JAPAN PERSPECTIVES

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The Abe Government's Security Bills

Time for a Responsible Debate

Tapping the Potential of Japan's SDF

Is East Asia Headed for War?

Lessons from World War I

Development Assistance for Inclusive Growth

A Field for Japan-US Cooperation?

Japan Perspectives

Japan Perspectives is an English-language journal published by the Tokyo Foundation containing articles from the Foundation's website. In addition to translations of the public policy research recommendations made by the Foundation, *Japan Perspectives* offers timely insights into and analyses of Japanese politics, economy, society, and culture written specifically for overseas readers.

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Japan Perspectives

Recent Articles from the Tokyo Foundation Website

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Contents

May 7, 2015

The Abe Government's Security Bills

Time for a Responsible Debate

Tsuneo Watanabe

With voices in Japan and neighboring countries expressing concern over the Abe cabinet's plans to legislate a more flexible defense policy, Senior Fellow Tsuneo Watanabe calls on the nation's politicians and government officials to reassure the public of Japan's commitment to peace by conducting Diet deliberations in a transparent, measured, and constructive manner.

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In November 2013, the Tokyo Foundation's National Security Project published a policy proposal titled "Maritime Security and the Right of Self-Defense in Peacetime." The proposal consisted of a set of legislative and administrative recommendations for updating Japanese security policy in response to a changing security environment, including the potential for "gray zone" situations during peacetime. In the revised National Defense Program Guidelines and the National Security Strategy released the following month, the cabinet of Prime Minister Shinzo Abe unveiled the outlines of a national security policy consistent with our recommendations.

With negotiations between the ruling Liberal Democratic Party and its coalition partner Komeito scheduled to wind up by the end of April 2015, the government is finally ready to submit security legislation for Diet deliberation beginning in May. We believe the substance of the bills, which closely mirrors our recommendations, represents an important step forward, not only for Japan's national security but also for the stability of the surrounding region.

Nonetheless, from the public reaction, it appears that many people in Japan and overseas regard the impending changes with misgivings. In the years since

Tsuneo Watanabe   Senior Fellow and Director of Foreign and Security Policy Research, Tokyo Foundation.

World War II, Japanese society has adhered to the spirit of Article 9 of the postwar Constitution, which renounces war as a means of settling international disputes. Against the background of the July 2014 cabinet decision affirming Japan's right to participate in collective self-defense, the Japanese public seems to view the Abe cabinet's legislative initiative as portending a major shift in Japan's basic security posture. This perception—no doubt exacerbated by the difficulty of conveying the larger security picture in terms lay people can easily grasp—has given rise to a significant backlash in Japan and abroad.

A Long Overdue Update

What is the government's basic rationale behind its security bills, and what importance do they have for Japan at this juncture in history?
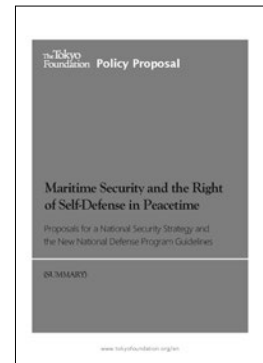
The bills' supporters point out that the time has come to rewrite the laws governing Japanese security policy, given the need for Japan to adapt to the dramatic changes in the security environment. The current legal framework was developed to address the security challenges of the Cold War era—from the 1950s through the 1980s. We need to acknowledge the fact that this framework is obsolete in today's international security environment. Indeed, given the magnitude of the changes that have occurred in the past 25 years, the government's initiative has not come a moment too soon.

This is not to suggest that that there have been no modifications to Japan's security statutes over the past quarter century. But the legislation introduced during that time has been limited and tightly circumscribed in nature. In 1999, for example, after North Korea launched a Taepodong missile over Japan without prior warning, the Diet passed the Law Concerning Measures to Ensure the Peace and Security of Japan in Situations in Areas Surrounding Japan. This legislation opened the door for the Self-Defense Forces to respond not only to direct attacks on Japan but also to situations in surrounding areas that, if left unaddressed, would pose a direct security threat to Japan. But even under the new law, the scope of action was limited to logistic support for US forces and circumscribed by the constitutional interpretation prohibiting Japanese participation in collective defense operations.

By allowing limited participation in collective self-defense, the Abe government's bills would pave the way for more seamless and effective cooperation with US and other forces in the event of a contingency in the region around Japan. This is particularly urgent given North Korea's continued development of nuclear weap-

ons and missiles and the deep uncertainty surrounding the Kim Jong-un regime. In the 16 years since the Diet deliberated the Law on Situations in Areas Surrounding Japan, North Korea has conducted three nuclear tests and six tests of ballistic missiles (in addition to its three previous missile tests).

Responding to Terrorism

After the September 11, 2001, terrorist attacks on the United States, the Diet passed the Anti-Terrorism Special Measures Law permitting Japanese forces to provide support for multinational operations fighting terrorism overseas. Under this statute, the Maritime Self-Defense Force was able to carry out refueling operations in the Indian Ocean to support multinational forces in Afghanistan. But since the provisions of this law expired after two years, new legislation would have to be drafted, submitted, and passed in the event of another such situation.

In the meantime, the threat of international terrorism has escalated, claiming the lives of two Japanese hostages earlier this year. Yet there is very little Japan can do to meet that threat. Instead of responding to each crisis that occurs with an ad hoc "special measures law," the government seeks permanent legislation that would allow Japan to play a more active role in supporting anti-terrorist operations and participating in the kinds of UN peacekeeping operations needed to maintain civil order and prevent countries from becoming hotbeds of terrorism.

Another important development in Japan's security environment is the situation around the Senkaku Islands, where threatening incursions by China Coast Guard boats and Chinese fishing vessels have become commonplace. A major concern here is Japan's ability to respond seamlessly to armed incidents that fall short of a full-scale attack on the country. Current law allows Japan to respond with force if under systematic attack by a foreign state but offers no framework for dealing with so-called gray-zone incidents, such as an attempted landing by armed, non-uniformed forces. This is not an issue of collective self-defense, and it requires no reinterpretation of the Constitution. Nonetheless, the laws have yet to be amended to reflect the new reality of Japan's security environment.

No Change in Japan's Commitment to Peace

Concerns about the Abe cabinet's legislative initiative within Japan are understandable. Japan has managed to maintain its security under existing laws and the previous interpretation of the Constitution. Might not an overhaul of the laws governing national defense have the effect of escalating tensions in the region? The

crucial point here is that the new legislation in no way alters Japan's commitment to an "exclusively defensive defense" in keeping with Article 9. The Komeito, the LDP's coalition partner, was particularly insistent on this point. Japan is subject to tighter legal constraints on the use of force than any other country in the world, and it will remain so after enactment of the new legislation. People should be more concerned that current inadequacies in the laws governing territorial defense will create an all-too-tempting target for hostile states or terrorist organizations, creating the conditions for conflict that could have been avoided.

Another major problem with the status quo is Japan's inability to provide timely and effective support for security operations authorized by the international community. The government of Japan needs to reassure the world that in rectifying this situation, it is simply doing what is natural for any responsible sovereign state, and that the changes it seeks do not alter its determination to restrict the use of military force to defensive purposes, in accordance with the spirit of Article 9.

To reassure the public in Japan and our neighbors, the government needs to make Diet deliberations of the legislation as thorough and transparent as possible, using the legislative process to help the Japanese people and the international community understand the bills and why they are necessary. This means steering away from the kind of sterile ideological debate, divorced from practical reality, that has marred Diet deliberation of security issues too often in the past. Wild accusations of militarism from the opposition have the potential to create serious misunderstandings abroad—as, indeed, do the lack of persuasive arguments from cabinet members and leading party officials.

In addition to ensuring the transparency of the legislative process, the government should use diplomacy and public communication to impress on our neighbors Japan's enduring commitment to peace, making the most of such opportunities as the prime minister's planned statement commemorating the seventieth anniversary of the end of World War II. But what we need most of all is a responsible and constructive Diet discussion to demonstrate to people at home and abroad that the government's defense bills are designed for no other purpose than to contribute to the security and stability of Japan and the East Asian region.

(Adapted and translated from "Kokkai de no anpo hosei rongi e no kitai," distributed by Kyodo News on March 9, 2015.)

May 21, 2015

Tapping the Potential of Japan's Self-Defense Forces

Ippeita Nishida

A recent Tokyo Foundation policy proposal calls for greater strategic emphasis and inter-agency collaboration in Japan's foreign aid program. In an interview with Nikkei Business Online, one of the report's authors discussed the need for a comprehensive approach to security and the potential of the Self-Defense Forces as a peaceful instrument of Japanese foreign policy.

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QUESTION: *On February 10 this year, the cabinet of Prime Minister Shinzo Abe adopted the Development Cooperation Charter, replacing the Official Development Assistance Charter [adopted in 1992 and revised in 2003] as the Japanese government's basic development aid policy document. I understand that you and your colleague are advocating dialogue and other measures to build a more cooperative relationship between the development community—represented by JICA [Japan International Cooperation Agency], which administers Japan's ODA—and the security community, specifically, the Self-Defense Forces.*

IPPEITA NISHIDA: That's right. In 2013 the Tokyo Foundation launched a project titled Linking Foreign Aid and Security Cooperation, the main objective being to rethink Japanese aid from a security perspective. Team members conducted a series of interviews with government officials and researchers, both at home and abroad, notably in Europe and the Horn of Africa, where the SDF conducts two field operations: one in South Sudan as a part of a UN peacekeeping mission and the other in the Gulf of Aden to counter piracy.

