

The 18th Policy Recommendations of the Policy Council

Japan's Initiatives towards US, China and Russia

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The Japan Forum on International Relations, Inc.
April 1999

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Introduction

It has been almost ten years since the Soviet Union was dissolved and the Cold War concluded, and during that time Northeast Asia and the world as a whole have undergone great changes. The greatest implication of these changes for Japan is that it must now develop its own independent foreign policy concepts and principles as well as its own independent global and regional policies; in other words, Japan needs a grand strategy.

The set of Policy Recommendations offered herein is the 18th of a series of Policy Recommendations published by the Policy Council of The Japan Forum on International Relations. With the aforementioned need in mind, we have examined the context of Japan's relations with the US, China, and Russia and have developed a grand strategy for 21st century Japan in the midst of the changes sweeping over Northeast Asia and the world.

Following the end of World War II, Japan adopted a national policy of alliance with the US and ensured its own safety and pursued its own prosperity throughout the Cold War by depending heavily on this alliance. In all likelihood the future will see little fundamental change in the importance of the Japan-US alliance for Japan, and maintaining the reliability of this alliance will undoubtedly continue to be an important pillar of Japanese foreign policy.

On the threshold of the 21st century, however, Japan can no longer afford to continue with a passive foreign policy stance that is seen disparagingly as simply "toeing the US line". Instead it should establish a set of fundamental foreign policy concepts, arrive at its own ideas regarding a desirable regional order, and cast off its old conventions to embrace a "proposal/coaction" style of Japan-US relationship.

China and Russia are together with Japan and the US global powers, and Japan must consider and decide what type of relationships it will seek with these two countries. The region also features the Korean Peninsula, divided between north and south since the end of World War II, Japan must give due consideration to how various strategy options for pursuing relations with the US, China, and Russia will relate to the Japan-US alliance and what impact they will have on the construction, maintenance, and development of a new regional and world order. It must in the end make difficult but essential choices.

In addition to pointing out the issues at hand and sparking interest in them among the Japanese public, these Policy Recommendations seek to stir up a broad debate. They are also designed to send a message worldwide to illustrate one dominant school of thought here in Japan. The 15 Policy Recommendations offered here can be divided by content into five general classifications:

[Basic Foreign Policy Concepts]	1, 2, 3
[Northeast Asian Regional Order]	4, 5, 6
[Japan-US Relations]	7, 8, 9
[Japan-China Relations]	10, 11, 12
[Japan-Russia Relations]	13, 14, 15

Let us add also that this English version of the 18th Policy Recommendations of the Policy Council is a reproduction in English of the “Summary” part only of the same Policy Recommendations in Japanese. The full text of the Policy Recommendations in Japanese, which include not only the Introduction and the Summary but the Body as well, is printed and published separately, and can be viewed by clicking here on [Japanese version of the 18th Policy Recommendations](#).

The Policy Council of The Japan Forum on International Relations first met to consider these proposals on 24 April 1998, and adopted them in final form at its fourth meeting on the topic on 11 March 1999. During

this time the Task Force headed by **Prof. Ito Kenichi**, President of The Japan Forum on International Relations, and staffed by **Mr. Yamaoka Kunihiko**, International Division Deputy Manager of the Yomiuri Shimbun, **Prof. Nakanishi Hiroshi**, Associate Professor of Kyoto University, and **Prof. Kamiya Matake**, Associate Professor of the National Defense Academy, assisted the Policy Council in preparing the final draft of the recommendations.

Once this final draft was completed, it was sent to all members of the Policy Council, and the following 78 members of the Council indicated their approval of its contents. Their names appear below as signers of these recommendations.

On this occasion, we would like to thank Mr. Tamba Minoru, Deputy Minister for Foreign Affairs, for his valuable opinions expressed at the second meeting of the Policy Council. We would also like to mention the helpful insights we have received from senior officials of our government, who willingly granted us their precious time to attend our meetings as individuals in their advisory capacity of Policy Council Counselors.

