りましたので、ただいまから世界平和研究所の講演会を開催いたします。

ご案内差し上げましたように、きょうのテーマは「国際的な信頼醸成とわが国の役割」、副題といたしまして、「アジアの将来像：東アジア共同体の展望と課題」ということでございます。昨日、一昨日、一昨々日と、アメリカのチェイニー副大統領が日本を訪問されまして、日米同盟関係のかたさを改めてお互いが確認し合うという重要な会談があったと思っておりますが、最近日米関係の上で、若干の不協和音が聞こえたこともありますけれども、今回のチェイニー副大統領の日本訪問、安倍総理との会談、こういう一連の話し合いを通じまして、日米の同盟関係が再確認されたということは非常に意義のあることであったと思っております。

その直後に、東アジアの問題につきまして、専門家の方々にお話を伺う機会を設けられましたことは、平和研として大変うれしく思っております。世界平和研究所といたしましては、日本財団の後援を得まして、「国際的な信頼醸成とわが国の役割」という大きなテーマのもとに、これまで例えばオーストラリアのマクレーン大使、エジプトのグスタフ・バドル大使等をお招きしたほか、ロンドンのI I S Sのパトリック・クロニン研究部長らをお招きをいたしまして、講演をいただきました。その一環としまして、きょう講演会を開催いたすわけでございますけれども、私ども世界平和研究所は、昨年、21世紀の日本の国家像という大きなテーマにつきまして、研究所内の研究結果を発表しまして、その考え方について、世の中にその意向を問うたばかりでございます。たまたまチェイニー副大統領の日本訪問に合わせるかのごとく、先週末に第2次アーミテージ・レポートが発表されました。その中で、いろいろな提言の一つとして、アジアの地域的協力の問題について、アーミテージ・レポートは、次のようなことを提唱いたしております。

日米両国は、中国に対する足並みのそろった取り組みを展開するために、密接に協議をする。中国が責任あるステークホルダーになる道筋を日米両国は示すべきであると。また、日本はインドとの戦略的パートナーシップを強化し、日本、アメリカ、インド、3国間の協力の機会を求めるべきである。もう一つのポイントとして、北朝鮮の核問題に関連して開催されてまいりました、いわゆる6者協議の体制を、地域安全保障の枠組みでの進化について、日米両国の努力を進めるべきである。また、日米両国は、ASEANの繁栄、民主主義及び安全保障実現に努力するインドネシアを支援すべきである。日本とアメリカと豪州、3カ国の協力体制を固めるべきである。そして、アジア諸国の海上安全保障と海賊対策の多国間協力体制に、日米両国はリーダーシップを発揮すべきである。

2010年に日本は、APEC首脳会議の主催国になるけれども、その際、APEC、FTAの実現の第一歩とすべきである。そして最後に、日米両国は、東アジアサミット、APEC、ARF間の補完の関係形成に協力すべきである、こういうような提言を具体的に出しておりますが、アメリカがこのようなアジアの危機協力に関する考え方をもっているということを背景といたしまして、きょうはアジア問題についての専門のパネリストに、東アジアの共同体の展望と課題という問題についていろいろご意見をちょうだいしたいと思っております。

きょうの会合の司会は、世界平和研究所の薬師寺主幹にお願いいたしております。それで



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は薬師寺主幹から、今後のパネルディスカッションをよろしくお願ひいたします。(拍手)。
○モデレーター(薬師寺) 今ご紹介にあずかりました、世界平和研究所の研究主幹をして
おります薬師寺でございます。本日の司会を務めさせていただきますと思います。

きょうは、3人の、もう聴衆の皆様方よくご存じの著名な、東アジア全体、あるいはアジ
ア全体をいろいろな局面から活躍し、それからいろいろな提言をされている先生方をお迎え
いたしました。恒例でございますので、簡単に先生をご紹介したいと思います。

皆様からみて、私の右側には、白石隆先生でございます。政策研究大学院大学の副学長を
しておられますけれども、白石先生は、東京大学の教養学部の国際関係論をお出になって、
そして東京大学の助教授をされていたんですが、ブレンドレインというものでアメリカに
行っておられまして、コーネル大学で教えておられて、教授になられました。その後、京都
大学に帰ってまいりまして、東南アジアプログラムの副所長をやっておられて、東南アジア
研究センターをやられて、新しい大きなプロジェクトをそこでやられました。政策研究大学
院大学に移られまして、今副学長をやっておられます。よろしくお願ひいたします。

その右でございますけれども、皆様よくご存じの、田中均先生でございます。先生は、外
交官の試験を受けられて、その後、京都大学をご卒業になりまして、オックスフォード大学
に留学され、そして外務省の中で、いろいろな重要な職におつきになられ、そして最後は政
務担当の外務審議官でご退官されて、財団法人日本国際交流センターのシニアフェローにお
つきになりました。と同時に、東京大学の公共政策大学院大学で教えておられます。

それからその右隣でございますけれども、浦田秀次郎先生です。よろしくお願ひいたしま
す。先生は、早稲田大学の大学院のアジア太平洋研究科の教授であられますけれども、もど
もとは慶応大学の経済学部をご卒業になって、スタンフォード大学に留学され、経済学の博
士をとられました。ブルッキングスとか、世界銀行でご活躍され、早稲田大学で教えられて、
今日に至っておられます。国際経済、開発経済でございます。

そういうところで、きょうは、東アジアの共同体の展望ということでございますけれども、
白石先生は、もともとインドネシアの研究から始められて、アジア全体の政治情勢を非常に
克明にごらんになっておられます。それから田中均先生は、外交のみならず、東アジア、世
界全体のこともごらんになってお仕事をやって、最近では朝鮮半島の問題に関してもいろい
ろご活躍された先生でございます。浦田先生は、経済学者でございますけれども、経済教室?
に最近お書きになったように、いろいろな東アジア共同体に関する経済の側面からのご提言
をされております。

一応2時間の予定でございますけれども、少し出発がおくれてまいりましたので、先生方
には15分から20分ぐらいの範囲で、それぞれご自分のご主張をお話ししていただきまし
て、その後少し時間をいただいて、先生方お互いに、同じ考えだとおもしろくありません
から、少しお互いに相手を攻めながら、少し補足をさせていただいて、そしてその後、フロア
からご質問をいただきたいと思ひます。東アジアの問題ですので、フロアからの活発なご意
見がちょうだいできるというように思っております。

それでは最初に、白石先生、よろしくお願ひいたします。

○白石 今ご紹介にあずかりました白石でございます。

東アジアの展望と課題ということについて、3点申し上げたいと思ひます。

まず第1点は、まだ記憶に新しいことですが、つい先ごろ、東アジアサミットが開
催されました。これは昨年11月に開催予定でございましたが、その直前になってというか、
もう既に人が集まり始めて、フィリピン政府がほかの国におよそ何の相談もなくキャンセル
すると、いかにもフィリピンらしいことをやりまして、それでなかなか首脳の日程調整とい
うのは大変なので、これでもうひょっとしたら大変なことになるのではないかと心配してい
ましたら、1月に、ともかくすべての東アジアサミット参加国の首脳が日程を調整して出席
してきた。その意味で、一つ明らかになったことは、地域協力についての政治的な意思とい
うのは共有されているというのが、これは私は非常にはっきりと、まさに具体的な形で示さ
れたように思ひます。ただ同時に、1月にはまず最初にASEANの首脳会議があり、その



翌日に、ASEANプラス3の首脳会議があり、それでそのまた翌日に、ASEANプラス3プラス3ということは、要するに東アジアサミットが行われたと。

ここで私のみるところ、少なくとも2つ非常におもしろいことが起こったと思います。1つは、ASEANチャーター（憲章）のドラフトが提出されたわけですが、ASEANチャーター（憲章）をどうつくるかについての基本的な考え方についてのドラフトが、ここで提出されたんですが、このドラフトというのは、基本的にインドネシアのグループがつくっておりましたが、この人たちが、私からみましても、正直いって余り地域協力、あるいは地域共同体という名前のもとで進行している現在の事態がどういうことかについて、ちゃんとわかっていない人たちが、かなり若いグループ、私が個人的にみんな知っている人たちがやったんですけれども、どうもEUと同じようなものを考えて、それで、将来はASEANチャーター（憲章）では、ASEANのことをユニオンといおうと。それでこれが事実上否決された。

同時に、内政不干渉、それからコンセンサス主義を見直そうということも提案されましたけれども、これも承認を得られなかったということで、ASEAN首脳会議で非常にはっきりしましたことは、ASEANというのはEUのようにはならない。EUをモデルにしたような地域統合は、ASEANの地域統合のモデルではない。これはASEANの専門家は昔からみんな知っていることなんですけれども、それが確認された。これが一つ、私にとっては非常におもしろかった。

もう一つは、ASEANプラス6が1年に1回の首脳が集まる場、フォーラムから、1年じゅういろいろな協力のプロセスについての議論が行われる、そういう意味でのプロセスに転換した。だからその意味でASEANプラス3とASEANプラス6というのは、いまだにこの間の役割分担だとか、いろいろ調整すべきことはありますけれども、ASEANプラス3とASEANプラス6というのが同時並行的なプロセスになったというのが、もう一つ私は重要なことであったように思います。

それはそれではどういうことを意味しているんだろうか。ごく簡単に申しますと、東アジア共同体という言葉がひとり歩きして、将来この地域に、この地域にというのは、それではどの地域かということ、すぐ皆さん聞かれるんですが、そうではなくて、ともかく何か知らないけれども、この地域に共同体をつくらうという意思是、今のところないというのが改めて確認された。あるのは、この東アジア共同体構築という大義名分を使って、その名目のもとにいろいろな協力をしましょうという地域協力の政治的意思というのは確認された。この違いというのは、私はよく日本でも外国でも混同されるんですけれども、この違いを非常にはっきりしておくことが重要だと思います。共同体の政治的意思というのはない。将来できるかもしれないけれども、少なくともまだないし、ここしばらくそれが生まれるとも思わない。だけれども、地域協力の意思というのは確かにある。これが第1に申し上げたいことです。