Before the ODA Charter was revised in February this year, we published our findings and recommendations in a policy report titled "Reviewing Japan's Foreign

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Ippeita Nishida   Research Fellow and Project Manager, Tokyo Foundation.

Aid from a Security Perspective (to be translated in 2015)." The thrust of our proposal was the need for program guidelines reflecting a comprehensive and integrated approach to security and development. We're not suggesting anything unrealistic like direct SDF intervention in a conflict. In fact, we point out that there are things Japan can do better in this area without overhauling the current framework.

The key will be enhancing interagency cooperation under a whole-of-government approach, but this will present a major challenge in Japan's rigid government system, particularly in the area of peace-building, given the cultural and normative gaps between the development and security communities.

Security and development, though, are two sides of the same coin. This is one of the lessons the international community has learned over the past quarter century from such incidents as the humanitarian crises in Africa and the wars in Afghanistan and Iraq. Military intervention in a conflict zone can maintain relative stability only for the moment. If you want to build enduring peace, humanitarian and development aid must be directed to rebuilding society, helping to allocate the dividends of peace and facilitate reconciliation and hopefully creating a society resilient enough to absorb future shocks. Unless you do so, there's a high probability that violence will return or even spill over. Just look at what's happened in Iraq and Syria. The UN has also come to understand the importance of integrating security and development, with current peacekeeping missions being mandated to channel significant efforts into such areas as governance, protection of civilians, and civil and social infrastructure rehabilitation.

Or let's look at an example that involves Japan. The Japanese Maritime Self-Defense Force has been involved in a multinational effort to crack down on piracy in the Gulf of Aden, part of the maritime corridor connecting the Indian Ocean and the Mediterranean Sea. However, this only addresses the surface of the problem. The root causes are the crisis and instability in Somalia—the collapse of government and the deterioration of social and economic conditions in the course of nearly 20 years of civil conflict. Under these conditions, piracy becomes a rational economic choice. Through development assistance, we need to create the conditions that allow people to live with dignity, free from want, so that they don't have

to resort to piracy. This is just one example illustrating the need for greater policy coordination between development and security.

Since the ODA Charter was last revised in 2003, when JICA was headed by Sadako Ogata, Japan has undertaken a number of peace-building projects in post-conflict and fragile states. These include clearing land mines in Cambodia, building social infrastructure in Afghanistan, promoting the Mindanao peace process in the Philippines, and rebuilding infrastructure in South Sudan. Such projects are likely to continue, but generally speaking, the Japanese development community has been less than enthusiastic about cooperating with the SDF. The reason is that as a general rule, development practitioners are primarily concerned about the welfare of the local population, while the defense community is more interested in securing strategic goals. Many aid workers are also mindful of the political sensitivity of the host community to the presence of military forces and thereby try to avoid contact with them.

On the other hand, from as early as 2004, the security policy community has recognized the importance of aid in conflict prevention and peace-building. Such narratives are then reflected in official policy documents like the National Defense Program Guidelines. The reaction of the ODA community, though, was, "We don't want to be used as a political tool by the government in power." The ambitions that strategists had in mind apparently didn't coincide with the way development professionals work up projects in the field with the local people. Aid workers might also have worried that their budgeting and planning authority would be curtailed or that the government would cut funding for ongoing projects.

But part of this feeling may have come from what aid workers actually experienced in the field. By nature, humanitarian and development officers in fragile zones need to work with the military, whether they be on a UN peacekeeping mission, local troops, or rebel forces. But this can be quite difficult since they're often not familiar with the language, operations, or tactical assets that the military employs.

Effective cooperation between sectors doesn't happen overnight. Even in business, you have to lay the groundwork, and that's all the more crucial in a peace-building setting, where people's lives could be on the line. We can't just leave it to the field officers to figure out. Governments need to build a firm foundation for operational cooperation by fostering mutual understanding and trust through dialogue and exchange. Recently, we've seen some initiatives along these lines in Japan, with JICA and the Ministry of Defense launching personnel exchanges in October last year. But progress is slow. I get the impression that people on both sides are still hesitant to take the plunge for fear of being ostracized by their respective communities.

Diversification and Policy Coordination

QUESTION: *To ensure effective cooperation, your report recommends establishing an office of peace building and international security within the National Security Council to coordinate ODA and other forms of development aid as well as the SDF's international operations.*

NISHIDA: Until now, the mainstay of Japanese foreign aid has been official development assistance to support economic growth and social development in developing countries. While this will remain the general rule, there's been talk of incorporating other modes of economic assistance that provide more latitude in terms of target and purpose. For example, the new charter expands the types of aid for countries that have graduated from the DAC list of aid recipients and calls for synergies between ODA and non-ODA assistance. It also considers the use of development aid to support foreign militaries that are involved in civilian affairs or are providing disaster relief. In our recommendation, we argue for new tools, like a separate aid account to achieve diplomatic goals, to enable the government to better coordinate its security policy.

This is why we proposed establishing an office of peace building and international security, although we realized that this could take some time. The National Security Council was only established in late 2013. It has just sixty-odd members at present, which makes it pretty small for a government organ entrusted with national security policy in the broadest sense. When a situation like the recent ISIS hostage crisis arises, it may very well take up all the council's resources. So, while I'm sure the council recognizes the importance of international security cooperation, it's naturally going to place top priority on issues with direct relevance to Japan's own security. So, from the standpoint of the allocation of policy resources, this might have to wait.

QUESTION: *You've studied Western countries' efforts to integrate development and security policy. Do you ever feel daunted by the obstacles to interagency cooperation?*

NISHIDA: Well, of course. At an international symposium on the comprehensive approach that the Tokyo Foundation co-organized in Brussels in 2013, a senior official involved in policymaking for the EU called it "an evolving concept" that was still emerging from a process of "trial and error." In Brussels, they may draw up beautiful plans calling for coordination among many different agencies, but out in the field, it seems that things don't always go as planned. Certainly there

are cases in which the envisioned collaboration never really gets off the ground.

In Japan, we have the opposite problem. People in the field are doing their best to work together, but there's no big picture, no coordination at the policy level. A US military officer involved in civil-military operations in Djibouti told us that the keys to cooperation are communication, building mutual trust, and ensuring that personnel share a basic vocabulary and understanding of operations. That's why the US government places great emphasis on educational exchange between the civilian and military sectors. For example, civilian officers in the Department of State and USAID [United States Agency for International Development] often study at the National Defense University for a certain period of time to acquire a basic understanding

The author, third from left, and Tokyo Foundation President Masahiro Akiyama, to his right, at Japan's installation facility for anti-piracy operations in Djibouti.

of military and security matters. The State Department has a Bureau of Political-Military Affairs, which is charged with forging and maintaining partnerships with the defense community, and it holds a wide variety of workshops and other training opportunities.

We learned that the first step is to build this sort of culture of cooperation. Making the decision to actually collaborate on something comes later. The main thing is to develop criteria for such decisions by clarifying each side's strengths and weaknesses and identifying issues. It's also vital to build interpersonal relationships.

The Japan Ground Self-Defense Force has an International Peace Cooperation Activities Training Unit that provides training to SDF troops prior to any overseas operation. And for the past eight years, they've been holding annual workshops on civil-military cooperation with the participation of humanitarian and development workers as well as scholars. But these are basically oriented to fostering cooperative relations in the field. Coordination is also needed at the policy level.

New Options for Noncombat Security Cooperation

QUSTION: Cultural differences between organizations can raise huge obstacles to cooperation even in the private sector. It seems to me that collaboration imposed

from on high could have the effect of creating an atmosphere of suspicion and paranoia. Would it be impractical to proceed gradually, by supporting and building on the kind of collaboration that develops in the field?

NISHIDA: It's wonderful when people come up with bright ideas for cooperation while actually working in the field. But if you take the larger view, that may not be the best way to achieve bigger policy goals. So, while such partnerships can make for inspiring stories, they don't necessarily stand up to scrutiny in terms of legitimacy or how well they reflect government policy. The focus of cooperation might not reflect local priorities, either. As things stand now, too much responsibility is placed on the individual field offices. We believe there's a need for a cultural shift within the organization to correct this.

QUESTION: *Prime Minister Abe has set in motion a number of important changes affecting Japan's foreign policy—not just the new Development Cooperation Charter but also changes in the government's interpretation of the Constitution and in Japan's arms-export policy. What's your overall opinion of these initiatives?*

NISHIDA: I would give them a positive rating in that they're oriented to a more integrated approach to security and development. I've felt for some time that we can contribute much more with the resources at our disposal. The changes Abe has made will open up new possibilities for making use of those resources. However, this will not lead to a sudden jump in the SDF's overseas engagements. Relaxing the arms-export ban is a new step, and it should open the door to the transparent transfer of defense equipment for peace operations.

QUESTION: *Are you saying you think we should do more with the SDF as one of the tools we have to pursue our national interest?*

NISHIDA: Yes. But I don't feel we need to put Japanese lives on the line in order to make a meaningful contribution to international security. Japan and the SDF are subject to special historical and societal constraints that prevent us from meeting all the expectations of other nations. But then, to some extent the same can be said of any country. Many countries continue to attach national caveat restrictions on how their troops can be used. What's important, I think, is to be able to make the case that we're doing all we can within such constraints.