Let us also add that the views expressed in these recommendations do not represent those of Mr. Tamba Minoru or the ministries and agencies represented by the Policy Council Counselors and that sole responsibility for the contents of the recommendations lies with those members of the Policy Council who signed them.

April 1999

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(In alphabetical order)

The Policy Recommendations

[Basic Foreign Policy Concepts]

1. Conceiving Relations with the US, China, and Russia within a More Comprehensive Grand Strategy

Now as always the basic structure of international politics is determined by a handful of great powers, and this reality must be confronted head-on when thinking about foreign policy. Japan, the US, China, and Russia are all major powers in the post-Cold War world and are also key players in Northeast Asia. The multilateral relations among these major powers, however, are a complex web of contradiction and dependency. Given the new post-Cold War international environment, Japan will need to give deeper and more deliberate thought to strategy in order to maneuver successfully through this environment and to help shoulder the burden of ensuring a stable regional and world order.

Japanese foreign policy traditionally tended to favor bilateral relations over complex multilateral interrelationships and thus understood and dealt with issues within a simplified framework. Dead angles would appear in Japan's assessment of situations, leading it to rush straight ahead with blinders on, often confronted with the unexpected reactions of others to its policy choices, and at times dig its own grave. Japan misread the impact that the conclusion of the Rome-Berlin-Tokyo Axis would have on Japan-US relations, failed to consider its decision to initiate hostilities with the US in the context of the German-Soviet war (in which by December 1941 the momentum had begun to turn against the Germans), and ignored the dynamics of international politics when it asked the Soviets to mediate its surrender to the Allies at the last stage of World War II.

Post-war Japanese foreign policy, too, has viewed relations with the US almost

entirely within a bilateral framework and has swung back and forth between dependence and rejection without discerning the US' global strategy and East Asia policy. As a responsible member of an ever-unifying world, Japan needs to define its broad national interests and strive to achieve them in aiming to stabilize its multilateral international relations as a whole. This effort will in turn help strengthen the foundations of Japan-US relations. We have attempted in these Policy Recommendations to integrate such a grand strategy for Japan into the respective recommendations on relations with the US, China, and Russia.

2. Reforming Domestic Systems to Enable Japan to Contribute to the Construction, Maintenance, and Development of the International Order

Japan achieved its post-war recovery and subsequent prosperity as a beneficiary security-wise of the umbrella of the Japan-US alliance and economy-wise of the free, multilateral, and non-discriminatory GATT-IMF regime. For such a country the international order has been a given environment, and Japan's basic foreign policy stance has been to avoid disrupting this order. Japan has thus tended to toe the US line or entrust decisions to the US, especially with regard to foreign policy and defense matters. As a defeated power shortly after World War II, Japan perhaps had little choice but to adopt this course of action.

This passive stance, however, has made defense and security debates overly legalistic and seemingly directed at determining how best to tie the hands of the Japanese government. In economic policy as well, Japan has permitted the introduction of a "convoy" policy of regulation and protection for weak industries that find currency only in Japan, even while Japan enjoys the benefits of global free trade in areas in which it is competitive. Looking at this from a different perspective, those industries exposed to free competition later expanded globally, while protected industries are now fighting a desperate battle against an onslaught of foreign companies.

Numerous changes, not the least of them being the end of the Cold War, point to an urgent need for a fundamental review of the post-war international order, and it

would not do for Japan to remain an introverted bystander during the reconstruction of this international order. As the world's second largest economy Japan has an obligation to assist in the creative development of the international order and must play a fitting and constructive role. To that end, Japan must rise above the unproductive ideological disputes of the Cold War period, formulate a national doctrine open to the outside world which seeks co-existence with the international community, marshal the nation's energy, and steadily and boldly enact a range of reforms to the Constitution and various post-war domestic systems that address squarely the current realities of the world.

3. Playing an Active Role in the International Community toward the Construction, Maintenance, and Development of the International Order

In becoming an active partner in the construction, maintenance, and development of the international order, Japan cannot focus exclusively on economic matters as it has heretofore. Japan needs to awaken to its political responsibilities and fulfill them. In pondering issues now confronting the international community - the escalation of regional disputes, the debate between economic development versus environmental conservation, and the social and cultural friction generated by globalization - it has become increasingly difficult to differentiate between political and economic matters.