第2に申し上げたいことは、それではどうして地域協力の意思はあるんだろうか。私にはどうも2つ非常に重要な理由があるように思います。

1つは、かつてプラザ合意以降、アジア通貨危機のころまでは、日本が主導になって、雁行型の経済発展で、特に東南アジアの国、あるいは韓国、台湾、香港、シンガポールのような国というのは、経済的に発展してまいりました。だけれども、アジア経済危機を経て、しかもこのグローバル化、地域化の流れの中で、もう一国で経済運営というのができなくなってきた。だけれども、それにもかかわらず、例えば、インドネシアの場合ですと、人口2億2,000万のところで、毎年250万の若い人たちが、新しく労働市場に入ってくる。中国については、このところの数字というのはよくわかりませんが、一般的にいわれるのは、毎年1,000万の人が新しく労働市場に入ってくる。この人たちにどうやって雇用を創出するのかというのは、これはどの国にとっても極めて重要な政治問題であって、政治的課題であって、そのためには、地域的に既に経済が統合されているということを踏まえて、それぞれの国の経済の運営をしなければいけない。だから経済連携ということが重要になってきているんだ。これが私はいくつかの大きな理由。



それからもう一つは、これは中国の台頭ということに対する警戒心というか、むしろ極めて長期にわたる一種の不安感とでも申した方がいいんでしょうか、というのがるように思います。実は私、ちょうど2週間前に、インドネシアにおりまして、インドネシアで大統領のユドヨノさんと1時間1対1で話しする機会をいただきまして、そのときには、1対1の気楽さで、10年来知っている人だということもあるんですけども、彼がやはり非常に強調したのは、日本とインドネシアの戦略的関係の重要性であり、それがどうして重要かという、単にインドネシアの経済発展、あるいは国家建設に大事だけではなくて、中国がこれから長期にわたって、やはりどんどんと力をつけてくる。そのときに、中国が中国中心の秩序をつくろうとしないようにするためには、やはり日本とインドネシア、あるいはインドネシアとほかのASEANの国等々の戦略的な連携というのが要るんだということでございます。

私は、東アジア共同体構築ということで、いろいろな地域協力が行われておりますけれども、その一つの趣旨は、中国も含めたすべてのこの地域の国が、お互いにあるルールについて合意して、合意することで逆に自分も縛るけれども、中国も縛ると。とにかく細い糸でもいいから、何でもいいから、どんどんどんどんそういう形で中国を縛って行って、中国が余り一方的に行動しないように、少しでも保険をかけていくというのが、アジア共同体構築ということで、もう一つ実は実際には行われていることではないだろうかと思えます。

ただ、ここで私自身の長期的な中国についてのバランス・オブ・パワーのことをちょっと補足的に申し上げておきますと、少なくとも経済の規模、これはパーチャシングパリティ（PPP）でみた経済の規模を2050年ぐらいまでみますと、確かに2030年から40年ぐらいには、中国とアメリカの経済の規模というのは、パーチャシングパリティ（PPP）でほぼ同じか、ひょっとしたら中国が少し大きいことになる。その後、2040年以降、人口増加の関係で、もう一遍アメリカの方が大きくなるという試算が、経済研究センターの方の試算として出ておりますが、そこで一つ重要なことは、日本の経済の規模というのは、PPPでみると、中国、アメリカの3分の1ぐらいになるけれども、日本がどちらにつくかでもって、この地域のバランス・オブ・パワーというのは決まるんだというポイントでございます。つまり、日本は独自ではパワーゲームはできないかもしれないけれども、実は日本がキャスティングボートを握る。だからそのことは、もう一ついいますと、日本がどっしりと構えて、日米同盟を堅持するということが、実はこの地域のバランスを維持する上に決定的に重要だ。それがあって初めて東アジア共同体の名のもとにおけるルール構築のようなことも、意味をもつことになるということでございます。これが第2点です。

第3番目は、それでは現在、どういう形で東アジア共同体構築の名のもとに、いろいろな地域協力のメカニズムというのはつくられているか。これはよくいろいろところで議論されていることですので、簡単に申しますと、まず第1に、協力の分野ごとに全部違うと。通貨の場合には、ASEANプラス3です。債券市場育成の場合もASEANプラス3です。それから貿易の場合には、これはASEANプラス1です。ASEANと中国、ASEANと日本、ASEANとインド、ASEANプラス1の東でやられております。それから例えば信頼醸成なんかということになりますと、これはASEANリージョナル・フォーラムで、これはASEANプラス3プラス、実は私はαといっていますが、それ以外の国がいっぱい入ってくると。だからポイントは、分野別にメンバーは違いますと。だけれども、常にASEANがハブになっている。だからその意味で、基本的には分野別にネットワーク型でASEANをハブとして地域統合のメカニズムというのはできているというのが、この地域における地域協力システムの特徴で、これはEUとは非常に違う形になりつつあるんだというのが、これが第3番目であります。

それでは、将来、東アジア共同体というのができて、それがEUのようになるのか、ならないのか、それはわかりません。私はならないと思いますが、EUのようにならない、あるいはEUがということで、我々がイメージするような共同体ができないから、東アジア共同体というのはできないという手の議論が今しょっちゅう行われますけれども、このくらい実は現状をきちっとみていない議論もない。将来、できるか、できないかなんて、そんなこと



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はどうでもいいんです。むしろ重要なことは、その名のもとに、今何が行われていて、それで、その結果として、どういうことが実際に起こっているのか。起こっていることというのは、確かに協力のシステムというのができていて、この協力のシステムというのは、突き詰めていけば、一方で日本とアメリカのリーダーシップのもとで、戦後、ずっとこの地域が発展してきた。この発展の傾向をこれから先新しい時代にどうやって実現していくか。それから同時に、そこに中国が入ってくる。中国が入ってきたときに、地域の秩序というのは、変わらざるを得ないけれども、この変化がラディカルに起こるのではなくて、もっとゆっくりと、エボリューションナリー、つまりレボリューションナリーではなくて、エボリューションナリー、進化する形で行わすためにはどうしたらいいか、これが今一番問われている問題であって、そこで日本にとって一番重要なことというのは、いわばどっしりと構えて、一方で日米同盟、それからもう一方で経済協力を軸にして、そのほかにいろいろな協力をこれからもどんどん進めていくということが、実は一番重要なことではないだろうかというように思います。

ちょうど 15 分になりましたので、ここで私の話を終わらせていただきます。

○モデレーター ありがとうございます。

白石先生は、非常に明確に3つのポイントをおっしゃったわけですが、確認の意味で、私の理解したところを少しまとめますと、共同体をつくろうという政治的な意思はないけれども、地域協力をしようという政治的な意思は非常に強い、これが第1点。第2点は、やはり労働市場が非常に急激にふえているので、経済発展をしなければいけない。そういう中で、中国に対するぼんやりとした不安感がアジアの中にはある。それに対して先生は、やはりそういうようなものに対して、自分たちを合意でいろいろ縛るけれども、中国も縛っていくということで、日本といろいろな国の関係というのは非常に重要である。特に日米関係も重要である、こういうようにおっしゃっていました。

3番目は、やはり協力分野ごとに異なるメンバーがいるけれども、ハブとして、いつもいるのはASEANの国々であると。そういうようなものをみると、EUみたいな形のいわゆる発展形態と少し違う。将来は、どういうようになるかわからないけれども、少し日本のスタンスについても先生は触れられて、今どっしりしておけばいいと、日本の位置というのは物すごい重要である、こういうようなお話をしたと思います。

それでは、田中先生、お願いいたします。

○田中 田中均です。よろしくお願ひします。

私は外交官であったので、どちらかというと、外交の目的というんですか、日本国にとって最も望ましい、この地域で国際関係をつくっていく、それが外交の目的なので、そういう目的に沿って、一体何をどうしたらいいかという話をしたいと思っています。

そういう外交を考えるときに、やはり大きな、これから5年、10年の間に、この東アジア地域というのは、どういう問題によって支配されているんだろうか、そういう変えられないであろう国際関係の大きな流れというのは何なんだろうかということをもまず考えてみる必要があると思うんです。私は多分、重要な柱として5つぐらいの趨勢があるというように思っているんです。

1つ、これはより短期的かもしれませんが、朝鮮半島の情勢というのは、引き続き基本的には緊張関係が続くであろうということです。先日、北京で、6者の合意ができたけれども、北朝鮮の問題の基本というのは、非常に強い不信感があるということなんです。どういう合意がつくられたにしても、それは本当に実施はされるのかということについて確信がない。これは私たちの方にも確信がないけれども、自己の政権、ゲームの生存を確保したいという北朝鮮の方にもアメリカとか日本に対する確信がない。ですから、そういう不信の構図の中で合意をつくって、それを実施していくというのが基本なんですね。これは一夜にしては、残念ながら解決はしない。多分、5年、あるいはそれ以上の期間がかかるかもしれないけれども、私たちにとって一番大事なのは、これをコントロールしていくということだ



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と思うんです。もちろん拉致の問題というのは解決をしなければいけないわけだし、核の廃棄ということも実現しなければいけない。だけれども、それを一つの大きな監視のプロセスの中でやっていくということが一番大事なことである。したがって、残念ながら朝鮮半島の問題は、多分今後5年ぐらい引き続きアップ・サイド・ダウンがあるというようにみざるを得ないということが一つの趨勢だと思うんです。