Broadly speaking, foreign policy is the mobilization of resources of all kinds to influence other countries, regions, and international institutions in pursuit of na-

tional objectives. So, what are the tools of foreign policy? There's diplomatic negotiation. There's the establishment of legal frameworks, such as international law, treaties, and alliances. Public diplomacy is also a tool to influence others, shape public opinion, enhance one's image, and so forth. Then there's the use of economic power. This encompasses not only economic aid but also trade, international finance, and other modes of involvement in the world economy, as well as sanctions. And finally, there's military force. Having credible defensive and power projection capability can send a tacit message, with the actual use of those resources being another matter.

To date, many countries have placed great emphasis on military might as a source of hard power. But Japan, under the postwar Constitution, has renounced the threat or use of force as a means of settling international disputes. And most of the Japanese people want to keep it that way. Where economic clout is concerned, we may be the world's third-largest economy, but we're stagnating, and we're not in very good shape fiscally. The general perception of Japan's stature and influence in the international community is slipping in relative terms. Under the circumstances, we need to give serious thought to crafting a strategy that makes optimum use of the instruments we have at our disposal. One of those instruments is foreign aid, which Foreign Minister Fumio Kishida has called "our most important foreign policy tool." Another is the Self-Defense Forces, which can help enhance our influence and stature in the international community by contributing to international security.

A Hedging Policy in the Middle East?

QUESTION: I guess the issue is where and how to make use of that capital.

NISHIDA: Right. If we're going to invest, we should invest in projects with low risk and a high rate of return. Like what? Well, to begin with, anti-piracy operations are a no-brainer. Incidents of piracy have fallen from more than 200 a year at their peak to about 15 in 2013. And yet Japan has maintained the same level of commitment. Why? Because it's a good investment. It's a direct and highly visible contribution to international peace and stability. Moreover, it benefits Japan directly by ensuring the safety of our sea lanes. It contributes to regional intelligence gathering, and it's something we can do in partnership with other countries, especially the United States. Since summer 2014, half the deployed assets are participating in CTF-151, a US-led, multinational, counter-piracy coalition. It supports Africa, a region in which Japan has high economic hopes and interests. It has all these merits, and yet it's a relatively low-risk, low-cost operation. In 2012 and 2013, when I

visited Djibouti, some Western diplomatic and military officers asked me if the SDF would soon be leaving. I told them that they probably wouldn't, given these considerations. One of the key challenges going forward will be finding other comparably cost-effective channels for involvement.

QUESTION: *In other words, you believe there is plenty of scope for the SDF to contribute to international security without crossing the line in terms of combat or risk to life and limb?*

NISHIDA: Exactly. For example, there's been talk in the media about government plans to beef up the SDF's anti-piracy base in Djibouti. This would meet multiple objectives, and I think that's a smart move. The base was originally established for two P-3Cs to carry out aerial surveillance as part of the anti-piracy effort. I think it makes perfect sense to expand and develop it as a base for other contributions in the region. Djibouti has become an important hub for regional intelligence gathering and international cooperation, particularly with the United States, France, and the EU. Japan was able to use its base in Djibouti to support the international response to the Ebola epidemic, flying C-130H transport planes first to Djibouti and from there to West Africa. I think that experience threw into relief the advantages of having a base there. The next step for Japan is to deepen its involvement in the region and provide substantive support with the help of such existing facilities and transport routes.

QUESTION: *If the SDF and Japanese development personnel could develop long-term relationships with local officials and citizens in Djibouti and the surrounding region, it might be very useful in hedging against potential risks and enhancing our intelligence gathering so we're better prepared for situations as they arise.*

NISHIDA: Absolutely. In the wake of the execution of Japanese hostages by ISIS, some people were probably asking why Japan wasn't able to negotiate more effectively with key players in the region. If we made a real, long-term security commitment to the region, as symbolized by the air base in Djibouti, and established a hub for logistical and other operations, we'd have more to offer other countries. This could happen, for example, through humanitarian assistance, which would create a more permissive environment for our presence. Then there's the intelligence that military forces share on a need-to-know basis. This sort of exchange fosters mutual trust and promotes cooperation grounded in a common understanding of the situation on the ground. That's extremely important.

I think such a base would also be helpful in terms of fostering a better understanding of the SDF's mission, capabilities, and limitations, particularly among European military and security officials and personnel. As an Asia-Pacific ally, Japan has been cooperating with the United States on security for a long time, but if we're serious about safeguarding the existing international order, we need to enhance our collaboration with Europe as well.

In terms of networks and information sources in the Middle East and Northern Africa, the Europeans are much better positioned than Japan and have a different set of utilities to offer from the United States. Besides, in the case of an emergency in Africa, it would make more sense to rely on European countries, which have extensive expertise and operational capabilities in the region, than to deploy an SDF mission to rescue Japanese citizens.

Some Diet members are pushing for a small SDF unit to be stationed in Djibouti for noncombatant evacuation operations in case of an emergency. With limited capabilities entitled to the SDF and weak field intelligence in Africa, this wouldn't be a realistic option. Considering its low diplomatic presence and severe personnel shortages, moreover, Japan's Foreign Ministry isn't capable of gathering up-to-the-minute intelligence on all 54 African countries. After the Algerian hostage crisis in January 2013, the Japanese government boosted the number of military attachés at its African embassies from two to nine. This is an improvement, but they can't keep track of everything that's going on. They're probably facing serious communication barriers as well. Besides, SDF troops on peacekeeping or anti-piracy missions are currently rotated every four to six months. Africa isn't our number one priority at the moment, but we do need to know what's going on, and the best way to access such information would be to cooperate with France, Britain, the EU, the United States, and other countries. We can gradually expand our own information network in the process and eventually put ourselves in a position where we can assist others.

Interagency cooperation can facilitate this process. First, the two communities need to start sharing information and perceptions on a routine basis to cultivate mutual understanding. Then we can begin thinking about ways that we can combine our development and peacekeeping capabilities in the field to enhance Japan's international influence in a manner consistent with its basic principles.

Interview conducted by Hiroyuki Yamanaka. Adapted and translated by the Tokyo Foundation with permission from Nikkei Business Online.

March 20, 2015

Mixed Marks for India's Modi

Masahiro Akiyama

Dubbed "the Indian Abe" by some observers, Prime Minister Narendra Modi took office late last May amid high hopes for his dynamic, reform-oriented style of leadership. Tokyo Foundation President Akiyama Masahiro reports on Modi's early successes and setbacks against a background of legislative gridlock.

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India's 2014 general election, held during April and May last year, resulted in a resounding victory for the Bharatiya Janata Party and the birth of a new government headed by Narendra Modi. The BJP-led National Democratic Alliance captured 336 of the 543 seats in the lower house of parliament, and the BJP alone took 282 of those seats, becoming the first single party in 30 years to win a simple lower house majority. Voters were clearly looking to Modi—who presided over an era of rapid growth and development as chief minister of Gujarat—as their best hope to get the Indian economy back on track.

Japan was the first major country Modi visited after taking office in May. His long acquaintance and good rapport with Prime Minister Shinzo Abe, together with his warm feelings for Japan as whole, won the hearts of people here and spurred a new level of interest in Indian affairs among the Japanese. Modi's impressive debut on the diplomatic stage also included trips to the United States and Australia, and he hosted visits by Chinese President Xi Jinping and US President Barack Obama.

Prime Minister Modi has invited comparison to Abe, with his nationalist bent, innovative and dynamic leadership style, and strong foreign policy, particularly toward China. But the past few months have tended to highlight the differences rather than the similarities. In the following, I offer a brief review of Modi's domestic and diplomatic initiatives during his first nine months in office.

Masahiro Akiyama   President and Senior Fellow, Tokyo Foundation.
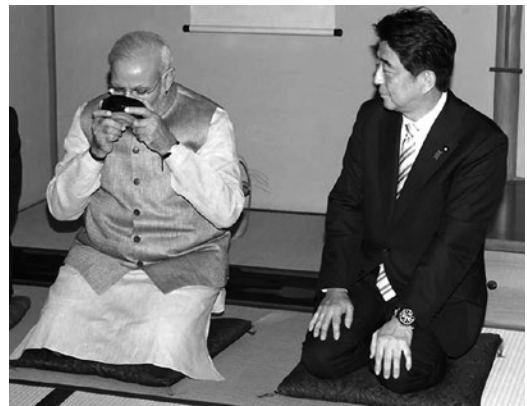
Early Promise and Setbacks

Indian stock prices soared after Modi took office in May 2014. In the September quarter of 2014, India's economy outpaced China's as the gross domestic product posted year-on-year growth of 8.2%. The upturn reflects the high hopes that the Indian people and the international community have invested in Modi's plans for economic reform. Japan enjoyed a very similar surge shortly after Prime Minister Abe took office in 2012.

But Modi has since run into political obstacles that Abe was able to avoid. The April–May election gave the BJP solid control of the lower house, but in the upper house, the ruling coalition holds only about one-fourth of the seats. This means a divided parliament and legislative gridlock, a situation Abe has not had to face since his Liberal Democratic Party regained control of the House of Councillors in 2013.