Thus problems cannot be adequately resolved simply through economic policy. In the background of economic relations are always political considerations regarding the rules governing economies, and an economic superpower such as Japan cannot escape these politics. Furthermore, Japan was the first non-Western country to modernize and join the ranks of the developed nations and is one of the few countries which, though possessing the economic and technological capability to do so, has never attempted to build a nuclear arsenal.

By continuing to manifest in its policies the fruits of its own experiences and self-examination, actively suggesting approaches to resolve the many issues facing the international community and then taking the initiative in implementing them,

Japan can serve as a beacon to guide the rest of the world into the 21st century. For example, becoming a permanent member of the UN Security Council would not only serve the interests of fairness and balance - "no taxation without representation" - but would also allow Japan to fulfill more effectively the roles and responsibilities described above.

[Northeast Asian Regional Order]

4. Examining Together with the US the Feasibility of a No-First-Use Declaration on Nuclear Weapons

With both China and Russia having deployed nuclear weapons within striking distance of Japan and with questions still unanswered about North Korea's suspected nuclear weapons program, Japan must remain under the US nuclear umbrella, and few restrictions should be placed on the US nuclear deterrent. Japan has, on the other hand, announced its Three Non-Nuclear Principles, and South Korea and North Korea released a joint declaration in February 1992 on the non-nuclearization of the Korean Peninsula. Given the suspicions about North Korea's nuclear weapons program, however, the validity of the joint declaration remains in question.

As both nuclear and non-nuclear powers co-exist in the region, efforts are needed to ensure that the ideas and policies of the non-nuclear states are respected by those possessing nuclear weapons and to link the ideal of denuclearization with further disarmament and the ultimate abolition of nuclear weapons.

First of all, it is undoubtedly important to urge full implementation of the "Agreed Framework" by North Korea. Any remaining suspicions about the development of nuclear weapons by North Korea must be cleared up and, if it becomes apparent that North Korea has in fact set out to develop nuclear weapons, such an attempt must be forestalled at all costs. For this purpose as well, the "Six-Party" or "Five-Party" talks as will be proposed in Recommendation 6 - separate from the existing Four-Party Talks among the US, South Korea, China, and North Korea - would be expected to play an important role.

In view of the fact that China has already made a no-first-use declaration on nuclear weapons, we sincerely hope that the US and Russia will follow suit. At the very least we recommend that open-minded discussions be started between Japan and the US on the feasibility of such a declaration. This is not to be seen as a slight to US strategy but is rather an attempt to define one approach to a "proposal/coaction" style of policy towards the US as will be described later in Recommendation 7. An initiative of this kind from Japan would expand the horizon of possibilities in Japanese foreign policy and, if such dialogue is regarded as a source not of friction but of vitality for the alliance, then Japan-US relations have a bright future ahead.

In the post-Cold War international environment the potential first use of nuclear weapons by the US is no longer an absolutely necessary condition for the credibility of the US nuclear umbrella for Japan. The US position of regarding the first use of nuclear weapons by any country against Japan (an ally of the US) as equivalent to an attack on its own homeland in and of itself serves as a deterrent. Attacks by conventional and even biological or chemical weapons can also be adequately deterred if Japan maintains sufficient defensive capabilities and the overall deterrence of the Japan-US alliance. Misgivings could arise, though, about a radical change in international circumstances. For the very purpose of preventing any turn for such deterioration in international circumstances, we would like to endeavor to ease tensions as far as possible, and thereby to bring about improvements in the overall international situation.

5. Strengthening Economic Interdependence through Urging North Korea to Open Up and Russia to Put its House in Order

The greater economic interdependence grows, the smaller the tendency to resolve disputes by force becomes. In that sense, it is vital that economic cooperation and collaboration among regional states be promoted for the sake of stability in Northeast Asia. Looking globally, Northeast Asia ranks with the Middle East as one of the areas in which the construction of a regional economic cooperation system lags

furthest behind. While the Middle East is burdened with a fundamental impediment in the Arab-Israeli dispute, Northeast Asia has no corresponding basic and insurmountable obstacle.