2番目、これはだれしも認めるように、中国の台頭ということなんです。この中国の台頭というのは、歴史上かつてないという理解をしなければいけない。それはなぜかという、アメリカとか日本が成長した時代というのは、人口が1億人に足らなかった。中国は13億の国民が成長しているということです。それもそのエネルギーが非常に希薄な時代において成長をしている。それから中国の成長の形というのは、外国と依存しながら成長しているという形である。それから中国が有している課題というのは、これまた未曾有の課題、すなわち政治的自由と、経済的自由の折り合いをどうするのか。あるいは、内陸と沿岸の所得格差というのをどういうようにしていくのかといったような問題です。それから、水、エネルギー、食料、こういうものの不足について、どういう対処をしていくのか。これはどの一つの問題をとっても、多分中国一国では処理し切れない問題がある。要するに中国の成長というのは、非常に大きな問題を抱えた成長であり、かつこれまでの世界史になかったような成長をしているということを認識する必要がある。これが2点目。

3点目は日本なんです。私は、基本的に日本という国は、最近主張する外交ということがいわれていますけれども、主張する外交だけではだめなんです。主張して、その主張した結果をつくる外交でなければいけないと思うんですが、私は日本は普通の国になっていくと思うし、普通の国にならなければいけないと思うんです。ですから、それは戦後体制の終焉という言葉の中で示されていること。一つには、私はやはり日本の安全保障の形というのをもう一回見直さなければいけないし、多分そういう方向に行くんだろうと思うんです。すなわち、集団的自衛権の行使の是非云々という、非常にフィクションに満ちた議論をしていく時代はもう終わったんだろうと思うし、一定の場合に、日本が自衛隊を海外に派遣して、一定の場合にブロックの交渉をするということについては、きちんとした法的な手続が今後定めていかれるだろうというように私は思っております。

それから過去の問題、これも戦後体制の中で一つのつくられた問題だと思うんですが、やはり過去について明確な認識というのが必要だけれども、そういう明確な認識のもとで、東アジアでより能動的な外交をしていく、これが日本が多分たどるであろう道であろう。今後5年、10年というスパンをみればですね。そういう日本の変化というものがあるだろうということです。

3番目に、先ほど白石先生も話されたASEAN、東南アジアですね。私はこれは引き続き、彼らの民主主義というのはまだ若いし、彼らの経済の状況というのは、極めて初期的な段階にある。したがって、その統治の問題、政治的な統治であり、経済的な統治ですけれども、これについて引き続き、苦難の道を歩んでいこう。いろいろな問題に対応していかざるを得ないだろうという東南アジアの趨勢というものがある。

最後に、米国は、今後5年、10年というスパンでも、この地域にとって最も重要なパートナーであるし、最も大きな役割を果たし続けていくであろうということだと思うんです。ですけれども、多分米国の政策というのは、修正されていかざるを得ないであろう。イラクの政策の失敗といおうか、結果というのは、やはり今後5年、10年の米国の政策に与える影響は大きいと思うんです。これはやはり武力を行使するという敷居がうんと高くなったと思いますし、同時に、従来のような形ではなくて、より国際的な協調を求めていかざるを得ないという意味で、やはり政策は修正、規制されていこうと思うんです。

こういう5つぐらいの基本的な趨勢の中で、それではどういう政策をとっていくのが日本にとって最も適切であるかというのが課題なんだろうというように思うんです。私も東アジア共同体というのが先にありきという議論には、全くくみしないんですが、結果的に東アジア共同体的なものを、さっきも白石さんがいわれた、そういうプロセスをつくっていく。機能的な協力をしていくということについては、多分正しい政策だろうというように思うんで



す。

順を追ってお話をする、さっき申し上げたような基本的な趨勢の中で、一つは、中国をどうやって国際的なルールの中で扱っていくかという問題が必ず出てくる。一つ議論されているのは、いわゆるヘジグポリシーという、中国の将来というのは必ずしも完全に予測がつくわけではない。さっき申し上げたような、中国にある大きな問題、政治的自由の問題とか、所得不均衡の問題とか、エネルギーとか、そういう問題自身がどのように動いていくかによって、外に対して非常に攻撃的になる可能性もなくはない。そういう将来に対して、将来の不確実性に対するヘジグということは、やはり必要であるということだと思えます。だけど、それは従来ソ連に対してやったような、いわゆるコンテイメント、囲い込みという政策ではもはやあり得ない。それは中国の成長の特色である国際社会とともに進んでいるという部分がありますから、ヨーロッパでもアメリカでも、中国のマーケットというのは、一つの非常に大きな機会であるというようにみなされているわけです。そうするとどうするかというと、一つはやはりこの地域の民主主義諸国のパートナーシップを強化していく。さっき大河原大使の話でも、アーミテージ・レポートということがリファアされていますけれども、豪州とか、インドとか、あるいは韓国とか、インドネシアも一つかもしれません。そういう民主主義国の協調を強めていくというのは、明らかに合理的な政策なんであろうというように思えます。だけど、そこで終わってはいけないということです。同時にとっていくべき政策。

これは、さっきアメリカの政策のところでも申し上げたけれども、アメリカが政策を修正していかざるを得ない。アメリカのこの数年の政策というのは、一種のアドホックなマルチラテラリズムだったんです。ライクマインデッドという名のもとに、一定の政策を共有する諸国が協力をしようという体制をつくってきた。私はこれは修正していかざるを得ないし、これを東アジアに当てはめるのは危険であるというように思えます。ですからこれはインクルーシブな、より包含的な政策である必要があるというように思います。中国も取り入れ、ASEANの諸国も取り入れた形の包含的なマルチラテラル・リージョナリズムというように私は思っていますけれども、そういう形で進んでいく必要があるというように思っています。

これも具体的な機能によって違う。経済の機能、安全保障の機能、大きくいえば、この2つの大きな機能によって、どういう形で地域協力を進めていくかというのは、違うというように思っています。私は、経済については、この地域に経済連携地域として、日本がシンガポールで始めた、日本・シンガポールの経済連携協定、それが隣の諸国とやろうとしている。私はこれを多角化すべきだというように思っています。多国間の、この地域に東アジア経済連携地域というものを、基本的には自由貿易地域ですが、そういうものに向かっていくべきだというように思っています。それは経済的な要請である。そのときに、何をベースにするのか。これはADBなんかの試算がありますけれども、圧倒的にASEANプラス6、日本、中国、韓国、豪州、ニュージーランド、インド、これをベースにした方が、経済的な効果が圧倒的に大きい。私は、経済の仕組みというのは基本的にグローバルであるべきだというように思っていますが、少なくとも当面はASEANプラス6という形で、経済連携を進める、これがまたさっきのリポートにもありましたけれども、将来的にはAPECをベースにした自由貿易地域に進んでいくというリンケージをきちんとつけておくべきであろうというように思います。

2番目に安全保障の機能、これについては、さっき申し上げたように、この地域にNATOのような集団的な安全保障機構ができる可能性は残念ながらない。要するに、いわゆる私たちがいう脅威の認識というのは国によって違うわけです。中国と日本は違う。だからそういう意味で、集団的な安全保障機構をつくるのは、明らかに無理がある。予見し得る将来において、私は2国間の安全保障取り決め、日米であり、米韓であり、あるいは米豪、それから米国とタイとか、シンガポールのセキュリティのパートナーシップ、そういうものが引き続き必要だし、それが軸になる。それについては、私はこの地域で、それに反対するというにはもうなっていないというように思っています。



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それから2番目に、ARFというのは、そういう意味ではダイアログの場としては適切であるし、この対話いうのを進めていく必要はあるんだろうと思います。

それから3番目に、これもアーミテージ・レポートに出てきていると思うんですけども、この北朝鮮の核開発をめぐる6者協議、これはさっき申し上げた、ここ数年監視機構としての役割を果たしていけば、結果的にはサブリージョナル、北東アジアに関する一つの協力的な安全保障、ハードな安全保障ではないんですけども、協力的な安全保障という形の枠組みに発展していく可能性は大きいし、そうすべきだということに思います。

私はそれだけでは十分ではないと思うんです。もう一つつくらなければいけない。これは、私たちがいわゆる非伝統的な安全保障とっている問題、すなわちこの地域でだから何を守るかということについて共通項はないけれども、例えば、テロを防止するとか、あるいは大量破壊兵器の拡散を防止するとか、あるいは海賊を防止するとか、あるいはもう少し範囲を広げてみれば、津波であるとか、エイズであるとか、そういう人間の安全保障的な側面においても、この地域の具体的なアクションを強化していく。ARFというのは、残念ながらトークショップというか、話し合いの場という側面が強い。具体的なアクションを伴うものではない。私は多分、そういう観点からみれば、その地域で東アジア、安全保障協力機構といったようなものをつくる必要があるのではないかと。これは明らかに、米国を除外してはできない。米国がその中心的なメンバーになっている必要がある。基本的には、ASEANプラス6プラス米国という形で、非伝統的な安全保障課題について、具体的なアクションを伴う協力の枠組みというものをつくる余地はあるのではないかと考えている。例えば、アメリカが提唱して、現実に進んできているPSIという、不拡散構想ですね。これは基本的に米国はライクマインデッドということを進めていった。中国も韓国もそれには入っていない。私はこのリージョン、東アジアで、そういうものも含めた協力機構というのを追求する余地はあるのではないかと考えている。

これは明らかに機能において、協力を進化して、その結果、この地域でよりよきガバナンスが出てくる、よりその経済の発展段階が均霑化されていくというような事態には、将来的にはそれを包括的に東アジア共同体という形でとりまとめをしていく可能性は残っていると、私は思うんです。そういう時代が来ればいいと思うんですけども、明らかに今の時代は、具体的な機能に着目をして、その機能において共通利益をもった諸国が協力を進めるといった枠組みをつくっていくということが正しい課題ではないかと考えています。