Prospects for breaking the legislative deadlock are uncertain. Because most of the seats in the India's upper house are elected indirectly, by the 30 state legislatures, the ruling coalition must seize control of the state assemblies before it can secure an upper house majority. Furthermore, turnover in the upper house is slow, since only a third of the seats are contested in each biennial election. Thus, even if the BJP continues to prevail at the state level, it will take another four years to secure a majority in the upper house.

Narendra Modi and Shinzo Abe during a tea ceremony at the Akasaka Palace in Tokyo, 2014.

In terms of momentum, the results of the February 2015 Delhi Legislative Assembly were anything but encouraging for the BJP. The Aam Aadmi Party scored a huge landslide in the National Capital Territory of Delhi, which includes New Delhi, securing 67 of the 70 seats in the legislature and leaving the BJP with just 3 (and the Indian National Congress with 0).

The AAP ran a successful campaign targeting corruption, among other issues, but an undeniable factor behind the voters' rejection of the BJP was impatience with the Modi government, which has come under criticism for failing to deliver on its promises to improve living standards and tackle corruption head-on. Now all eyes are on Bihar and Uttar Pradesh, where legislative assembly elections are to

be held within the year; as two of India's most populous states, they account for a significant number of upper house seats between them.

Legislating by Executive Order

Meanwhile, much of Modi's economic reform agenda has been in limbo, including vital labor law reforms needed to spur job creation by loosening regulations that make it all but impossible to lay off an employee. The upper house had also been resisting legislation to raise the legal limit on foreign investment in domestic insurance companies from 29% to 49% and loosen the rules governing land acquisition so as to spur development.

With parliament refusing to act on these and other legislative changes needed to revitalize the economy, the Modi government has begun issuing executive orders instead. Under the Indian constitution, the president is empowered, in certain situations, to promulgate ordinances that have the force of law. Unless they are approved by parliament, however, such ordinances lapse after a period of six months and six weeks.

Apart from legislative action, the other major tool at Modi's disposal is government spending. It will be interesting to see what sort of economic policies are built into the budget plan for the coming fiscal year, which was due to be released at the end of February.

Foreign Policy Review

As his first destination outside the immediate region, Modi chose Tokyo, where he and longtime acquaintance Prime Minister Abe greeted each other enthusiastically and pledged to strengthen bilateral ties. Japanese interest in Modi and India in general has soared since his successful visit to Tokyo last September.

As a proponent of India's Look East policy, Modi places great importance on ties with the ASEAN nations, Japan, South Korea, China, and Australia. We have seen his enthusiasm for Japan, and he seems equally well disposed toward South Korea, which he visited repeatedly as chief minister of Gujarat. He is said to be actively courting South Korean businesses, especially in the wake of the disappointing withdrawal of several key foreign investors from the Indian market.

Modi's trip to Australia was the first official visit by an Indian prime minister to that country in 28 years. His government is also placing high priority on relations with Vietnam and Singapore, which it regards as key partners from a security as well as an economic standpoint, and it seeks to strengthen ties with Indonesia, recognizing that nation's great potential.

China presents a more difficult challenge. The two countries are embroiled in serious border disputes, and China's recent attempts to upset the status quo with force—as it tried to do in the eighteenth and nineteenth century—have created tensions that are going to be hard to overcome.

President Obama's official visit to New Delhi in January this year hailed a new phase in US-India relations as the two leaders pledged to strengthen their nations' strategic partnership. This is a major shift for India, which had maintained a long-standing friendship with Russia. Obama and Modi were also able to reach a "breakthrough understanding" on a stalled agreement that should open the way for US commercial investment in India's civil nuclear energy program—a big step forward for India, given the difficult issues surrounding the country's nuclear program and the nonproliferation regime. In addition, Obama appears to have heeded Indian concerns over the long wait facing skilled Indian workers seeking green cards in the United States. Progress in immigration policies on both sides promises to facilitate the bilateral exchange of human resources.

Relations between India and Sri Lanka had deteriorated under Sri Lankan President Mahinda Rajapaksa amid accusations of human rights violations against Sri Lanka's Tamil minority. Rajapaksa touted his government's friendship with China and allowed a Chinese submarine to dock at the port of Colombo, further exacerbating tensions with New Delhi. But President Maithripala Sirisena, who took office in January this year, has been pursuing a more moderate policy, and Modi's visit to Sri Lanka this March should pave the way for a more constructive relationship going forward.

Relations with Afghanistan are another key focus of India's foreign policy. Ties between India and Afghanistan go back a long way, but a major turning point in that relationship came in 1979, with the Soviet invasion of Afghanistan. Because of its close ties with the Soviet Union, India refrained from condemning the invasion and recognized the Soviet-backed regime in Kabul. Thereafter Pakistan became a major training ground for the anti-Soviet mujahideen forces that eventually gave birth to the Taliban.

The unfolding situation in Afghanistan is of great importance to Indian security, but Pakistan's influence in Afghanistan limits India's ability to maneuver. Even with US troops withdrawing from Afghanistan, New Delhi has been very circumspect about providing military aid or becoming involved in other ways that might exacerbate regional tensions. Instead, the Indian government is stressing nonmilitary assistance to Afghanistan via economic aid and technical cooperation in areas like infrastructure and agriculture. This new foreign aid focus offers significant opportunities for Japan-India cooperation.

Treating Everyone as a Friend

Reviews of Modi's foreign policy overall are predominantly positive. "As a whole, it's the area in which he's had the greatest success," comments a noted Indian political scientist. "He's taking risks and trying out new approaches."

But the same commentator faults Modi for naiveté in security matters, especially where China is concerned, complaining that he tends to "treat everyone as a friend."

"As chief minister of Gujarat, one of Modi's most important jobs was rolling out the welcome mat for foreign investors," he notes. "But as prime minister, he needs to adopt a broader strategic perspective. This is something Prime Minister Abe knows how to do. Modi looks on China as an economic partner and wants to sweep the security issues under the rug. I think he needs to take a tougher stance."

The problem is not so much indifference to security issues as a lack of continuity between Modi's security and economic policies. For example, although the prime minister has expressed an interest in investing in Africa's energy sector, he seems largely unaware of the role energy can play in security policy. This lack of strategic sophistication could continue to raise questions about Modi's qualifications to lead the second most populous country in the world.

June 3, 2015

Japan-Europe Cooperation for Peace and Stability

Pursuing Synergies on a Comprehensive Approach

Akiko Fukushima

The scope of Japanese and European development cooperation goes beyond promoting economic growth and includes strengthening governance and resilience in fragile states in both pre- and post-conflict situations. In assisting such states, writes Senior Fellow Akiko Fukushima in this Policy Brief originally published by the German Marshall Fund of the United States, Japan and Europe share the common goals of building peace, stability, prosperity, and resilience.

*   *   *

Introduction

Japan and Europe have long provided development assistance in line with their respective geographic priorities. But in an increasingly globalized world, the regions on which they focus their assistance have begun to overlap, in places such as Africa for example. Today's security challenges include not only inter-state war, but also terrorism, organized crime, human trafficking, climate change, and pandemics. The scope of Japanese and European development cooperation now goes beyond promoting economic growth and includes strengthening governance and resilience in fragile states in both pre- and post-conflict situations.

In assisting such states, Japan and Europe share the common goals of building peace, stability, prosperity, and resilience. As terrorists and criminal groups, notably the Islamic State and Boko Haram, make new inroads and expand their sphere of control and influence, Europe and Japan should join together to address these

Akiko Fukushima   Senior Fellow, Tokyo Foundation; Research Fellow, Asia International Center, Aoyama Gakuin University; Lecturer, University of the Sacred Heart.

concerns. In assisting fragile states, the European Union has pursued a multi-faceted approach in the Horn of Africa and the Sahel, using economic, security and cultural instruments. This approach has come to be known as "comprehensive approach" in EU, "whole-of-government approach" in some European countries and "3D" approach as it combines diplomacy, defense and development in the United States. Regardless of the label, there is a clear need to take a more comprehensive, holistic approach to providing aid.

Although less well recognized than the European initiative, Japan is also taking a comprehensive approach to foreign assistance. Its Development Cooperation Charter, announced in February 2015, applies a "human security" approach to development cooperation.[1] "Human security" is a concept that affirms the right of individuals, through their protection and empowerment, to live in dignity—free from fear and want.[2] While in the past Japan has placed an emphasis on the freedom from want through poverty reduction and economic development, it is now poised to enhance its cooperation to promote the freedom from fear. Culture too, is an important feature in the holistic approach to human security. Thus, Europe's "comprehensive" approach and Japan's human security approach are similar in terms of their modi operandi and objectives.

The 2014 OECD Development Co-operation Peer Reviews took note of Japan's comprehensive approach, observing that the Japanese government has created "an elevated profile in its global engagement strategy" and "strengthened its whole-of-government approach at country level."[3] This paper examines possible areas for new and enhanced cooperation between Japan and Europe, two responsible global partners who share fundamental values and principles in assisting fragile and developing states, particularly in the area of capacity-building assistance.

Cooperating with Piracy Control

At the 22nd Japan-EU Summit in Brussels on May 7, 2014, Prime Minister Shinzo Abe, European Council President Herman Van Rompuy, and President of the European Commission Jose Manuel Barroso agreed to promote closer collaboration between the EU's Common Security and Defense Policy (CSDP) missions and Japan's assistance and security cooperation initiatives.