Even so, North Korea has adopted a "national seclusion" policy under the Kim Jong-il regime, and there are clearly considerable economic disparities between it and other countries in the region. This greatly dims the prospects for regional cooperation promoted so extensively in other regions around the world (the conclusion of regional agreements on forming joint markets, etc.).

The Russian Far East, stretching east of Lake Baikal, has been unable to make a successful transition to a market economy since the dissolution of the Soviet Union. The whole area being in a state of blight, an inevitable course of events will probably lead Russia to come out with a request for regional economic cooperation and interdependence.

For the time being, Japan should join with other countries in the region to urge North Korea to open up to the outside world and should ask Russia to recognize wherein its own problems lie and to lay the groundwork for enhanced economic interdependence by such means as creating a suitable environment for the introduction of foreign capital. When these preconditions have been met, consideration can be given to projects for the joint development of oil, natural gas, and other energy resources as well as to cooperation with regard to trade and investment among the countries surrounding the Sea of Japan.

In this case, the regional scope of Northeast Asia could be expanded to incorporate the northern Pacific, so that a "North Pacific Cooperation Organization" which includes Canada and Mongolia together with Japan, the US, China, Russia, South Korea and North Korea might be established. It is important for Northeast Asian countries to learn from Canada's experience and know-how in the economic management of its frigid territories. Mongolia should also be welcomed into such a regional economic sphere.

6. Creating Six-Party Talks and/or a North Pacific Cooperation Organization

The greatest source of instability in Northeast Asia is the unpredictable behavior of North Korea. The 1994 "Agreed Framework" that combined the freezing of North Korea's nuclear weapons program with the establishment of the Korean Peninsula Energy Development Organization (KEDO) is still being put to a severe test, and its future admits of no prediction. Neither a military action by North Korea nor some form of preventive strike by the US is beyond the realm of possibility. Economic or even political collapse of North Korea is also conceivable. While studying scenarios to develop contingency plans for such emergencies, we should explore all available possibilities of avoiding the outbreak of such circumstances, and of helping the Korean peninsula ultimately achieve a "soft landing" through a peaceful reunification of South Korea and North Korea. Such study would best be carried out in one form or another by Japan, the US, and South Korea working in concert. Meanwhile, as for a forum for discussing a framework for peace on the Korean Peninsula, the Four-Party Talks among the US, China, South Korea, and North Korea do offer such a forum, though it has not functioned as expected.

Therefore, we would like to recommend that a Six-Party Forum for dialogue consisting of South Korea, North Korea, Japan, the US, China, and Russia be established separate from the existing Four-Party Talks as a forum for discussing not only a framework for peace on the Korean Peninsula but all problems confronting Northeast Asia as well. In light of North Korea's negative attitude, admitting Japan and Russia to the present Four-Party Talks appears to be not feasible for the time being. On the other hand, should North Korea wish not to participate in the Six-Party Forum, discussions can be begun as Five-Party Talks among Japan, the US, China, Russia, and South Korea, leaving the door open to North Korean participation at a later date. In order to enhance the stability of Northeast Asia, the Cold War rivalry between China, Russia, and North Korea on the one side and Japan, the US, and South Korea on the other must be overcome and remnants of their Cold War rivalry must be replaced by enhanced mutual understanding and confidence. This could perhaps best be achieved first by

improving mutual understanding among the four major powers of Japan, the US, China, and Russia and second by further stabilizing the relations among these four powers.

Based on a rather longer-term perspective, Japan should, as was suggested in Recommendation 5, urge North Korea to open up to the outside world and should ask Russia to lay the groundwork for greater economic interdependence. In addition, the regional scope of Northeast Asia should be expanded to incorporate the northern Pacific, so that a "North Pacific Cooperation Organization" which includes Canada and Mongolia together with Japan, the US, China, Russia, South Korea and North Korea might be established. Other countries may be able to learn from Canada's experience and know-how in the economic management of its frigid territories. Mongolia should also be welcomed into such regional economy.