今申し上げたわけですが、外交って、どの一つの政策ということではないと思うんです。さっき申し上げた、民主主義国の連携であるとか、インクルーシブなこの地域のマルチラテラリズム、そういうものを同時並行的にやっていくということによって、多分日本が望むような秩序というのが、この地域でできる可能性があるのではないかと考えています。以上です。

○モデレーター ありがとうございました。

田中先生は、5つぐらい、外交官としてのキャリアの経験から、やはり情勢について明確に判断されまして、最後に、ではそれをどうようにマネージしていくのかということで、幾つかのご提案をしたというように思います。朝鮮半島に関しては、緊張関係が続くと。それはやはり今回の六者協議に関しても、お互いに確信がもてない中で、やはり取り決めながら、そして全体をコントロールすると。そういうような状況が朝鮮半島の見方であると。それから中国の台頭に関しましては、中国の台頭というのが、非常に世界史的に違った成長をしている。それに対して、やはり米日の中でもそれをどうようにみていくかというようなものが重要であろう。日本は、主張をする外交というようにいいですけども、結果を主張する外交にやはり考えていく必要があるのではなからうか。

それから、東アジア、アジア全体を考えても、やはりガバナンスの問題がまだ残っている、そういうような中で、日本がどういう位置づけをするか。それからアメリカに関しましても、いろいろのご提案をしましたが、日本にとっては重要なパートナーであるけれども、イラクの問題に関しては、やや国際的な政策協調に入っているが、それはアドホックな協力ではな



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かろうかと。そういう中で、日本の外交政策、安全保障政策として、中国をどうやって国際的な社会の中にヘッジしていくか。非常にいろいろな面で不確かな予想がある。はっきりとした予想がない。そういう中で、NATO的な安全保障システムがなかなか難しい。マルチラテラルなリージョナリズムという考えの中で、我々はまず機能的な協力をしていく必要がある。そういう中で、ARFはややダイアログ的であるけれども、もっと具体的な面でアクションをとって、安全保障を広くみて、我々は現実的に物事をつくっていかなければいけないのではなかろうかと。それは各国が協議に対する共通な見方が、ヨーロッパのように一緒になっていない、こういうような前提のもとになると思います。ありがとうございました。

それでは最後に、浦田先生、お願いいたします。

○浦田 どうもありがとうございます。浦田です。よろしくお願いたします。

前のお2方が、かなり広い範囲からご発言だったと思います。東アジア共同体、そして安全保障、経済についても触れられました。私は、経済の専門家ですので、経済に焦点を絞ってお話をしたいと思います。そういう意味では、前のお2方が総論的なお話をしたのに対して、私は各論的なお話をすることになると思います。

ただ、その前に、まず東アジア共同体についてですが、これはいわゆる総論ですけれども、ASEANの言葉をかりますと、東アジア共同体というのは、経済の共同体、そして社会文化共同体、そして安全保障共同体、この3つの要素を含むものだということであります。私は、経済共同体について話をするわけですけれども、経済共同体ができた結果、経済成長が実現する。各国の経済的繁栄が実現するということになれば、これは各国の国民の価値観も似てくるのではないかと。もしそうであれば、これは社会文化の安定にもつながるでしょうし、また政治の安定にもつながるといって、東アジア共同体という枠組みについていえば、経済共同体ができれば、その後に社会文化共同体、さらには安全保障共同体というものができて、最終的には東アジア共同体ができるだろうというように思うわけです。ただ、どのくらいの時間がかかるかというのは、もちろん非常に大きな問題ですが、それについては、前のお2方がおっしゃっていましたように、機能的な協力を進めながら、できるところからやっていくということで、前もっていついつまでに社会文化共同体ができる、あるいは安全保障共同体ができるということは、いえない、予想できないのではないかと思います。ただ、経済共同体については、もう少し具体的な話ができるのではないかとというのが、私のまず最初のポイントであります。

東アジア経済共同体ですが、中身について、こういうものがその中に含まれるだろうというものを話したいと思います。基本的にFTA、これは説明するまでもありませんが、加盟国間の貿易障壁を撤廃する。この場合は、物の貿易であり、サービス貿易と両方あります。さらには、これは日本ではEPAという言葉であらわされるわけですが、経済連携協定ということで、より包括的な内容を含むもの。具体的には、投資の自由化とか、経済協力、こういうようなものも含む。これが東アジアFTAないしは東アジアEPAであると思います。東アジア経済共同体というのは、そこでとどまるわけではなくて、それ以外にも、例えば、エネルギー協力とか、マクロ経済における協調、究極的には単一通貨の設立というような内容も含まれるわけです。

順番に話をしていきたいんですが、まず最初に東アジアFTAについて話したいと思います。

このメリットは、繰り返すまでもないとは思いますが、各国間の貿易障壁が撤廃される。また、EPAということですから、協力も含むわけですから、協力も促進されるということで、東アジア経済そのものが成長するということが期待できます。そのときに、ちょっと議論がもとに戻るかもしれませんが、東アジアの過去における急速な成長が、どのような形で進められてきたんだろうかということ振り返る必要があるかと思えます。これは白石先生もお話したと思うんですが、東アジアの急速な経済成長というのは、プラザ合意以降の直接投資の急速な拡大、それに伴う輸出、輸入貿易の拡大というメカニズムが非常に大きな役割を果たしました。プラザ合意というのは、円高、またその後、アジアニーズ、韓国、



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台湾等の国々の通貨の切り上げというのをもたらしまして、その結果、今お話ししたような国内で生産をすることが非常に不利になってくる。それに対応する形で、そういう国々の企業はアジアに進出していったということがあります。

それからもう一つ重要な要因としまして、1980年代の初めに、これは世界不況があったわけですが、そのときにアジアの国々も苦境に陥りました。そこで、IMF、世銀から資金を調達すると。その調達するに当たって、貿易自由化、投資自由化というのを強制されたわけです。その結果、貿易投資の自由化が起きました。先ほどの円高、あるいはニーズの通貨高と、今お話ししたような貿易投資の自由化が相互に関連しながら、貿易と投資が拡大した。その結果、経済が成長した、こういうことがあります。

東アジア地域には、地域、生産流通ネットワークといわれるような、いかにも東アジア全体が一つの工場、そこで物がつくられ、つくられた物が日本、あるいは欧米、先進諸国に輸出されるというようなメカニズムができたわけです。貿易投資の自由化が、今お話しした生産流通ネットワークの構築に重要な役割を果たしたと申したわけですが、しかしながら、まだまだ東アジア各国においては、貿易障壁も高いです。そして、投資障壁もあります。ということで、さらなる自由化の余地というのは、かなりあるんです。それをどのように進めていくかということで、現在では、これも白石先生がおっしゃっていましたが、ASEANプラス1という形で、FTAが進んでいるわけです。ただ、ASEANプラス1のFTAというのは、少しテクニカルな話になりますが、原産地規則が異なるかというように意味から、なかなか一つの統一意思表示がなっていない。そういう状況の中で、やはり東アジアFTA、より包括的なものとしてはEPAをつくる理由、価値があるというように思います。

あと1つ、東アジア、FTA、EPAを分析するに当たってお話ししておきたいことは、東アジアにおける多様性です。私は経済の話をしたので、経済面での多様性であります。具体的にいきますと、経済の規模がかなり違う。日本、中国、非常に大きな経済活動を行っている。それに対して、非常に小さな国もあります。また、より一層多分深刻な問題としましては、経済発展格差があります。日本、シンガポールのように、非常に1人当たり所得が高い国もあれば、ASEANの新規加盟国、CLMV、特にCLMといわれるカンボジア、ラオス、ミャンマーでは、非常に所得が低い。ですから、所得格差が非常に大きな問題になっております。その所得格差の是正については、常に経済協力が必要なわけです。経済協力を含む枠組みといいますと、やはりEPA、東アジアEPA、ですので、私は東アジアEPAをこの地域に構築するということが、この地域の経済的繁栄につながり、そしてこれは少しナイーブな考え方もかもしれませんが、ひいては社会文化共同体、安全保障共同体というところに行き、最終的には東アジア共同体ができるのではないかと思うわけです。

東アジアFTA、EPAのメリットをお話ししましたが、そのような枠組みをつくるに当たっては、さまざまな障害があります。比較的たくさんあるんですが、時間の関係もありますので、幾つかにとどめておきたいと思うんですが、何といたっても大きな障害は、貿易投資自由化に対する反対であります。これは説明するまでもありませんが、貿易投資が自由化されることによって、輸入ないしは外国からの投資ということで、競合する相手といいますか、競合する要素が導入されるわけです。競争力のない企業、あるいは産業は、生産縮小を余儀なくされ、失業という可能性も出てきます。もちろんそのような状況にならないように、それを回避するように、反対する動きが出てくるわけです。

ただ、長い目でみれば、今お話ししたような競争に対して生産調整を行う、あるいは雇用調整を行うということは、長い目でみれば、当該国、当該経済にとってはプラスの効果をもたらします。もう少し具体的な話をしますと、日本に関しましては、農業の自由化が問題になっております。これは非常に大きく取り上げられますので、FTAに対する反対ということ、日本の農業ということになりますが、実は日本がASEANとFTA交渉するときに、相手側も同じような問題を抱えるわけです。同じようなというのは、産業は違いますが、貿易自由化に反対する。具体的には、ASEANの国々は、鉄鋼製品とか、自動車製品、あるいは自動車産業、こういう産業の、あるいは商品の自由化に反対をするわけです。ですから、そ