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[1] Ministry of Foreign Affairs, Development Cooperation Charter, February 10, 2015.
[2] Ibid.
[3] *OECD Development Co-operation Peer Reviews: Japan 2014*, p.14, http://www.oecd.org/development/peer-reviews/Japan-peer-review-2014.pdf.

Such cooperation is not new. Japan and the EU have been working together to fight piracy off the coast of Somalia and in the Gulf of Aden for years. Maritime Self-Defense Force (MSDF) destroyers have participated since March 2009, along with two P-3C maritime patrol aircraft added in June 2009. The MSDF unit provides information to the forces of other states conducting operations in the field, including EU Naval Force (NAVFOR) Somalia-Operation Atalanta, a Common Security and Defence Policy military mission that has been in operation since December 2008. On January 18, 2014, Japan-EU cooperation led to the capture of pirates when a helicopter from the MSDF destroyer *Samidare* and a P-3C patrol aircraft detected a suspicious dhow and provided this information to the Combined Task Force 151 headquarters. In response, a helicopter from a French EU NAVFOR naval vessel was dispatched, leading to the capture of five pirates and the release of the dhow's crew.

Japan and Europe have been conducting joint exercises since October 2014. In October and November 2014, MDSF destroyer *Takanami* participated in exercises with Italian, German, and Dutch naval vessels that included such activities as communications, tactical maneuvering, helicopter take-off and landing, and boarding.

As these operations have been successful in controlling piracy in the Gulf of Aden, it may eventually be possible to withdraw the MSDF, at which point addressing the root causes of piracy and building the capacity of local coast guards would become vitally important. Both Europe and Japan are providing development assistance to Somalia and surrounding countries, and are also helping to train local maritime security officials. In addition to development assistance to enhance local governance capabilities and economic development, further collaboration on capacity building should make a significant contribution to local empowerment.

Collaborating with CSDP Missions through Japan's Official Development Assistance

Following the aforementioned Japan-EU summit agreement, Japan has been cooperating with CSDP missions to provide capacity-building assistance in Niger and Mali as well.

The EU dispatched a civilian CSDP mission to provide training and advice to Niger's security sector in August 2012. This was supplemented in December 2014, when Japan made a decision to provide grant aid through the UN Development Program to this CSDP mission. To facilitate coordination, Japan is contributing ¥202 million for wireless communication devices to connect regional government offices with bureaus under their jurisdiction, as well as wireless-equipped vehicles

Table 1: Japanese Capacity-Building Assistance

Long–Term Education and Training

Cambodia	Training in civil engineering for future peacekeepers (2013–15)
Timor-Leste	Humanitarian assistance/disaster relief education and training of auto mechanics in the Timor-Leste Defense Force (2012–14)

Short–Term Seminars

Vietnam	Maritime security training with a focus on underwater medicine for the Vietnamese Navy (2012–14)
Indonesia	Maritime security training with a focus on oceanography and the collection and processing of maritime data for the Indonesian Navy (2012–13)
Mongolia	Military medicine seminar at the Mongolian Army Hospital (2012–13)
Vietnam	Aviation safety for the Vietnamese Air Force and Air Defense (2012–13)

Short–Term Invitation

Vietnam	Invited Vietnamese Navy to SDF medical facilities in and around Tokyo on the subject of underwater medicine (2014)
Indonesia	Invited Indonesian Navy to MSDF and Japan Coast Guard facilities in and around Tokyo for training on maritime security, particularly oceanography and the collection and processing of maritime data (2014)
Mongolia	Invited Mongolian Army to GSDF medical facilities in Tokyo on the subject of military medicine (2013)
Vietnam	Invited Vietnamese Army to Sendai for earthquake response drills

for patrolling outlying locations. The equipment will be provided to all seven of Niger's regions.

In April 2014, the EU decided to dispatch a civilian CSDP mission to help improve Mali's security capabilities. In March 2015, Japan agreed to provide grant aid amounting to ¥492 million for the rehabilitation of Mali's national police school, provision of information technology and other equipment, and the development of human resources.

Japan's cooperation with CSDP missions was facilitated by its experience of using the Official Development Assistance (ODA) budget to help rebuild infrastructure in Iraq during peace operations by the Japanese Self-Defense Forces (SDF). Similar coordination between ODA and the SDF was seen in the peacebuilding operations in Timor-Leste and in disaster-relief assistance to Haiti. Currently, an SDF engineering unit is taking part in the UN Mission in South Sudan (UNMISS), contributing to peacebuilding efforts by repairing roads and other infrastructure.

The ODA grassroots and human security budget has been mobilized for these projects, making Japan's contributions more effective. These experiences, under the so-called "All-Japan Approach," have paved the way for Japan's collaboration with CSDP capacity building missions.

Cooperating with Capacity Building

Under the comprehensive approach, assistance is not limited to the provision of infrastructure for economic development. It also covers efforts to strengthen governance and help build capacity in the local community. This is designed to foster resilience against crises, which is crucial to halting the spread of organized crime and terrorism. Capacity-building assistance is an area with great potential for future cooperation between Japan and Europe.

Under the comprehensive approach, assistance is not limited to the provision of infrastructure for economic development. It also covers efforts to strengthen governance and help build capacity in the local community. This is designed to foster resilience against crises, which is crucial to halting the spread of organized crime and terrorism. Capacity-building assistance is an area with great potential for future cooperation between Japan and Europe.

Since capacity-building assistance is not explicitly included in the mandate of Japan's Ministry of Defense, the logic supporting it is that such assistance can stabilize and improve the international security environment, contributing to Japan's national security. It can also strengthen relations with the recipient countries and other donors, in turn improving Japan's standing in the international community. Revising the Establishment of the Ministry of Defense Law to include international cooperation as one of the missions of the ministry would give Japan greater leeway in providing this assistance.

In capacity development assistance through other agencies, for example in the area of piracy control, the Japan Coast Guard provides training in collaboration with the Japan International Cooperation Agency, inviting the participation of coast guards from Southeast Asia. It also sends experts to the Philippines, Malaysia, and Indonesia to train maritime security personnel. When Japan provided coast-guard ships to Indonesia in 2009, experts were also dispatched to provide training. This is a model that can be emulated elsewhere.

Toward Future Cooperation

As Japan enhances its comprehensive approach to development cooperation under

its Development Cooperation Charter along with new and revised security legislation, additional windows of opportunity are opening for cooperation with Europe, particularly in regions of mutual interest such as Africa and Asia. Capacity-building assistance is an important means of empowering local people and institutions, furthering the pursuit of both freedom from want and freedom from fear to promote human security. These two goals should be pursued in tandem.

Finally, as capacity-building assistance is a relatively new area, the EU, NATO, and Japan should look to the cross fertilization of ideas amongst interested parties. This would be useful in building intellectual and policy frameworks for present and future activities.

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April 8, 2015

Is East Asia Headed for War?

Lessons from World War I

Jitsuo Tsuchiyama

Rising tensions in East Asia have fueled concerns that the ongoing power shift in the region could climax in a hegemonic war. International security specialist Jitsuo Tsuchiyama maintains that the real threat to East Asian security is the growing risk of unintended conflict.

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A raft of new books and articles on the subject of World War I appeared in 2014, as the world observed the centenary of the Great War. In Japan, this renewed focus on World War I—a conflict almost no one anticipated—helped touch off debate on the potential for a comparable conflict in East Asia.

The question itself is not new. Princeton University scholar Aaron Friedberg, who served as a national security advisor to Vice President Dick Cheney, raised it back in 2000 in a paper titled "Will Europe's Past Be Asia's Future?" Zbigniew Brzezinski, national security advisor under President Jimmy Carter, drew troubling parallels in his 2004 book *The Choice*, comparing China, which "is neuralgic about Japan, patronizing toward India, and dismissive of Russia," to imperial Germany, "which was envious of Great Britain, hostile toward France, and contemptuous of Russia."

For those who see World War I as a hegemonic clash between the "status quo states," led by Britain, and the challengers, or revisionist states, led by Germany, it is not such a stretch to draw parallels with the relationship between the United States and China today. Those who maintain that Britain's policy of isolating Germany through the Triple Entente forced Germany into "preventive war" may see potential for a similar situation in East Asia. (In South Korea and China, meanwhile, some claim that the greatest threat to peace in East Asia stems from the

Jitsuo Tsuchiyama   Professor of International Politics, Aoyama Gakuin University, and Director, Japan-US Partnership Program, Research Institute for Peace and Security.

expansionist ambitions of the Japanese government, manifest in its September 2012 purchase of three of the Senkaku Islands and in the Abe cabinet's July 2014 bid to permit Japan's limited participation in collective self-defense.)

Is war in East Asia a real possibility? If so, wherein lies the danger, and how can we minimize it?

Shifting Power Balance

Why has East Asia become so fraught with tension? The underlying reason is a shift in the international balance of power over the past quarter century.

Since the end of the Cold War and the collapse of the Soviet Union, American influence and power have waned, Japan's clout has dissipated, and China has risen more rapidly than anyone anticipated. The result has been a major shift in the regional power balance. Such shifts— what Robert Gilpin has termed the "uneven growth of power" among states— are the basic sources of instability and conflict in international relations.