With regard to its policy towards North Korea, Japan must make even greater efforts - though granted that in close coordination with the US and South Korea - to protect the lives and safety of Japanese citizens, with particular attention to issues such as the alleged kidnapping of Japanese nationals by North Korea and short-term visits to Japan by Japanese wives of North Korean nationality and their families. At the very least, the Japanese government must not adopt an approach that yields in the face of unreasonable pressure by North Korea.

[Northeast Asian Regional Order]

7. Switching to a “Proposal/Coaction” Policy towards the US while Continuing to Firmly Support the Japan-US Alliance

As a trade-dependent country without resources, Japan has achieved its present prosperity backed by a free trade and security system within the post-WW II Pax Americana, and the future is unlikely to see any fundamental change in this situation. However, as Japan has risen in status to economic superpower, expectations of the US and the rest of the world toward Japan have accordingly become greater. At the same time it has become in Japan's national interest to meet these expectations. The end of the Cold War has magnified the importance of the

Japan-US alliance as a foundation for political stability in the Asia-Pacific region, and policy coordination between Japan and the US, who together account for more than 40% of the world's GNP, has become an essential precondition for the prosperity of the world economy.

Given the growing significance of the Japan-US alliance and the increasing weight of Japan therein, Japan must hereafter demonstrate greater initiative in its relations with the US. Japan's policy towards the US has from time to time been justifiably criticized as one of "taking orders from the US" or "toeing the US line". Japan's policy towards the US must be transformed into a "proposal/coaction" style of policy which features friendly assertiveness on the basis of Japan's own foreign policy principles and global strategy. This evolution in Japanese foreign policy in and of itself will make possible the creative continuance of the Japan-US alliance in line with the changes of the times.

8. Promptly Establishing Guidelines for Japan-US Defense Cooperation as a Follow-up to the Redefinition of the Japan-US Alliance

Following the disappearance of the Soviet Union, a redefining of the Japan-US alliance, which had theretofore presumed the Soviet Union to be the hypothetical enemy, was both appropriate and necessary, and this was done through such means as the Japan-US Joint Declaration on Security of April 1996. Accordingly, it was also appropriate and necessary to revise the previous Guidelines for Japan-US Defense Cooperation focused on "situations in Japanese territory" to transform them into more comprehensive guidelines that envisioned "situations in areas surrounding Japan".

For these Guidelines to function effectively in the event of contingencies, the relevant legal framework must be put in place and, for the present, it is desirable that the three bills drafted in connection with the revised Guidelines be passed during the 1999 ordinary session of the Diet. From a longer-term perspective, however, it is more important to reform the peace-at-any-price stance on security issues that remains tainted with a preference for legalistic patchwork promoted by

political opportunism. In carrying out this reform, the Diet should seriously consider making a clear pronouncement on the constitutionality of exercising the right of collective defense and for this purpose should conduct a non-partisan debate on the matter.

At the same time, Japan must endeavor to ensure that actions by Japan and the US do not give rise to unwarranted anxiety and suspicion on the part of neighboring countries. No effort should be spared to explain these actions at both administrative and political levels. In offering these explanations, Japan should indicate clearly the goal of its overall foreign policy, its vision for the future, and the strategic aims of the Self-Defense Forces; other countries' anxieties cannot be eased without an indication of Japan's future objectives. As was mentioned in Recommendation 7, Japan cannot develop a farsighted and well-thought-out foreign policy in the absence of such a vision. It is also important to gain the understanding of other countries with regard to the original objective of the Japan-US alliance, i.e., ensuring that the Asia-Pacific region enjoys a peaceful and stable security environment. This will require a unity of foreign policy and security policy. Thus, Japan must have a grand strategy integrating the two.

9. Seriously Examining the Long-term Prospects for a Resolution to the Issue of US Bases on Okinawa

To maintain the Japan-US alliance with the unwavering support of both the Japanese and the American peoples, the benefits and costs of maintaining this alliance must be divided fairly not only between the two peoples but also among the citizens of different localities.