の自由化に対する反対というのは、すべての国にあるわけです。ただ、先ほどいいましたように、そのような抵抗を克服して、より好ましい資源配分、つまり資源の使い方をすることが重要でして、そのためには、やはりそういう障害を乗り越えなければいけない。もちろん乗り越えるのは非常に難しいわけですが、手だてがないわけではないと思います。

2つだけ、私の考えていることを話したいと思います。

1つは、時間をかけて自由化するということです。もう一つは、被害を受ける人々に対して支援を行う。具体的な支援の内容としましては、一時的所得補てん、そして訓練、教育の提供というようなことで、スキルアップを手伝うということが出来るかと思えます。ですから、そのような手段を使いながら、中・長期的に好ましい資源配分を実現するような方向に政策を動かしていくべきだと思います。そこで、今お話ししたような自由化へ向けての克服の手段をとる、あるいはその前に自由化を決断するという点に関して、何が必要かといえれば、やはり政治のリーダーシップだと思います。つまり、将来の日本ないしは将来のアジアの理想的な姿を描き、その姿を実現させるべく、今お話ししたような自由化を進めていく。自由化をただ進めるだけではなくて、きちっとその自由化によって被害を受ける人たちには対応するという点で、そのような政策を立案し、またそれを実行していく政治的なリーダーシップが必要であると思えます。

最後に、日本の役割であります。もう既にお話ししたことの繰り返しになってしまうかもしれませんが、日本はこの地域で最も経済発展の進んだ国です。そういう意味で経済協力をしなければいけない。また、それだけではなく、やはり日本は自由化をしていかなければいけないと思えます。これは東アジアの国々が、日本に物を輸出する、また日本に労働サービスを輸出するという点で、それらの国々の経済成長を後押しすることになりますが、それだけではなくて、やはり日本のために自由化というのは、プラスの効果をもたらすと思えます。日本の将来を考えてみますと、少子・高齢化が進み、労働力に関しましては、5～6年前からもう減少しているわけです。ということは、限られた資源を有効に使う必要がある。限られた資源を有効に使うためには、効率性を向上させる。そのためには、国内の改革も必要です。国内の改革だけではなく、対外的な自由化、これも必要になってくると思えます。そういう意味で、FTAを進めることは、日本にとってもプラスですし、今お話ししたように、東アジアにとってもプラスだと。それが相互にプラスに影響をもたらすと思われるので、東アジア全体としても、FTAを進めていくことは非常に重要な、また経済成長を実現するに当たっては、効果的な方法だと思います。

そこで日本は、東アジアのFTA、EPA構想の構築、これは二階構想という形でもう既に出ていますが、それは私は非常に素晴らしいことだと思うんですが、これのフォローアップが必要だ。フォローアップということは、具体的には自由化を進めていく。また協力を具体的に実現していくということだと思います。以上です。

○モデレーター ありがとうございました。

浦田先生は、最初にいろいろな共同体があるけれども、やはり経済をまず第一にする方がいい。そうすると、社会、文化の協力共同体、それから安全保障、政治の協力共同体の方向に向かうのではなかろうか、こういうようにおっしゃいました。それから、機能的な協力を進めるのが重要である。その中でも、FTA初め、東アジアの経済のFTAの議論に至るその道筋みたいなのがどういうものであるか、こういうようなことで、現在では、皆様ご承知のように、生産のネットワークがあるので、そういう中で、ASEAN、アジア、FTA、EPAの問題は非常に重要であろう。

それから東アジアは、やはりそれぞれの所得、経済発展が非常にばらばらであるので、それを考慮する必要があるだろう。それが同じように障害があるわけですがけれども、一番大きいのは、自由貿易に対する反対みたいなのが、やはりそれぞれがある。それに対して、時間をかけていろいろやっていくけれども、やはり政治のリーダーシップが必要であろう。日本の役割は明確であって、日本自身がFTAという議論が、いろいろな反対意見もあるけれども、日本にとってはプラスであって、そして日本がそのアジアの経済の協力に、共同体みたいなものに参加する大きな力をもっている。それはなぜかという点、日本は経済力が非常



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にある。研修、教育、そういうのも含めて、それも繰り返しですけれども、日本はF T Aによってプラスになる。こういうようなご主張だったと思います。

それで、白石先生、田中先生、浦田先生、それぞれの分野で、いろいろご主張ありましたが、私の方から一言ずつ質問をさせていただいて、フロアからの質問の誘導にしたいと思うんですが、白石先生も、田中先生も、中国のことに關しては、非常に議論されましたが、少し教えていただきたいのは、南アジアにおけるインドの台頭だとか、東アジアに対するロシアのエネルギーの介入だとか、そういうまだまだ大国のことが東アジア全体のみならず、アジア全体を考えると、やはり我々はもう少しマクロにみなければいけない。そういうような点は、ご議論、イシューが東アジア共同体ですからないんですけども、その辺に關して、インド、ロシアについて、少し教えていただきたい。

それから浦田先生には逆に、経済の点からA S E A Nにおける、あるいは東アジアにおけるE P A、F T Aのお話を中心にお話ししたんですけども、中国を特記してお話をしなかったもので、浦田先生からいうと、ほかの先生方が中国を非常に漠然とした不安、安全保障からいくと中国をヘッジングする必要がある。中国という問題を非常にどうしても重要になるわけですけども、経済の方から中国はどういうようにみているのかということをお話していただきたいと思います。

白石先生からいきましょうか。

○白石 今の薬師寺先生の投げかけられた質問にお答えする前に、ちょっと田中先生がいわれたことというのは、恐らく 95%以上同感してしまっていて、これで実はどうやって薬師寺先生は問題を投げるのかなと思ったんですが、少しニュアンスの違いというんですか、一つアメリカのことですが、現状の分析としては、私は全く同感なんです。ただ、それをどう理解するかというところで、やはり冷戦の時代のバイポーラリティと、冷戦の後のユニポーラシステムで、国際的な構造が違っていると。それはどういうことかと申しますと、バイポーラリティのときには、国際政治による、アメリカの対外政策への制約というのがかなり高かったのに対して、ユニポーラシステムになりますと、国際政治によるアメリカの対外政策に対する制約が非常に低くなったわけです。そういう中で、アメリカの対外政策というのは、ともすれば国内政治のアウトカムとして決まってくるということになりがちで、私はイラクというのは相当程度それだったと思いますし、今、中間選挙をきっかけとして、イラクにおける撤兵問題等々が出てきているのも、まさに国内政治のアウトカムとして対外政策ということが決まりがちな今のシステムの構造的特徴だと。

ということはどういうことかといいますと、アメリカの対外政策というのは、これからも相当振り子の大きい、振幅の大きい対外政策にどうも構造的にはなりがちなもので、そういう国とどうやって同盟関係を維持していくのかというのが、一つやはり重要な問題ではないかと。そこでアメリカはけしからんといったってしょうがないわけで、そこでの知恵というんですか、まさに私の世界でなくて、田中先生の世界なわけですけども、その外交が求められることになってくるのかなと。これは意見が違うというよりは、恐らく私なりに、私はどちらかというとおブザーバーなものですから、おブザーバーからみると、そういうようにみえます。

もう一つは、ノントラディショナル・セキュリティ・イシューズの問題で、これはまさに指摘されたとおり、極めて重要な問題でございます。これはテロの問題だとか、海賊の問題、それからもう少し広くマリタイムセキュリティの問題、それからトリインフルエンザの問題、それから私自身はこういうものの基礎にある非常に重要な問題ですけども、マネーロンダリングの問題というのがあると思うんですが、これについて、地域協力をどういう形で進めていくのかということは大事であると同時に、もう一つ重要なことは、それをやる国として、こういう問題に対応できる能力をもった国が、この地域にどれだけあるかといいますと、恐らく日本とシンガポールがもっていると。韓国と台湾も恐らく相当程度もっている。ほかの国はもっていないというのが現状だろうと思います。だからそういう中で、どういう形で、地域協力を掲げながら、進めながら、同時に国家の能力をつけていくかと。そこで日本として、いわば日本が作り上げてきたようなシステムをそこでどうやって地域化していくかと



ということが、もう一つ私には非常に重要な問題ではないだろうかということ、ちょっと、別に考え方が違うというよりは、補足的な形で、田中先生が投げられた問題について私がどう思うか述べさせていただきたいと思います。

それから次に、ロシアとインドですが、私はロシアはわかりません。わからないという意味は、今はもちろん石油の値段が上がっていますので、景気がいいのはわかりますけれども、社会危機が進行して、人口が減っているような国で、どうして長期的に政治が安定して、対外的に強い立場がとれるのかということには、私はわかりません。政治学的にいうと、そういうことあり得ない。だから、私には本当に、チャーチルが昔、エニグマだといって、私もエニグマだと思っています。

インドは、確か今年の貿易統計みますと、日本がインドから輸入している一番重要なアイテムというのはダイヤモンドなんです。ということは、いかに日本とインドの経済的な統合というのは進展していないかということ、私は示していると思っていまして、ですから私は東アジアサミットにインドを引っ張り込むと。ある意味では、非常に伝統的なバランス・オブ・パワーポリティクスをやると。これはよくわかるんです。全然それで結構だと。ただ、経済統合の方では、インドというのは、その対象というよりは、むしろかつて日本が 1960年代だとか、70年代にやった伝統的な経済協力の対象ではないことがわかるという気が私は、インドがわかるとは申しませんが、何となく感覚的にはそういう感覚をもっております。