Jitsuo Tsuchiyama speaking at a Tokyo Foundation Forum on December 22, 2014.

The increasing tension in diplomatic relations and international politics in East Asia is the result of just such a shift in East Asia. How long can the United States maintain the current international order? Is China hoping to build a new international order to replace the US-centered system? Or does Beijing envision a kind of US-China condominium? (Needless to say, the United States is unlikely to agree to either option.) The uncertain relationship between an increasingly powerful China and the current international order has emerged as the biggest issue in international politics.

This flux and uncertainty has given rise to ominous talk of an impending "power transition" between the United States and China. A.F.K. Organski developed his power transition theory as an aid to predicting the outbreak of wars, positing that rising powers generally initiate hegemonic wars against established powers in the process of overtaking them. But Organski's theory does not hold up well, especially in the light of historical events. Power transition was not the direct cause of World War I, for example. Moreover, by the estimate of most experts in international affairs, a power transition between the United States and China is unlikely to occur anytime soon, even if China does manage to overtake the United

States in gross domestic product (which looks increasingly unlikely). Indeed, some, such as Michael Beckley, have argued that the gap between US and Chinese power is likely to increase in the coming years.

War as a Miscalculation

For these reasons, I believe it would be a mistake to predict war in East Asia on the basis of power transition theory. But that is not to dismiss the possibility of war in the region.

The fact is that almost all the major armed conflicts of the twentieth century are attributable in large part to failures of diplomacy or crisis management—strategic errors, misapprehensions, miscalculations, and misjudgments of the situation or of one's rival's intentions. World War I is a prime example.

When a Serbian nationalist assassinated Archduke Franz Ferdinand of Austria and his wife on June 28, 1914, each of the European powers embraced a crisis-management scenario reflecting its own interests and wishful assumptions. Austria-Hungary immediately decided to use the incident as a pretext to launch an attack on Serbia. Aware that it would need the diplomatic and military backing of its ally Germany to get away with such a venture, the Austrian Foreign Ministry sent a special envoy to Berlin on July 5, barely a week after Franz Ferdinand's murder, and received "carte blanche" assurance that Germany would support any punitive action Austria took against Serbia.

In pledging Germany's support for Austria, Kaiser Wilhelm II and his chancellor Theobald von Bethmann Hollweg assured themselves that Britain would choose not to involve itself in the conflict. Yet when Austria handed Serbia its draconian ultimatum on July 23, Britain, perceiving Austria's warlike intentions, quickly took steps to prepare for intervention, and Russia also embarked on the first steps to mobilization. At this point Kaiser Wilhelm hurriedly issued a "Halt in Belgrade" proposal to Vienna, but the proposal came too late, as hostilities between Austria and Serbia were already underway. On August 1, Germany declared war against Russia, plunging into a two-front war under the misguided Schlieffen Plan.

If we accept this analysis, World War I occurred because the European powers, especially Germany and Russia, allowed the situation to veer out of control. In other words, World War I was the result of misapprehensions, miscalculations, and misjudgments regarding the overall situation as well as the intent and capability of rival powers.

The same sort of failures of diplomacy and crisis management can be seen prior to the outbreak of war between Japan and the United States in December 1941 and

the beginning of the Korean War in June 1950, and on all too many occasions subsequently.

Failures of diplomacy and crisis management are most apt to occur during shifts in the power balance, which tend to foster hubris and anxiety among national leaders. Both dominant nations and their rising challengers are apt to fall victim to hubris and anxiety. This is why the situation East Asia merits our concern.

Understanding Japan-China Tensions

Although the basic source of rising tension in East Asia is the shift in the regional balance of power, that tension has manifested itself above all in Japan-China relations. What specifically has triggered the recent deterioration in bilateral ties?

After years of abiding by Deng Xiaoping's stricture to keep a low profile in international politics, Beijing has changed course in recent years, no doubt sensing a change in the balance of power. It has clashed with Japan over the delimitations of the two countries' exclusive economic zones in an attempt to develop undersea gas and oil fields. In November 2004, a Chinese submarine passed through the Ishigaki Strait, entering Japanese territorial waters. In 2005, the Chinese government watched complacently as massive anti-Japanese protests broke out all around China in response to a proposal that Japan be given a permanent seat on the UN Security Council.

Chinese surveillance ships and fishing vessels began entering Japanese territorial waters around the Senkaku Islands, and after the government of Yoshihiko Noda made the decision to purchase the islands that remained in private hands, virulent anti-Japanese protests broke out nationwide. China began touting its anti-access/area denial (A2/AD) strategy, with Chinese fighters flying dangerously close to US and Japanese aircrafts, and Chinese naval vessels locking fire-control radar on Japanese targets. China's military strategy and behavior have become a source of ongoing tension with Japan and the United States, particularly since Beijing unilaterally declared an air defense identification zone covering the Senkaku Islands in November 2013.

Such developments have doubtless contributed to the 40% drop in Japanese direct investment in China between 2013 and 2014. But China's military posture is not the only cause for worry. The domestic situation is also troubling. A major concern is when and how China will transition from a one-party dictatorship to a more democratic form of government.

When Japan opened its doors to the West more than 150 years ago, a handful of realists within the shogunate recognized that to forge a place for itself in the

international community, Japan needed not only to strengthen its military but also to reform its domestic institutions. But it took many years for the nation to achieve true democracy. In South Korea, it was not until 1992 that the country embarked on the path to genuine democracy with the election of Kim Young-sam—a candidate without a military background—as president, and Taiwan's first free presidential election was in 1996. The future of East Asian affairs hinges on whether China can make a peaceful transition to democratic government.

Meanwhile, China is facing a number of serious domestic issues, including the problem of demographic aging. Much of Asia is facing the same challenge, but China's one-child policy has exacerbated and accelerated the trend, which could have serious economic, political, and diplomatic repercussions as the nation lacks a fully developed social infrastructure and a mature, urban middle class. Meanwhile, tensions are brewing among China's ethnic minorities. Faced with such challenges, China is in danger of collapsing from within.

Averting an Inadvertent War

For many years following the normalization of diplomatic ties in 1972, the Japanese viewed China as a friendly nation and regarded the Chinese in a positive light. But around 2006, China's external behavior began to have a pronounced impact on Japanese public opinion. In a recent Japan-China public opinion poll, conducted in Japan by Genron NPO, only 2.6% of respondents characterized the Chinese people as trustworthy, believing that China prefers to exploit Japan's cooperation. Japan and South Korea are also deeply distrustful of one another. Feeding this distrust is the perception gap regarding Japan's actions in Asia during the period spanning the 1894–95 Sino-Japanese War and World War II, as well as ongoing territorial disputes.

Of course, even longtime adversaries can overcome their mutual suspicion and build a stable and cooperative relationship by promoting transparency and fostering awareness of common interests. European countries that fought on opposite sides in World War II subsequently built an alliance under the North Atlantic Treaty Organization. Argentina and Brazil were bitter rivals until the 1980s, when they put their relationship on a cooperative footing with an agreement to use nuclear energy only for peaceful purposes. But it will take great effort and wise leadership to bring East Asia to a similar point.

What can we do to avert an unintended war in East Asia? The most important challenge for Japan, China, South Korea and the United States is to avoid the dangers inherent in the "security dilemma"—the vicious circle of escalating tension

that results when one nation's attempts to enhance its own security are treated as a threat by its potential adversary, leading to worsening security. Above all, this means taking steps to ensure constant and reliable communication so as to avoid misunderstandings and miscalculations.

Stabilizing the security environment in East Asia must proceed one step at a time, beginning with what is currently feasible. This step-by-step process will gradually foster trust. History never really repeats itself, inasmuch as circumstances are never exactly the same. But leaders can repeat the mistakes of the past, and this is a very real danger in today's East Asia.

Historian Paul Schroeder of the University of Illinois has compared World War I to a massive train wreck involving five trains caused by the failure of engineers to take the steps that they knew from experience to be necessary to avoid an accident. Just as train systems need detailed rules and safety mechanisms to prevent such collisions, East Asia needs to build multiple frameworks to provide mutual reassurance and prevent any diplomatic or military tensions from escalating into war. By establishing diplomatic and military mechanisms to address a wide range of contingencies, we can substantially reduce the risk of an inadvertent war.

