

## **“On the Armitage-Nye Report”**

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Today I will present a summary of the Armitage-Nye report. US-Japan relations are at a different place now than they were ten years ago. I think the report captured this change. We covered US-Japan politics, security, intelligence, diplomacy, and economics. The report will influence the Bush Administration. Richard Armitage will be deputy secretary of state.

The philosophy of the report is the following: first, there should be more power sharing between the US and Japan. This is an old phrase, but if applied, a new concept; it would mean that the US would have to listen to Japan and incorporate Japanese interests, which would put Japan on the spot to come up with a strategy. Second, power sharing should be based on integration, which implies sharing of intelligence, joint problem solving, and establishing a strategic dialogue.

The report's philosophy goes against *gaiatsu* (outside pressure) and leans more towards the opposite tack of *naiatsu*. Surely the style of *gaiatsu* will change and US expectations will change. President Carter's administration focused on burden sharing (read the amount Japan spent on defense). President Reagan, meanwhile, brought in a group of people that included Richard Armitage and Jim Kelly and changed the approach to one focused on roles and missions. Reagan and his people ambushed Prime Minister of Japan to commit to defending sea-lanes. George W. Bush may not ambush Prime Minister Mori, but the US will not accept excuses from Japan because (as the Nye Initiative proved during Prime Minister Murayama's tenure) you don't need a strong Prime Minister to get things done.

Security carried the most weight in the report (reflected in the background of the report's authors). While the report is not suggesting that Japan do offense, there should be a review of roles and missions. There are many areas in which Japan can participate such as in combating cyber warfare, helping in peacekeeping operations, and in establishing a multilateral dialogue. It is true that Japan's ban on collective defense is an obstacle to security cooperation, but I see the real problem originating from other legislation such as the lack of crisis management and lack of secrecy legislation.

Intelligence is at the heart of the alliance; allies must share information. Admittedly some in the US hesitate to bring Japan up to the level of Britain and Australia in intelligence sharing. Our objective is to make Japan more joint, less separate in the realm of intelligence. As it stands, Japan is too separate; the bureaus and the defense divisions all get their own information and do not share, which makes it difficult for Japan to present a clear, unified policy. The new team in Washington is more comfortable with Japan as an efficient ally. The US should be more dependent on Japan.

The part on the economy, by contrast, was all about decentralization. Our philosophy here was that the US could be more comfortable with Japan's economic diplomacy in Asia. Sectoral pressure from Congress should be subsiding. But Japan's new economic initiative must help the economy.

Diplomacy has always been the poor cousin in US-Japan relations. Is Japan proactive or reactive? We know that Japan is more self-initiated in Asia now and the US must take US-Japan diplomatic coordination more seriously. We should get Japan involved in places where their presence is welcome (as in East Timor). On China and Taiwan policy, the US and Japan have many commonalities. We will continue the de facto one China policy. The Chinese are willing to talk to the new administration; they understand power. Doug Paul will be a key part of the US team vis-à-vis China. Some differences in policy, such as toward Myanmar (or Burma), may not matter as much because human rights issues will dwindle in importance. The US Treasury Department and the Japanese Ministry of Finance are moving toward each other on an approach toward an international financial architecture. On Middle East policy, however, differences will remain. And on Iran, differences will grow; the Pentagon will be more hawkish. On policy toward Iraq, Japan may join the France group and move away from the US-Great Britain group.

Overall, we may say that Japan passing was bureaucratically easier than Japan hugging will be; the new relationship will require more work. Under Bush, we may be entering a new phase—China passing. Maybe China and Japan can trade notes. [laughter.]

### **Question and Answer Session**

***Q: What will be the US's overall policy toward Asia (and APEC)? There has been a policy vacuum in Washington toward Asia. Now, China is expressing interest in Japan's free trade agreement proposal. The members of ASEAN are demanding more attention from Washington. Why didn't your prepared remarks touch on APEC?***

**Green**

I didn't talk about APEC only because I ran out of time.

It is true that in China there has been a lot of excitement about ASEAN plus three. In fact, it is the flavor du jour. Chinese scholars are interested in the idea of an ASEAN plus three FTA because it promotes economic integration in Asia. Meanwhile, the Party members in China favor the idea because they see it as a way to contain the US. Japan should participate in a way that is toward regional integration and away from a containment of the US.