○モデレーター ありがとうございます。

田中先生、少し挑戦された分も含めまして、お願いします。

○田中 日米というんですか、大きな世界政治の世界の統治体制ということだと思っただけですが、ここには中曽根総理もおられるし、大河原大使とか、松永大使もおられるので、若干あれなんです、多分私たち外交やっていて、最も重要な点は、米国との関係でいかにより対等な関係をつくるかということに相当苦心してきた、世の中にそうみえているかどうかは別なんですけれども、明らかに日本というのはハンディキャップをもった国家であって、それは経済の体制の面でもそうだったし、それから安全保障の体制の面でもそうだった。それは憲法の制約というのは歴然としてあって、その中で、できるだけ日本は実質的な安全保障の役割を果たそうとしてきた。それによってアメリカの政策に対する影響力も大きくしようとしてきた。さっきの白石さんのご質問に直接答えると、私はそのためには、日本はもう変わらなければいけない。やはり、集団的自衛権の行使というの、フィクションとして語ってはもういけない。日本という国が、自分の判断に基づいて国際的な平和と安全のために役割を果たす国であるという実態をつくるのが、より米国との関係でも同盟関係をより対等なものに戻すことだし、かつ世界の統治体制を安定させるゆえんであると思っただけです。それが1点目。

2点目は、アメリカが国内政治に引きずられている。多分今回ブッシュが2万数千人の増派を決めたというのは、国内的な世論に真っ向から反対してやっている。私は、ここは日本の場合に、今非常に国内的な政治に引っ張られている部分というのは、実は残念ながらあると思っただけですが、ブッシュがやっていることというのは、むしろアメリカが世界を統治していく上で、これはみんな例になってしまう。ここでアメリカが兵を引いていくということによって、どんどんどんどん一種の不法な状態が広がっていく。イラクだけの話ではない。次にいろいろな世界の各地で、いろいろなことが起こったときに、アメリカがイラクでやったことというのは、必ず例として使われてしまう。私はブッシュの政策は好きなわけではないけれども、アメリカの大統領の統治者としての役割というのは、彼は認識はしているんだろうと思っただけです。ですから、必ずしも国内に引っ張られるわけではないというように私は思っています。だけど、これからの統治裁定でも非常に問題なのは、明らかに多極化していく。

そのときに、私たちがどうしても防ぎたいのは、ロシアの話とか、インドの話がありましたけれども、ああいう国々が一つの連携をつくるような多極体制というのは、どうしても避けなければいけない。ロシアと中国というのは、実は共通の利益が非常に大きくなっている。



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ロシアのエネルギー、中国がそのエネルギーを吸収する能力、中国の人口、ロシアの極東での人口はどんどん減り続けている。ですからそういう意味で、いってみれば、一つの大陸国家、中国、ロシアといったような、それから中央アジア対アメリカ、日本、ヨーロッパ、イギリスとか、あるいは豪州、そういう国の対決的な多極体制というのは、どうしても避けなければいけない。それは非常に世界の統治がぐあいが悪いことになるのではないかとというように私は思うんです。

ですから、私たち多分やらなければいけないのは、中国という国をしっかりとこの東アジア地域の中にとどめ、安全保障については、まさに米国も含めた形でのインクルーシブな体制をつくる。私は多分ロシアとかインドというのは、若干外縁にあるという形にとどめておいた方がいいと思うんです。余りロシアを東アジアにどっと引き入れるということは、日本の国益にとって必ずしも得策ではないのではないかと。インドについても、それはいえると思う。インドの人と話をすると、私たちは一回たりとも、中国との関係でバランスを保つこと以外のことを考えたことがない。常に中国とのバランスを保つために、インドの外交政策が成り立っているという議論をするんです。ただ、そういう面はあることは間違いがないし、米国とか、日本がインドとの関係を強化しようというのは、それなりにメリットはあると思うんですけども、それが中心的になっては、やはりいけないんだと思うんです。私はやはり中国を含めたこの地域での枠組みというのを、まず強化する。そこにインドも徐々に入れていくという、ロシアについてもそうだと思います。やはり同心円の中心というのは、ちょっと違うのではないかと。ロシアとかインドというのは、ちょっとその外縁にあるのではないかとという考え方の方がいいのではないかと気がします。

○モデレーター ありがとうございました。

では、浦田先生。

○浦田 お2方の議論が非常に興味深いので、そっちに聞き入っていたのですが、少しそれに関連させるような形で、ご質問に答えたいと思います。

中国経済との関係をどうみるかということですが、中国はもちろん非常に市場として大きな魅力である。ただもう一方で、非常に大きな供給能力をもっているということで、よくいわれますように、チャンスであると同時に脅威というのが実態かと思えます。F T Aという視点をそこからめて議論すると、私はF T Aの検討を公式に出してもいいのではないかとこのように思います。ただ、次のような目的で研究会を進めていくということが重要かと思えます。何をいおうとしているかといいますと、中国がF T A交渉を始める際に、私の理解が間違っていなければ、相手国に要求するのは、中国を市場経済国家だと。それを認めてくれということだと思えます。私は、非常にそこが難しいポイントだと思えます。これはお2方の議論ともそこで関係すると思うんですが、中国の経済体制をみてみますと、以前、たしかこういう言葉も、違うコンテキストで使われたことがあるかと思うんですが、国家産業連合のような、要は、国と企業の垣根が非常に不透明である。どういうことかということ、公正な競争をしていないのではないかと思う状況が多々あります。

一つの現象としては、例えば、知財権の問題であり、あるいは競争政策の問題であり、法律はあるんですけども、それが適用されている様子はない。背後には、国家と企業が結びついている。これは例えば資金的にみても明らかですし、ほかの多分人事の面なんかでも明らかだと思えます。そういういわゆる純粋な市場経済国家ではないというのが、今の中国の現状だとするならば、日本、それからほかの国々にとって好ましいのは、これを市場経済国のような行動をとってもらおう。具体的にいいますと、制度を整備してもらおう。そのためには、例えばF T A研究会を設置して、お互いの国の経済状況を理解するということから進めていく。田中さんがお隣に座っていますので、私の経験からいうと、日本、シンガポールの、F T A、E P Aの交渉に先立って、研究会が開かれました。田中さんがリーダーだったと思いますが、私はそのメンバーとなって研究会に参加し、シンガポールのこともかなり学びました。そういう交流を進めながら、お互いの経済面における問題点、課題を明らかにし、その問題点、課題を克服するようなF T A、E P Aというのはどのようなものかという枠組みを



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つくっていく。こういうプロセスに乗せたらいいのではないかと私は思います。

そういう意味で、中国は将来的に経済面では非常に魅力的な国です。ただ、現在のままですと不透明な部分が余りにも多い。その部分をより透明感をもたせるために、F T A検討会を開き、そしてそれを進めながら、検討を進めながら、前進していくのがいいのではないかという気がいたします。

○モデレーター ありがとうございます。

それぞれ3人の先生方が、非常に明確にご自分のお考えを述べていただいたと思います。これからはフロアからのご質問を受けたいと思います。ご質問がたくさんあると思いますので、少し私の方で整理したいと思います。最初、2つか3つ先にお受けいたしまして、それからまた続きをやっていくというようなやり方にしたいと思います。ただ、白石先生は、大学の用事で3時45分に退席するというご事情もございますので、白石先生にお聞きになる分に関しては、あるいはご意見がある場合には、早目におっしゃっていただいた方がよろしいと思います。

それでは、いかがでしょうか。ご意見をちょうだいしたいと思います。ご質問。どうでしょう。議論、そんなに詰まらなかったですかね。

○フクダ フクダ と申します。

きょうは、大変立派な先生方がおいでになるので、ぜひ質問したいと思ってやってきたんですが、私は、田中先生の何代前になるんでしょうか、政務担当の外務審議官をやって、外務省を去ったのはもう12年も前ですから、その後外交は一切関係はないので、適切でないかもしれませんが、いわゆる東アジア共同体という言葉がもつパーセプション、その影響というのはよく考えておく必要があるというのが、ちょっと申し上げたかったことです。それはなぜかという、これは私の経験から来るんですが、もう大分前ですが、1990年の秋から3年間、マレーシア大使というのをやっていました。マハティールさんというのが当時首相で、彼が東アジア共同体、当時はE A E Cとか、E A A Cとか、忘れましたが、そういうことを言い出したのが初めてです。これは非常にいろいろな意味で大きな波紋というのを長い間に及ぼして、それはいろいろな意味で、今日でもパーセプションという問題を考えるときには、参考になるのではないかと申し上げるわけです。

これは、非常にざっくりとみると、ずっとみていて、マハティールさんが何でE A E Cと言い出したかという、実はアメリカを排除する、アメリカは排除されたと思って反発したんですが、実はそうではなくて、東アジアから、オーストラリアを排除したかったんです。マレーシアにとって、オーストラリアというのは、英連邦の一員という意味では、同じ資格だし、かつ人口は同じです。それがつべこべと偉そうなことをいう。しかも若いときにオーストラリアに行ったときに、差別的なことをいわれてひどい目に遭ったんだそうです。そういうこともあって、オーストラリアに対して非常に反感をもっていた。それをどうやって外へやるか。あの人は非常にけんかがうまい人ですから、反発することによって政策をやるという人でもあります。日本にもいましたけれども。それはともかく、アメリカは反発したものですから、マハティールはちょっと驚きはしたんですが、結局は反発に対抗して余計激しくなったところがあります。

長くなってもあれですから、大事なことは、パーセプションとして、東アジア共同体というものがいわれたときに、それがどういう影響をいろいろな国の人に及ぼすか。今だったら例えば中国ですね。中国はどう思うだろうか。アメリカはどう思うだろうか。オーストラリアはどう思うか。そういうことはよく考えてやった方がいいというのが、ちょっと長くなりましたけれども、私のコメントであります。

○モデレーター ありがとうございます。非常にご経験に根差した、原理的な一番我々が常に、簡単に東アジア共同体というんですけれども、やはりパーセプションが違うのではないか。