For many people, tragedy is an unfortunate series of events that leads to the

Public Perception of Japan-China Relations
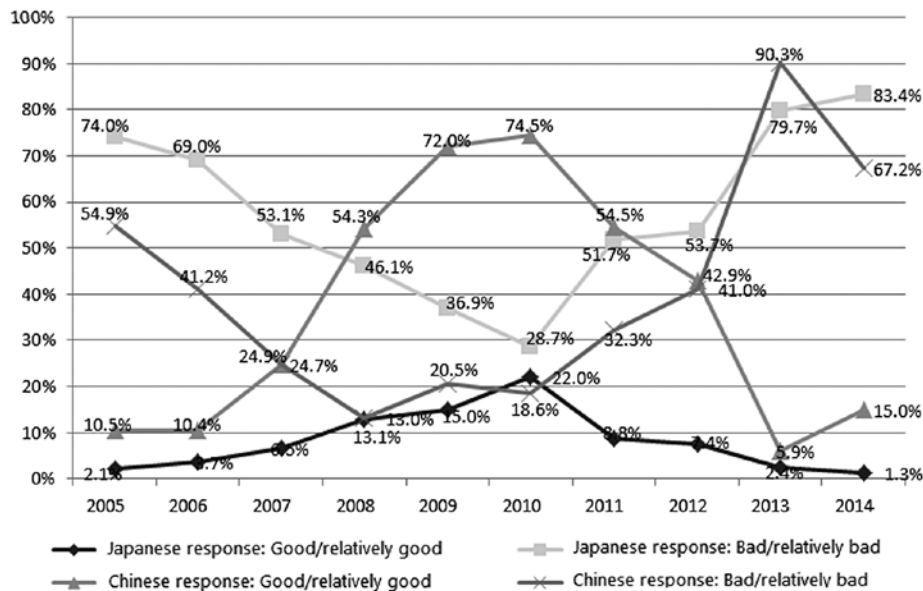
Source: Genron NPO, 10th Japan-China Public Opinion Poll, September 9, 2013, http://www.genron-npo.net/en/pp/docs/10th_Japan-China_poll.pdf

loss of the power, wealth, and prestige one has laboriously acquired. In this sense, the wars in Vietnam and Iraq were tragedies not only for those nations but for the United States as well. Almost no one in East Asia today wants a war, but because of the instability created by the uneven growth of power, and because of the hubris and anxiety to which such shifts often gives rise, East Asia faces a genuine risk of succumbing to the tragedy of war.

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March 23, 2015

The White House's AIIB Fiasco

Paul J. Saunders

The Obama administration's poor handling of the China-led investment bank has produced a needless public defeat for the United States. Paul Saunders faults the White House for failing to pursue a strategy more thoughtfully calibrated to US interests.

* * *

While all eyes in Washington were focused on Israel's post-election political jockeying and international negotiations on Iran's nuclear program, the Obama administration's poor handling of the emerging Asian Infrastructure Investment Bank (AIIB) has produced a needless public defeat for the United States. Despite not-so-discreet pressure from US officials, the United Kingdom, Germany, France and Italy have all announced predictable decisions to join the bank, founded and likely led by China, which appears willing to provide much if not most of its initial capital. The White House has made a foolish and potentially costly mistake in haughtily dismissing the AIIB.

In fairness to the administration, leading Congressional Republicans would probably take an even harder line toward the bank—if they were paying attention—and would almost surely have attacked the president if the US government had not refused to participate in the AIIB and quietly encouraged America's allies to do the same. Nevertheless, avoiding political criticism is hardly adequate justification for a consequential strategic error.

Fight It, Ignore It, or Engage It

China's growing economic and military power—and its parallel expanding political influence—poses significant challenges to the United States. These challenges

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Paul J. Saunders   Executive Director, Center for the National Interest (Washington, DC).

take a variety of forms, from increasingly assertive pursuit of China's territorial claims in the East China Sea and South China Sea and an impressive military buildup to rising investment in Africa, Latin America, and Central Asia. Each requires a thoughtful response calibrated to US interests and capabilities, China's possible reactions, and the wider regional and international environment. Unfortunately, the Obama administration's policy toward the AIIB appears to have been almost entirely reflexive rather than thoughtful.

When a rising power like China launches a new initiative, a dominant power like the United States has three choices: fight it, ignore it, or engage it. Broadly speaking, the dominant power should fight when the stakes are high or when the probability of success at an acceptable cost is high. A dominant power can afford to ignore a rising power's initiative when the stakes are low, whether because the initiative is unimportant or because it is unlikely to succeed. Finally, a dominant power should consider engaging a rising power's initiative when neither fighting it nor ignoring it seem likely to work.

The administration chose to fight the AIIB but without any clear logic. US officials limply complained that the world has enough international lending institutions, something that might be true but is utterly irrelevant at a time of massive and virtually insatiable demand for infrastructure investment in Asia (and elsewhere). The fact that well over 20 countries (including probable lenders and borrowers) expressed interest in joining the bank in 2014 should have demonstrated quite convincingly that many governments saw a real, unmet need.

In this situation, the administration's second argument—that the AIIB would not have sufficiently high standards—became a liability rather than a strength. Once it was clear that the AIIB project was getting off the ground regardless of US preferences, and that ignoring it was not a viable policy, the bank's apparent success created strong pressure on those concerned about the its standards to join the effort and work to improve its approach. America's socially progressive European allies were almost certain to feel this pressure more intensely than others did in view of the European Union's status as a global leader in environmental and labor standards. The March 31 deadline for "founding members" has steadily increased the pressure in recent weeks.

A Self-Inflicted Loss

Unfortunately, the United States looks much worse after fighting and losing a battle to prevent US allies from joining the AIIB than it would have after either ignoring it—and allowing it to succeed or fail on its own—or trying to engage with

China to address specific concerns. In the latter case, Washington could have rallied its European and Asian allies to press the same issues, increasing the chances for success. If the US and its allies also contributed significantly to the effort, they could have heavily diluted China's control over the bank too.

Indeed, China's relative inexperience in establishing major international institutions could have provided a major opportunity for the United States and its allies to employ some of their own considerable strengths in an area of Chinese weakness—to some extent reversing the "asymmetric" strategy that Beijing often attempts to employ.

Rather than taking this approach, the administration appears to have fought the bank largely because it was a Chinese idea—something that makes its failure to prevail especially damaging, in that leaders in Beijing could now think not only that Washington is reflexively hostile but also that it is too weak to win. Creating this situation and simultaneously facilitating China's dominance in the AIIB is a self-inflicted loss.

Perhaps worst of all, the AIIB fiasco demonstrates the extent to which the administration's rebalancing policy has eroded in the years since its launch, not to mention the weakness of its assertion that the policy is not strictly a military one. If the United States were truly rebalancing toward Asia, US officials should have had a much more effective policy response to the AIIB.

April 30, 2015

Property Laws Hindering Disaster Recovery

Shoko Yoshihara

Four full years after the "3/11" earthquake and tsunami, recovery efforts in the Tohoku region are mired in legal red tape under a land ownership system that combines rigorous property rights with lax registration requirements. Research Fellow Shoko Yoshihara, an expert in Japanese land issues, shares her insights in an interview conducted by Nikkei Business.

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— We hear a lot about the slow pace of reconstruction in the tsunami-stricken areas—whether it's a question of relocating homes or building public facilities. What does the land registration system have to do with these delays?

SHOKO YOSHIHARA Simply put, local authorities can't acquire the land they need to rebuild on safer sites because they can't identify the owners. And that relates directly to Japan's land registration system. In Japan, there's no legal requirement to register or record land titles. If the recorded owner dies, and the survivors never bother to transfer the title, then local records will continue to list the deceased person as the owner. This situation often continues down through generations, and over time the number of direct descendants or other relations legally eligible to inherit the property can multiply geometrically.

— And how does that cause problems?

YOSHIHARA If the owner recorded in the real property registry is deceased, the law requires the approval of all the eligible heirs before the government can make a purchase. In one case, the prefectural government identified something like 150 eligible heirs to a small parcel of land that it needed in order to build a road. Just to establish that they've actually identified all the lawful heirs, they have to get

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Shoko Yoshihara   Research Fellow and Project Manager, Tokyo Foundation.

copies of everyone's family register and certificate of residence and draw up a table of consanguinity and get it verified. Then, they have to get all of those people to authorize the transaction in writing, using their registered seals. And they have to follow the same cumbersome procedure for each little parcel of land. As a result, the government can't acquire the land it needs to develop or relocate to higher ground, and the recovery process has fallen hopelessly behind schedule. The same problem has come up in Hiroshima in the wake of last summer's landslides.

— Why do people abandon their claim to the land?

YOSHIHARA In many rural areas the price of land, forestland in particular, is so low that the costs of registering and maintaining the title are higher than what one could get by selling it. This may sound unthinkable to people living around Tokyo, but in the outlying regions, the abandonment of forestland has become a major problem.

— But the municipalities levy a fixed-property tax. Aren't the property owners listed in the municipalities' tax register books?

YOSHIHARA It's true that the municipalities keep a list of fixed properties and their owners, which they use to assess the fixed-property tax, but the source they use to update the information is the real property registry, and in Japan the registration of real property is voluntary. That's the fundamental loophole in the system.

— Why was such a glaring loophole overlooked?

YOSHIHARA In traditional rural communities, it didn't make much difference whether one registered one's land title or not. In close-knit, stable communities, everyone knew who owned what piece of land. The landowners were longtime residents of the community. They were the people who managed the land. But then, as more and more young people migrated to the city, communities began to break down, and it wasn't so simple any more. Since the land was cheap, the property tax didn't amount to much anyway, so the local tax authorities didn't think it worth their while to try to rectify the situation.

— Is there a danger of the same problem occurring in more developed areas, now that the Japanese myth of ever-rising land values has been shattered?

YOSHIHARA Absolutely. What started out as a forestland phenomenon has spread to regional cities, and now it's even begun cropping up in the suburbs of major urban centers. Unclaimed land can't be put to use. This is a problem not only for communities struggling to recover from a disaster but also for local administrators trying to revitalize regional communities by creating "compact cities" or to promote urban renewal through redevelopment.