From this perspective, there is no denying that the maintenance of the Japan-US alliance places an excessive burden on the people of Okinawa. US bases on Okinawa, a prefecture making up only 0.6% of the total territory of Japan, account for 75% of the total area of US bases throughout Japan. From the outset the national government has recognized the burden placed on Okinawa and has provided it with enormous sums of financial assistance through a variety of subsidies. Japan's international contributions during the Gulf War were later

criticized for the reason that money alone cannot resolve a matter of life and death, and the same criticism may be valid here.

Although in the event of an emergency ports and airports on the Japanese mainland will of course be made available for use, further serious consideration should be given to reducing over the long term the excessive burden on the Okinawan people. We would like to propose examining the possibility of transferring some US military bases and facilities from Okinawa to the mainland, reducing the number of US Marines on Okinawa, and conducting a periodic review (for example, every ten years) of the Status of Forces Agreement. Only in the wake of such efforts will it become possible to appeal to the people of Okinawa for their understanding in the name of the national interest. It is in such a situation that the true value of a “proposal/coaction” policy towards the US will be revealed.

[Japan-China Relations]

10. Making Japan-China Relations a Component of Multilateral Cooperative Relations in the Asia-Pacific Region

Japan and China have long been referred to as two nations "of the same stock and using the same script", but in substance there are not a few aspects in which the two countries are very far apart. Still, a quarter-century after the restoration of diplomatic relations, the relationship between the two countries is no longer simply a bilateral one; it has developed instead into a relationship in which influence and responsibility on regional and global issues are to a certain degree shared. The question of what kind of China the 21st century will bring remains an open one, and though it will as a matter of course be China itself that answers this question, the influence that Japan's posture towards China can have will perhaps be just as important as that of the US.

For that reason Japan must encourage exchange among people in different fields and at all levels and promote mutual understanding between Japan and China. Sustained multi-level exchanges should be encouraged between not only

government officials but also national and local legislators, scholars and experts, and average citizens from the two countries. The Japanese government might well consider using Official Development Assistance (ODA) funds to support these efforts initially. For the long term, however, we would recommend that a number of large-scale exchange programs be proposed by a wide range of private sector organizations, and be assisted by public funds.

While shifting the focus onto environmental issues and aid to combat poverty, Japan should strengthen and develop its pursuit of economic cooperation with China as a component of multilateral regional cooperation. The government should also study the possibility of cooperating with China in peacekeeping operations (PKO) within a multilateral cooperative framework for regional security. These efforts will not only generate qualitative development in bilateral relations but will also contribute constructively to stability and prosperity of both the region and the world. A new Japan-China relationship founded on the implementation of these ideas will advance friendship and cooperation between the two countries and will serve as an integral element of multilateral cooperation oriented towards ensuring the stability and development of the region as a whole.

11. Eliminating Disagreements between Japan and China over Historical Understanding

The Japanese people have mixed feelings about the past war, feelings of a complexity that defy simple elucidation and lead us to call the war simply “that war”. Japan's involvement in this war had four different aspects - the war with China, the war with the US, the war in Southeast Asia, and the war with the Soviet Union - and Japan was engaged in each of these as the result of a different course of events and against a different background, giving rise to different emotions attached to each.

Even so, the war with China was on the whole unmistakably a unilateral war of invasion on the part of Japan. This is a point that must be accepted by the Japanese people as a fundamental historical fact. The path towards future Japan-China relations begins with Japan vowing never to repeat its error.

This does not mean, though, that one must unquestioningly accept the assertions made by China with regard to historical understanding. History is in the end an accumulation of facts and the details of history require objective verification. Only the truth can move men's hearts, and intentionally distorting the facts will to the contrary spark a strong negative reaction within the hearts of Japanese people. Any attempt to exploit the issue of historical understanding for immediate political gain (playing the "history card") will also have an adverse impact on constructive Japan-China relations.