もう一つ、ご意見をちょうだいしたいと思います。いかがですか。

○カトミ 白石さんのいらっしゃる間に、お尋ねしたいんですけれども、田中さんとも関係することですが、東アジア共同体ということが言われ始めたときに、中国のヘゲモニーと



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ということが非常に強く出まして、アメリカは排除したい。日本はヘゲモニー下において東アジア共同体を自分のところで握りたいというのが非常に強く出た感じがしまして、その後、プラス6の対応なんかをみても、それからアメリカが最近いわれたことですけれども、アジアに来るの遅過ぎたよ。ちょっとおくれたねという感じがありますが、きょうのお話からは、田中さんのお話もそうですけれども、やはりアメリカと中国中心に置いて、インドとロシアは外縁的という話ですが、その場合の最初私なんかを感じた中国のヘゲモニーというのは、どういうように処理されようとしているか、ちょっと教えていただきたいと思いません。

○モデレーター　それでは、少し共同体に関する現実的なパーセプション、各国で共通なのかというようなことに関しては、浦田さん、お願いいたします。それから、カトミさんのご質問に関しては、白石さんと田中さんをお願いいたします。

○田中　パーセプションの問題なんですけれども、そういう面があるということは、重々多分承知しているんだと思うんです。それで、これは私は政府を代弁するつもりはないんですけれども、私自身がアジア局長であり、外務審議官であって、考えてきたことからいいますと、実は、日本はどちらかというと、機能から入っていった。まさに具体的にシンガポールとの自由貿易協定をつくりたい。それをつくることによって、より東アジアで大きなマーケットをつくりたいという機能から入っていった。2001年1月、小泉総理に演説をしてもらった。そこで使われていた言葉は、東アジア地域社会という言葉を実は使っていたんですが、その結果的なメンバーというのは、ASEANプラス3に加えて、豪州とかニュージーランドも中核的な役割を果たしていればいいねという、まさにE A E Cのときのマレーシアのマハティール、それからアメリカの反発というものを経験則として踏まえた上での一つの構想だったんです。

それで、91年にE A E Cの構想をマハティールが打ち出して、挫折したときと、今とやはり状況が大きく違うというように思うんです。それはやはり東南アジアの国より民主主義国が出てきたし、なおかつ経済の実態というのは、マーケットレドというのか、今の東アジアの域内の貿易の依存率が5割を超えているんです。これはE CとかNAFTA、NAFTAを超えているわけで、具体的に経済、マーケットが実際にこの地域の経済共同体的なものをつくり出しているという、具体的なものとの動きというのがあるんです。91年のときに比べれば、圧倒的にそうであるというように思うんです。

私なんかアメリカに行って、何回も何回もいう。要するにそういう経済の実情に根差した形のこの地域の経済連携というのをつくりたい。だけど、安全保障の問題について共同体をつくるというのは、明らかに時期尚早であって、これからはまさにパイラテラルな関係と、それから協調的な安全保障についての枠組みをつくる。そこはアメリカはしっかり入っていないといけないということを言い続けているんです。ですから、パーセプションの問題はあっても、それを解いていく、いやあ、これはもう黄色人種だけの集まりだなんていう、そういう間違った印象をもたれることであってはいけません。それは常に説明をしていかなければいけないことなのではないかと私は思います。だから、実態を進めていく。さっき申し上げたように、機能に基づいて具体的にやっていくということが、今ほど大事なときはないのではないかとこのように思います。

それから2番目に、中国のヘゲモニー、私は多分、2008年のオリンピック、2010年の万博、この辺まで中国という国は、外と余り対決しない形で中国は政策をつくっていくだろう。中国にとって一番大事なのは、自分たちが経済成長をするのに好都合な、非常にやわらかな国際関係を周りにつくっていく。したがって、自分たちがヘゲモニーを主張するような形での外交センサスは多分つくっていかないと思うんです。問題は、それをさらに超えて、5年、10年というスパンで見れば、中国の軍事費というのは、経済が大きくなれば当然的な能力も大きくなる。それに対して、さっき申し上げた中国という国がどういう政策をとっていくかというのは、不透明な部分があるわけですよ。そういうものに対してはヘッジしなければいけない。ヘッジできるのは、アメリカだけなんです。だけど、それをむつけき形で、いやあ中国に対抗して中国を抑えるために日米安保条約があるということでもないわけで、



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さっき申し上げた、いろいろなことを同時にやっていかなければいけない。中国を含めたこの地域の共同体、経済共同体、それから協調的な安全保障の枠組み、それから日米の安保体制、より対等な関係、さっき白石さんがいわれた、非伝統的安全保障について訓練をしていかなければいカンのではないか。今のままだったら、日本も訓練できないんですよ。要するに、武装したスピードボートを共有するのも、要するに、武器輸出三原則に反するということになるので、その点からいえば、日本はより普通の国になっていかなければいけないと思うし、フィリピンなんかその能力がない。まさにフィリピンの軍を訓練するという事は、アメリカは一生懸命やっているわけです。そういうこともしていく必要があるんです。ですから、そういうことからいえば、やはり中国のヘゲモニーということをいう前に、日本がより主導的に土をつくっていくということをやっていかないと、だまっていたら違う社会になるだろうというように私は思います。

○モデレーター 白石さん、どうですか。

○白石 まず最初に、先ほどカトクさんが挙げられた質問から申しますと、今ちょうど田中先生がいわれたとおり、どのぐらいの時間のスパンで物を見るかによって、随分違ってくると思います。もちろん中国が経済的に台頭してくれば、国力がついて、それは当然のことながら、世界的にもこの地域においてもバランスとパワーを変えていく、これは間違いない。そのときに、では長期的に、その前に私が長期的にというのは、20年から30年ぐらいのスパンで考えたら、そうすると、中国はひょっとしたらヘゲモニックになるかもしれないし、先ほど田中先生がいわれたみたいに、ディフェンスのままにとどまるかもしれない。これはわからない。わからないし、恐らく中国の今の政策決定者もわかっていないだろう。だけれども、そのヘゲモニックになる可能性というのは当然ある。だからどうするか、こういう問題。

それからもう一つは、もっと短期で、いずれにしろそういう予感をもって、そもそも中国という名前からして、非常にエゴセントリックな国なわけですから、そういう国が、力がつけばつくほど、やはり一方的行動をとる傾向が強くなるかもしれない。そのときに一方的行動のコストを高くして、協調的行動のインセンティブを高めるにはどうしたらいいか。これはもう一つの議論としてあり得る。私はJ B I Cの、例えば、リスポンシブル・ステークホルダーという考え方は、こちらの方でともかく幾つかテストする。テストして、ちゃんとこういうことを全部テスト通れば、あなたは我々と一緒にリスポンシブル・ステークホルダーになりますね。そういう考え方だろうと思うんです。ですから、中国の人はこの2つの考え方というのが常に平行していて、それが日本においても、アメリカにおいても、そのときそのときでどちらが強くなるかという形で、どうも中国の議論というのは行われている。だけど、実はそこで考えられている時間のスパンが違うんだということを、いつも忘れないでおる必要があるのではないだろうかと思ひます。

それから最初のパーセプションの問題は、これはもうほとんどつけ加えることごさいません。田中先生がいわれたことで、私も全く同感ですが、やはり重要なことは、実質的な、事実上の経済統合というのは非常に進展した。その中で、1997年から1998年に経済危機があって、やはりマーケットというのは失敗することがある。そのときに制度をつくっておかなければいけないという教訓を学んだ。そこで私は地域協力の政治的意思というのが生まれたんだというように理解しております。

○モデレーター 浦田さん、経済学者としての、どうでしょう。

○浦田 東アジア共同体という言葉ですけども、私の記憶ですと田中さんがいわれたように、小泉首相がシンガポールで行ったスピーチで、イーステーション・コミュニティと、コミュニティも小文字のcであらわしたと思うんです。日本での公式の訳も、実はコミュニティだったんです。それが2004年の小泉首相の国連のスピーチですか、そこでやはりコミュニティという英語を使ったんですが、これが日本語に訳されるときに、共同体というようになったという経緯があると思ひます。

何をいおうとしているかという、一つには、日本の政府のコミュニティに対する見方、姿勢、それがこの2002年から2004年までの間にかかなり強固なものになったというんです。



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そういう背景があると思います。ただ、ではほかの国からこのコミュニティをどうみているかということですが、これはちょっと確認したい、またご存じであればお聞きしたいんですけども、私の記憶ですと、まだこれはコミュニティは、小文字で使われているのではないですか。もう大文字ですか。要は、いつから大文字になったかというのが非常に重要なことで、イーステーションサミットの第1回ですか、そのときのコミュニティが大文字ですか。多分そうだとすれば、これも日本がまず最初で、その後にはほかの国がフォローしているという動きではないかと思うんです。

何がいいかということ、確かにこの数年の間に、東アジア共同体に対する見方がかなり盛り上がってきて、東アジア共同体が一つの具体的な目標として政策が語られるようになったと。それ自体は、皆さんもおっしゃったように、私も好ましいことだと思います。ただ、それはあくまでも一つの目標であって、具体的にいつそれが達成され、というロードマップをかけるようなものではない。しかし、一つの目標をもって進んでいくことは重要なことだと思います。ただ、外の国々、人々に対しては、これも田中さんがおっしゃったことの繰り返しになりますけれども、きちっと説明していくと。具体的には、これは開かれた地域主義なんだということです。それを常に説明していかなければいけないと私は思います。