In the GOP, there are differing views on multilateralism in Asia. But the mainstream favors multilateralism. Bureaucratically-speaking, the GOP will make regional policymakers more influential (in the State Department or Defense Department for example) rather than giving primacy to topical specialists (such as human rights or proliferation) as Clinton did.

One problem with an ASEAN FTA is that it may weaken APEC. I suspect that President Bush will view APEC more broadly. The other danger is if the ASEAN FTA becomes a mouthpiece for the "Asian way" of economic management.

***Q: Beijing's strategy and Tokyo's strategy toward ASEAN are different. Tokyo is in favor of FTAs in general.***

**Green**

Clinton was too relaxed toward ASEAN.

***Q: It is true that MOF and the US Treasury Department are moving closer to each other. But I am worried that regionalism will harm globalized liberalization or even US leadership.***

***Q: I was struck by the importance of intelligence in the Armitage-Nye report. How can Japan contribute more in this respect?***

**Green**

Clinton was relaxed about ASEAN plus three and lowered trade rhetoric because his

team concluded that Japan was fading and they didn't need to waste their time. The GOP has a different view: first, Japan has never just faded away; second, Japan has incredible unharnessed national power (both economic and diplomatic); finally, Japan's strategic culture is changing. There is a mismatch between the Japanese and American perceptions of each other.

There is a trend toward centralizing intelligence and that is good. There is support for improving crisis management. But there must be a common US-Japan strategy to share information.

ASEAN plus three cannot be seen as anti-APEC. Generally, for better relations with the US, the Japanese economy must improve.

***Q: You said, "Japan has power;" what power?***

**Green**

Japan's navy is one of the largest in the world. Japan has developed a new satellite system. China cannot ignore Japan anymore now that the US and Japan are studying a theater missile defense (TMD) system jointly. There is a new China-Japan strategic dialogue. Japan is number one in the Asian Development Bank and number two in international financial institutions at large. Japan's biggest problem is psychological—a lack of *genki*.

***Q: What will Bush do if Japan gets its act together and wants the US military out of Japan?***

**Green**

The security environment has enough bad news (for example, Indonesia is a mess) to encourage cooperation. China is still deploying more missiles and the PLA now has political permission to do planning on a fight with the US over Taiwan. North Korea, too, has been deploying more missiles and conducting maneuvers. The biggest problem is inside Japan. Japanese politics have become so polarized that you have to make your case to a broader front or constituency. Japan expects the US to reduce the number of bases and troops in Japan, which is difficult for the US. In Japan, there are more special interests and local problems, and a lack of power brokers.

***Q: Okinawa is an important symbol for US Marines. How can you recommend reducing***

*their presence?*

**Green**

Mike Mochizuki is the Mike with the plan to reduce the Marine presence in Okinawa, not I. The Marines are the best prepared of the armed forces for the new security environment. The Army is heavy and will be cut back. The Marines should stay in Asia. If you moved them to Hawaii, for example, you would weaken their operational performance.

***Q: US business in China is growing. How will this trend influence US policy?***

**Green**

Actually, Bush will be more of a free trader and will answer less to labor groups. That being the case, he will probably want a good relationship with China. The voice for the GOP on China had been from Congress, represented by a bunch of maniacs who wanted to declare China the new enemy. But now with Powell and Bush, the position will be more centrist. Bush must be bipartisan on China. So, his choice of Senator Ashcroft for Attorney General was a bad move and could have reverberations in his China policy.

***Q: What is the Administration's view on the national missile defense (NMD)?***

**Green**

The Bush team feels that if they exude confidence toward China and Russia, these two countries will be accommodating on the ABM Treaty. And they are right; China will come to terms with US plans to build a missile shield.

***Q: It seemed like the US was successful using its bilateral approach. Why would the US want to 'multilateralize'?***

**Green**

If the US and Japan have mutual trust, the US can be confident. The US sees the new approach as a way to socialize China. Also, people aren't afraid of Japan anymore. The US is confident in globalization and economic blocs are outdated.

*-The RIETI editorial department is responsible for this article.*