While continuing to recognize Japanese responsibility in the fundamental sense, Japan should ensure for the sake of Japan-China relations that individual historical facts (e.g., the number of people killed in the Nanking Massacre) are the object of study and research by experts, including representatives from impartial third countries, so that a shared understanding of history as far as possible free of prejudice and partiality can be reached. This will allow the politicians of both countries to set aside disputes over history in favor of discussions on actively constructing future bilateral relations.

12. Coordinating and Maintaining a Firm Japan-US Stance on "No Use of Force by China to 'Liberate' Taiwan"

The Taiwan issue is obviously one very important to China, and indeed is certainly not a trifling matter for either Japan or the US. However, the final resolution of the Taiwan issue - barring the extreme scenario of reunification by means of Chinese military force - will take some time, and it is quite possible that the character of this issue will change in the long run. If fundamental changes in circumstances occur in China through economic development (a notable closing of the disparity in living standards between China and Taiwan) and democratization (a considerable decentralization of power and/or transition to a federal system), the Taiwan issue might disappear as a consequence of the natural course of events.

When US President Clinton visited China in June 1998, he clearly stated his "3 No's" policy - (1) "no" to the idea of "two Chinas" or "one China and one Taiwan"; (2) "no" to Taiwanese independence; and (3) "no" to the admission of Taiwan into the

UN and other international organizations as a sovereign state - but when the US dispatched two aircraft carriers to the seas around Taiwan in the spring of 1996 in response to a worsening of China-Taiwan relations, a "fourth no" appeared: "no" to use of force by China to "liberate" Taiwan. Although President Clinton avoided any direct expression of this policy to China, this did not mean that the US had abandoned this policy position.

Japan's basic position goes no further than the idea of "fully understanding and respecting the position of the Chinese government" set out in the Joint Japan-China Communique of 1972; of course, "fully understanding and respecting" is not the same as "approving". Should military tensions rise in the Taiwan Strait and hostilities erupt, such a position would not force Japan to stand by and do nothing. Seeking to avoid such developments by some means or another, Japan would naturally make every effort possible to improve the situation because problems in the Taiwan Strait would have a direct impact on the security of Japan, which is located right next to Taiwan. Japan and the US should therefore coordinate and maintain a firm stance on "no use of force by China to 'liberate' Taiwan" and should be careful not to send any wrong signals to the Chinese in this regard.

[Japan-Russia Relations]

13. Endeavoring to Construct a "Japan-Russia Partnership" that would Serve the Strategic Interests of Both Countries

Though Russia remains a major nuclear power, this fact has lost most of its leverage in international politics today. Economically Russia is nearly bankrupt and its national finances rank with those of the Netherlands. To a degree the IMF/US-led assistance packages provided to support reform in Russia have destroyed its real economy, but more to the point, Russia has not historically had in place the ethos and order that are essential for a market economy to function. Its troubles reflect its inability to construct a new economic order and to introduce both the required ethos and the bearers thereof. The economies of East Siberia, the Far East, and the Far North, formerly given support for non-economic considerations

(principally military), are in dire straits. There is no other way in the long term for these regions, forsaken by European Russia, to survive economically than to engage in economic exchanges with the Asia-Pacific region, especially Japan. The question is whether or not the Russians themselves will realize this.

On the other hand, establishing economic interdependence with Russia is not an indispensable condition for the survival of Japan. However, if the Northern Territories issue can be resolved, if a stable bilateral relationship established through the conclusion of a peace treaty, and if strategic cooperation pursued in the form of a "Japan-Russia partnership", then Japan will not only have succeeded in finally resolving the security concern of its northern borders that has been at issue since the end of the Edo Period, but will have also expanded the range of foreign policy options open to it geopolitically and strengthened its bargaining position in the international political and economic arenas. The realization of a "North Pacific Cooperation Organization" as described in Recommendation 6 also promises the possibility of new growth for all countries concerned.