○モデレーター　ありがとうございます。

白石先生は用事がありますので、中座させていただきますけれども、ディスカッションはもう少し続けたいと思いますが、ほかにいかがでしょうか。

○　私は技術屋ですが、日本の強みというのは、やはり技術力というものだと思います。技術力というのは、物をつくること、それから設計すること、それから将来の技術を開発していくこと、それからそういうことを担うことのできる若い世代を教育していくこと、そういう分野において、日本というのはやはりまだ強いと。東南アジアのリーダーとしていこうとするときに、そういうような観点がもうちょっとあってもいいのではないかなというように思うんですが、こんなことは当たり前ということかもしれませんが、その辺のところをどのようにお考えなのか、ちょっとお聞きしたいと思います。

○モデレーター　これは多分経済学者の浦田先生にお聞きしているんだと思うんですけども、ぜひ田中先生にもお答えしていただきたいと。

もう一つどうぞ。

○ワオ　ワオと申します。

質問ですが、白石先生帰られましたけれども、ユドヨノ大統領との話の中で、インドネシアの大統領が、違う考え方をもっている人が違うように行動するのを抑え込むというような発言をされましたし、それから田中先生は、東アジアの中に中国を折り込むという語弊がありますけれども、抑え込むといいますか。浦田先生は、中国をFTAというルールの中に、ある意味において抑え込むということに、そういうようなニュアンスで話をとったわけです。そういう意味で、しかしそれにもかかわらず、中国はやはり自分のやり方で自分のルールを押し出していこうとしていると。こういう実はイメージがありまして、非常に直近の例からしますと、例えばアメリカが中国をWTOに提訴した。例えば、中国の増地税制度をWTO違反だとやったときに、例えば既に中国に進出している日本企業が結構大きく影響を受けるという、小さい問題から始まりまして、アメリカと中国が財務長官同士で話をして、例えば中国の金融市場をアメリカが全面的にサポートするような形で整備するようなスキームが、仮に話として進んだときには、結構そこはそこでまた大きなルールが、それで決まってしまうと。つまり、中国のやり方というものを抑え込むという意図と、そこで決まったルールに日本が抑え込まれていくというルールと2つあると思うんですが、直近、近未来の話として、何となく政治力学で後者の方になってしまうのではないかというおそれを実は感じております。その辺のところは、どういうように考えて、あるいはコメントしていただけるのか、その辺の感触をお聞きしたいなと思っております。抽象的な質問で失礼します。

○モデレーター　それでは最初に、浦田さんにお答えしていただいて、その次に、田中さんをお願いします。

○浦田　最初の方のご質問で、技術のお話がありました。日本の強みというのは、技術力



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だという話だったと思います。ただ、技術といってもいろいろな内容の技術がありまして、例えば東大の沼本さん流に言えば、すり合わせ技術、自動車のようなたくさんの部品を使い、そして板金にしても、ちょっとした工夫が必要だというような技術もあれば、モジュール型といって、ただはめ込めばいい技術がある。技術をもしそういうように分けたとするならば、日本は前者に強みがあるということだと思います。

そのような技術というのを、日本企業は現在、もちろん日本でもっているわけですが、それを海外にどのようにして移転していこうかということ、苦労しているんだと思います。そこで日本にとってできることは、先ほどEPAの中身として、経済協力という話をしたわけですが、その経済協力が非常に重要な役割を果たすと思います。それは、相手の国にとってもその技術を吸収するということは、それでできればプラスですし、日本の企業にとっても日本でもっている技術が外国で使えるようになるということであればプラスだということで、まさにEPAの中で、そういう技術協力を使いながら、日本の強い技術を海外で使う、ないしは、その相手の国とてもそれはプラスになるという構図が考えられるのではないかなと思います。

○モデレーター 田中さん、私は、白石さんのユドヨノの話は知らないんですけども、違う考えの人とどういうようにするかとか、そういうのも含めて、少し何かコメントをお願いしたいと思います。

○田中 日本の技術力とか、技術開発力とか、技術教育とかということが圧倒的に優秀であるということは、外へ私なんか出ていると、そう思いますよ。私本当思うんですけども、何で日本というのはこんな自虐的な国なんだろうというね。日本というのはこれだけ立派なのに、国内で美しい国という前に、外で、日本というのはもっと積極的にやっていくべきだと思いますよ。中国がどれだけ新幹線の技術を欲しがっているか。どれだけ環境に優しい車の技術を欲しがっているか。圧倒的に日本は強いんです。中国のヘゲモニーなんかそこにはないんです。だから、いかにそれを活用するかというのが、私はやはり外交にとって一つの大きなことであろうと思うんです。

一方、金融関係のこと、おられるかどうか知りませんが、金融に関するルールをつくるとか、そういうことについて、日本の金融機会というのはどれだけ積極的なんだろうかということについて、私は正直申し上げて、非常にそうではないのではないかなと思うんです。バブルのときに、私もロンドンにも、ワシントンにもいましたけれども、ニューヨークなんかでどーっと国際的な分野に出ていって、今日本の金融業界というのは、全部国内に戻ってきている。やはりWTOにおける金融ルールであるとか、中国との関係でのルールとか、そういうことに私は日本の金融業界はもう少し積極的に国際社会に出てもらいたいというように思うんです。こんなもの政府だけの役割ではないです。と私は思います。

○モデレーター 浦田さん、今田中さんがいった、金融の話は、浦田さんも何か主張しているでしょう。それは特に何かコメントありますか。投資ファンドなんか少し提案されていますよね。

○浦田 金融協力というのは、一つには、ご存じの方、おわかりかと思いますが、IMFというところで、通貨ストラップ、これはアジア危機の教訓としてできているわけですが、もう一つは、アジア債券構成ということで、この地域は貯蓄超過ですね。その貯蓄超過の部分が、アメリカに投資されていて、今はアメリカにとどまっているわけですが、以前は、アメリカのお金がまたアジアに来て、それがアジア通貨危機の一つの原因になっていたといわれているわけですが、そういう状況にならないように、東アジアで貯蓄された資金はアジアで使おうと。そのために、やはりアジア債券を発行するという枠組みは動いています。

○モデレーター それに対して日本の金融は。

○浦田 田中さんおっしゃったように、日本の金融業界は、私のみる限り、非常に消極的だと思います。

○モデレーター そろそろ時間が来ましたが、ぜひご意見、では大使、あとよろしゅうございますか。それでは、国広大使のご意見で終わりにしたいと思います。



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○ケヒロ　　ちょっとへそ曲がりの意味で申し上げるのでないので、その点念を押しておきたいんですが、みていまして、「アジアの将来像：東アジア共同体」となっているんです。この「：」は、普通はイコールな関係の表示ですよ。でも本当にそうなのかなと。アジアの将来像というの、日本がみたときには、こういうのが一番そうなのかもしれない。しかし、ASEANの国がみるときはどうか、中国みたときにはどうかという実態との関係があると思うんです。私は、きょうのお話し承っていて、私自身もかなりそう思うんですが、東アジア共同体というようなものをうまくつくって、その中で中国との間もうまくつき合っていきたいと。中国の制度を変えてもらうとか、そういうのももちろん含めてですけども、もうちょっと大きな意味でも何とか仲よくやっていく方法を探そうということが、ア prioriにどうもあるような気がするんです。と同時に、実態考えてみると、これから20年ぐらいにわたって先の中国とどうつき合っていくかというのが、日本にとって、まさに中心的課題だと思うんです。アジアにとってもそうだと思うんですが、そこを飛ばしてしまっているのではないかと。そこで、やはり本当に中国と我々がどうつき合うのかということをよく議論して、この東アジア共同体というのは一つのそのための手段であると思うんですけども、この手段の中に全部うまく問題が解決していくとは限らないんですから、やはり何ともえたいの知れない中国、将来どうなるかわからない中国を、我々はどうつき合っていくのか。日本はどういう準備をするのかという議論が本当はあるべきだというように思います。

最後にいって申しわけないですが、先にいうと混乱しますから。最後にちょっと。また将来の課題として考えていきたいなと思うんです。

○モデレーター　　一言ずつ反論でも、同意でも、どちらでもいいんですけども、田中さん。

○田中　　私も国広大使がいわれたことに反論するつもりはない、賛成なんですけれども、だから私は重層的な政策が必要なんだとっているんです。だから、それはヘジグであり、エンゲージメントであり、それからアンダースタANDINGを強化することであり、日本のリーダーシップをとることであり、だあっと長いリストがあるので、これ一つだけではないと思うんです。私たちにとって、これから10年、20年の世界を考えれば、いかにうまく中国とつき合っていくかということが、最大の課題であるということ間違いないのではないかなというように私も思います。

○モデレーター　　浦田さん。

○浦田　　私もそう思いますという、それで終わってしまうかもしれませんが、ただ最後に、私大学におりますので、大学生、大学院生、こういう学生ですね。あるいはもっと若い人も含めて、やはり人材の交流をもっともっと活発にさせていくということが、相互理解を深める意味で非常に重要だと私は思います。以上です。

○モデレーター　　ありがとうございました。

時間がまいりましたので、私は、ラップアップするつもりはございませんけれども、やはりそれぞれ東アジアに深く長い間関与されている方々3名をお招きして、いろいろな知見をいただきました。やはり白石先生なんかは、インドネシアの研究からいうと、共同体に関する政治的な意思はないけれども、地域協力に対する政治意思はきちんとあるんだと。そこをきちんとやる。それから日本の役目というのは、非常に重要なんだと。これは田中さんも、浦田さんもおっしゃっていて、浦田さんは、具体的に中国のFTAに関する勉強会みたいなものを始めてはどうか。田中さんも、いわゆる実際の政策のアクションみたいなものを、やはり日本はきちんとやっていく必要がある。全面に出ていく必要がある。それが中国のえたいの知れない不安みたいなものを解消するんだと。こういうような議論がありました。まだまだこの問題は平和研としては続けていきたいと思います。

それでは先生方、どうもありがとうございました（拍手）。

これで終わりたいと思います。

——了——