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Japan Will Be A Loser In The Obama-Xi Summit

By: Stephen Harner – May 30, 2013

For the past year I have been predicting that the Obama administration would revise its counterproductive strategic political/military policy framework toward Asia.

The framework, generally described as the “pivot” or “rebalance” to Asia,” has had as its main component a “conengagement” policy toward China. (For a critique of “conengagement”—the combination of strategic military containment and economic/political engagement—by the Cato Institute’s Justin Logan, see my previous post.)

As for Japan’s position in the framework, coterminously with its post-1989 relative economic decline (the “lost two decades”) and post Plaza Accord end of trade frictions, Japan’s importance has been steadily—and by now almost completely—reduced to its physical role as conengagement’s indispensable “unsinkable carrier” platform for most of the forward deployed United States’ naval and air forces in the region.

This relegation to U.S. military outpost has been willingly accepted by successive Liberal Democratic Party (LDP) governments—though fundamentally questioned by many opposition parties—as the bargain price being paid for the American commitment to defend Japan under the U.S.-Japan Mutual Defense Treaty. Also, a significant number of LDP Dietmen and factions enjoy symbiotic financial relationships with Japan’s defense establishment, which itself is in symbiosis with the U.S. Department of Defense and related industries.

Powerful vested bureaucratic interests in maintaining the conengagement strategy and Japan’s role in it informed (and, under Hillary Clinton at State and Leon Panetta at DoD, won) internal administration debates and found expression in ostensibly disinterested analyses like the 2012 Armitage-Nye Report (*U.S.-Japan Alliance: Anchoring Stability in Asia*) and the 2013 Carnegie Report (*China’s Military & The U.S.-Japan Alliance in 2030, a strategic net assessment*). But by the end of Obama first term, the sterility and conceptual weakness of the strategy had become undeniable.

Next week in California, during the June 7-8 “Sunnylands Summit” between Obama and Chinese President Xi Jinping at Rancho Mirage, we shall be witnessing the early stage construction of a new U.S. strategic policy framework toward Asia, this one founded on a more realistic—and less nostalgic—assessment of the importance to the U.S. of China and Japan, and the obsolescence and danger of a military/alliance framework for maintaining regional order.

In this reassessment, Japan—which is to say, the U.S.-Japan alliance—is where the biggest change is needed.

The framework that Beijing has adumbrated in its “new type of great power relationship” is one of non-exclusive power sharing and foreswearing use of military force (in two words “peaceful coexistence”) outside areas—most clearly territorial areas—designated “core national interests.” China’s strategic concept is one that specifically rejects mutual security alliances. It is hoping to win the U.S. over to the same concept. To comply would require dismantling of the American post WWII, Cold War alliance framework in Asia.

I am sure that even today, the debate within the White House National Security Council, Department of Defense and Department of State on what U.S. strategic interests in Asia are and will be in the future is still raging.

In this reassessment, a realistic assessment of Japan and its future is indispensable. What will Japan look like in 15, 20, or 30 years? What will each picture mean for U.S. interests—how the U.S. should regard and value Japan.

Last week in Tokyo I picked up a recently published book entitled *A Forecast for Japan in 2030* by Miura Atsushi. The book usefully compiles the mostly demographic data and forecasts that—more than any other type of forecasting—are likely to be fairly accurate. Here are some of the main points:

In 2010 the population of Japan was some 126,540,000. It was the 10th most populous country ranking between the Russian Federation at 143 million and Mexico at 113 million. In 2030 Japan’s population will have fallen to 116,620,000. In 2050 it will decline to 97,000,000, placing Japan in 17th place between Vietnam at 104 million and Kenya at 97 million.

In 2010 23% of Japanese were over 65. In 2030 the figure will reach 32%, by 2060 40%.

The “dependency ratio” of persons in the population aged 65 and older and 0 to 14, remained in the 30%-33% range from 1965 to 2000, as a decline in the young was roughly match by an increase in the elderly. It has been rising since 2005 and in 2020 will reach 40%. By 2045 it will be close to 50%.

The ratio of working age persons (providers) to non-working age persons (receivers), from 1965 to 2000 was roughly 2:1. By 2025 the ratio will become 3:2 and by 2055 roughly 1:1.

In 1970 social welfare expenditures (comprising state old age pensions, national health care, old age nursing and income support) totaled JPY 3.5 trillion, or 5.8% of national income. In 2012 these expenditures totaled JPY 110 trillion, or 31.3% of national income (breakdown: pensions 54 trillion, health care 35 trillion, nursing and welfare 21 trillion). By 2025 the expense will increase to JPY 151 trillion.

It is not to diminish Japan’s truly marvelous society and culture, or to doubt that it will remain one of the most desirable places to live and work, to say that as a nation among nations, and in terms of geopolitics Japan’s importance and value are in precipitous and irreversible decline.

In a new U.S.-China relationship it is inevitable that Japan will be marginalized and essentially neutralized. It is also desirable—both for the U.S. and Japan—that it be so.