14. Advocating the "Principles of Law and Justice" Regardless of the Difficulty and Achieving True Mutual Understanding

Japan-Russia relations are said to have entered a new phase with the Hashimoto-Yeltsin summit held in Krasnoyarsk in November 1996, but the foundations of these relations are fragile. Even if President Yeltsin personally wishes to achieve a breakthrough in Japan-Russia relations, there is no support for his position among the people of Russia or in the Duma; even the crucial Russian Foreign Ministry is retrogressive with regard to the territorial issue. Russian views on territory are not founded on "the Principles of Law and Justice" but rather derived from calculations of "Profit and Loss" and "Strength and Weakness". Prime Minister Hashimoto did set out three key principles towards improved relations with Russia: " Trust, Long-term Perspective, and Mutual Interests". However unwelcome the argument might be seen, though, without the advancement of the "Principles of Law and Justice", there is little hope for true mutual understanding between Japan and Russia and for a full and satisfactory resolution of the territorial

issue.

In Recommendation 11 ("Eliminating Disagreements between Japan and China over Historical Understanding"), we mentioned that "the Japanese people have mixed feelings about the past war" and that this was because "Japan's involvement in this war had four different aspects - the war with China, the war with the US, the war in Southeast Asia, and the war with the Soviet Union - and Japan was engaged in each of these as the result of a different course of events and against a different background, giving rise to different emotions attached to each." Immediately after the atomic bomb attack on Hiroshima, the Soviet Union declared war on Japan in violation of the Japan-Soviet Neutrality Pact. The Soviets then, contrary to the provisions of the Potsdam Declaration, sent more than 600,000 Japanese to Siberia as forced laborers and, in violation of the Cairo Declaration, continues even today to occupy the Northern Territories that Japan has taken by neither "violence" nor "greed."

As is the case with Japan and China, no truly future-oriented relationship can be built between Japan and Russia without a shared historical understanding of that war. Prime Minister Primakov has stated his desire to resolve the territorial issue in a way that does not infringe on Russian sovereignty, but since when and on what grounds has Russia been entitled to the sovereignty over the Northern Territories? It is apparent that Japan and Russia do not share a common historical understanding on "that war" (the Japan-Russia Neutrality Pact, Potsdam Declaration, Cairo Declaration, etc.).

In Recommendation 5, we stated that "Japan should ask Russia to recognize wherein its own problems lie and to lay the groundwork for enhanced economic interdependence by such means as creating a suitable environment for the introduction of foreign capital" and something quite similar could be said on the issue of historical understanding and that of Law and Justice. Russia must be awakened to these issues of such importance to itself.

15. Resolutely Refusing to Conclude a Peace Treaty without a Resolution to the Territorial Issue

Following the Krasnoyarsk and Kawana summits between Prime Minister Hashimoto and President Yeltsin, a Moscow summit was held in November 1998 between Prime Minister Obuchi and President Yeltsin; although it did appear at the time, at least on the surface, that steady progress was being made in Japan-Russian negotiations to "resolve the territorial issue and conclude a peace treaty by the year 2000", Russia later offered a counterproposal that advocated concluding a first treaty by the name of a peace treaty or a treaty of peace, amity, and cooperation by the year 2000 and resolving the territorial issue through a second treaty at a later date, with the first treaty to be exclusively an accord on strengthening joint economic activities between the two countries.

Without a resolution to the territorial issue, there can be no "peace treaty", in the sense that the term is used in the international community and between Japan and Russia since the Japan-Soviet Joint Declaration of 1956. Should it ever be confirmed that the actual aim of the Russians is to conclude by the year 2000 no more than the first treaty which lacks substance (and consequently to put effectively an end to negotiations on territorial issues), Japan should at that point finally and flatly reject such a proposal from Russia and carry out a thorough policy review to determine what approach to adopt towards Russia in future. In concrete terms, Japan will likely select one of the following three options and, although such a choice is not yet required, each of these options should be studied immediately in anticipation of a choice becoming necessary in future.

The first option is converting to the mutualistic policy towards Russia. This will essentially be a copy of the policy adopted by France towards Germany after the Franco-Prussian War in reaction to the seizure of Alsace-Lorraine by Germany.

The second option is continuing with the existing goodwill policy towards Russia. If this option is to be selected, the government will have to explain to the nation why it insists on continuing sterile negotiations with Russia, which are of benefit to Russia only.

The third option is adopting the distanced policy towards Russia. This would be