— *Is anything being done about it?*

YOSHIHARA Japan's ownership and property rights are among the strongest in the world, and any threat to those rights is going to encounter tremendous resistance. Furthermore, as a local issue it only comes to the fore in the wake of some major disaster; it's hard to get people interested at any other time. But the present system can cause other problems as well. For example, if people take possession of abandoned land with malicious intentions, the authorities have no firm legal basis for evicting them. I think there's a fundamental need to revisit the Real Property Registration Act and reform the land ownership system.

Interview conducted by Hiroyuki Yamanaka. Translated from "Shinsai fukko o toki seido ga sogai suru," Nikkei Business, February 23, 2015.

March 4, 2015

Saving Japan's Endangered Regions

Katsuyuki Yakushiji

Depopulation threatens the very existence of hundreds of outlying municipalities in Japan, according to an alarming report published in 2014. The Abe cabinet has responded with a new policy initiative addressing this concern, but Katsuyuki Yakushiji warns that the government must to do more than create a new budget category if it hopes to solve a crisis that has been in the making for many decades.

*   *   *

Foreign visitors to Japan are often astonished by Tokyo's economic vitality. This past February, for example, Ginza and Akihabara were swarming with shoppers as Chinese and Taiwanese tourists rushed to stock up on electronics and other Japanese goods during their traditional New Year's holiday. (Japanese rice cookers are such a popular item that some visitors have been known to buy a dozen or more on a single trip.) This winter some 250,000 tourists flocked to Tokyo in the space of one week, spending about 110 billion yen.

Foreign visitors who limit their travel to central Tokyo are likely to go home thoroughly convinced that "Japan is back," as touted by Prime Minister Shinzo Abe. But Tokyo is not Japan. After an hour's drive from the city, the hustle and bustle of central Tokyo give way to a world that moves much slower. Traffic is sparse; pedestrians few and far between. The stores clustered around suburban train stations are almost devoid of customers, and many are permanently shuttered. (In fact, in many regional municipalities, the main shopping drag is ironically referred to as "Shutter Street.")

Farther out in the countryside, the population consists almost entirely of elderly residents. Japan's rural exodus has reached the point where good, tillable land is being overrun with weeds and brush for lack of anyone to farm it. By area, about 10% of Japanese farmland is currently lying abandoned, and that figure is sure to

Katsuyuki Yakushiji   Senior Associate, Tokyo Foundation; Professor, Toyo University.

rise further. The decline of regional Japan is one of the most serious issues facing the nation today.

Sounding the Alarm

The plight of Japan's regions was the subject of a publication that created a stir when it hit the bookstands in May 2014. *Chiho shometsu* (Demise of the Regions), a report issued by the think tank Japan Policy Council, provides an analysis of the demographic changes that are decimating Japan's regional communities, along with some recommendations for reversing the trend.

Chiho shometsu explains the problem in stark numerical terms, beginning with a summary of national demographic trends. As the authors note, Japan's population has been declining since 2008, when it peaked at about 120 million. According to the latest projections, it will fall to about 97 million by 2050 and dwindle to just 50 million—less than half the current population—by 2100. The most fundamental cause is a sharp decline in the total fertility rate—that is, the number of children a woman is expected to give birth to in her lifetime. Japan's total fertility rate sank to as low as 1.26 in 2005, and while it has risen slightly since then, it remains well below the replacement level.

Growing longevity, while contributing to Japan's rapid demographic aging, has thus far mitigated the impact of low fertility on total population size. But as age takes its inevitable toll on Japan's baby boomers, the rate of depopulation will increase dramatically.

Against this background, the ongoing migration from Japan's rural and regional communities to the greater Tokyo area continues apace. By 2040, we are told, about half of the nation's 1,800 municipalities will experience a drop of 50% or more in the number of female residents of child-bearing age (20–39), assuming current trends continue. The JPC calls these 896 communities *shometsu kanosei toshi*, "cities that could face extinction." Of these, 623 municipalities—29% of the total—will also find themselves with fewer than 10,000 residents. The report warns that such communities are at high risk of becoming ghost towns. The authors stress that residents are often unaware of the danger until depopulation passes a tipping point, and the community's decline accelerates. By then, of course, it is too late.

In short, the report sounds a demographic alarm, warning that the combined effect of the natural decrease stemming from low fertility and the impact of migration—particularly the loss of women of childbearing age—will cause depopulation to accelerate exponentially in many regional communities. Eventually the number of births will dwindle to almost nothing, and only elderly residents will remain. At

that point, the fate of the community will be sealed. Small wonder that *Chiho no shometsu* sent shockwaves through the nation.

Mobilizing Government Finances

Just weeks after the report's publication, Prime Minister Abe announced a new regional revitalization campaign and set in motion his by-now familiar process for implementing major policy initiatives. In September, when he reshuffled his cabinet, he persuaded Liberal Democratic Party Secretary General Shigeru Ishiba to accept the newly created post of minister for regional revitalization. Under the auspices of the Cabinet Secretariat's new "headquarters for population, community, and job creation," the prime minister assembled a group of experts to formulate strategies for reversing depopulation and reviving local economies. Meanwhile, the Diet deliberated and passed two bills setting goals and establishing administrative processes for the formulation and implementation of revitalization plans. In addition, the prime minister instructed all relevant ministries to draw up plans and budget requests for fiscal 2015 programs relating to local revitalization. In December, the government presented its fiscal 2015 budget, including 1.4 trillion yen in spending on "regional revitalization."

Ishiba and other officials have been anxious to assure a skeptical public that the government is not using the budget for pork-barrel projects targeted to key Liberal Democratic Party constituencies—a practice for which the LDP has gained notoriety over the years. They have also emphasized a commitment to maximizing the cost-effectiveness of the initiative by promoting cooperation and coordination between agencies, something that has been notably lacking in the past.

But budget watchers have pointed out that many of the projects touted under the new initiative are existing programs that have merely been reclassified and placed under the "regional revitalization" heading. Of course, it would be premature to judge the efficacy of the new policy at this stage. Still, the nation's demographic crisis, the progressive concentration of population around the Tokyo metropolitan area, and the resulting decline of the regions are the outcome of long-term trends originating in the rapid economic growth era following World War II. They are not likely to be reversed by the budget initiatives of a single cabinet.

Vacant Homes, Abandoned Fields

A more immediate problem facing regional and rural communities is the alarming proliferation of vacant homes and abandoned fields.

To be sure, vacant and abandoned homes have begun to raise safety and law-enforcement issues even in certain neighborhoods around Tokyo and other major metropolitan districts. But in the outlying areas, the problem is much more daunting. When homeowners in these areas die, there is no one to move in because the children and grandchildren have migrated to the city. In many cases, no one even bothers to claim the inheritance because the property has no market value. In those cases, the house lies vacant and soon becomes dilapidated. Yet cost issues and concerns about property rights often prevent local authorities from stepping in. In the more remote and mountainous areas of Japan, entire hamlets have been abandoned, giving rise to "ghost villages."

A survey by the Ministry of Internal Affairs and Communications counted 8.2 million vacant homes nationwide as of the end of October 2013—a full 13.5% of all housing units. Needless to say, the ratio climbs as one moves out from the major metropolitan areas. Local governments must find a way of dealing with these abandoned homes and deserted hamlets even while coping with the loss of property tax revenue. They are rapidly finding themselves overwhelmed.

More and more farmland and forestland is also going unclaimed as the owners die. In many areas, these tracts have almost no commercial value. Just transferring the deed costs hundreds of thousands of yen (several thousand dollars), and the new owners then find themselves with a piece of unsalable property on which they must pay annual real estate taxes (however low). Since there is nothing to be gained by claiming the inheritance, many people decline to do so. A Tokyo Foundation research project estimated that within the next 30 years, the total area of unclaimed land could rise to 310,000 hectares—an astonishing 8.2% of the nation's land area.

This situation has created unexpected headaches for local administrators. After the March 2011 earthquake and tsunami, the town of Otsuchi in Iwate Prefecture wanted to relocate residents living near the coastline to higher ground. But when the authorities tried to acquire the land they needed, they repeatedly found that the owners had died, and the heirs had never claimed the property. In some cases the land had been abandoned for generations, and authorities were faced with the nearly impossible task of tracking down and securing approval from each of the enormous number of eligible heirs. Their hands were tied.

This has become a chronic problem for local governments undertaking public works projects, and it could jeopardize the successful implementation of the government's revitalization initiative. Addressing the crisis will require major policy changes, including a basic shift in thinking on property and inheritance rights. As yet, no one has even begun to take on this pressing issue.

May 27, 2015

What Does China Want?

Understanding Beijing's Foreign Policy

Bonji Ohara

Is China intent on challenging the United States for global supremacy? Is a military clash between these two great powers inevitable? Research Fellow Bonji Ohara ponders these and other questions in the light of recent developments in Chinese foreign policy.

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The National People's Congress, China's national legislature, convened for its annual spring session on March 5 and closed on March 15. The NPC, which the Chinese constitution designates as the highest organ of state power, is where the course charted by the Communist Party of China becomes official state policy. The business of the most recent session was to approve the policies forged during the fourth plenary session of the 18th CPC Central Committee, held October 20–23, 2014. And since the theme of the plenary session was the "rule of law," this was also the nominal focus of the policies submitted to and adopted by the NPC.

Judging from the content of the Report on the Work of the Government delivered by Premier Li Keqiang, China's leaders are preoccupied above all with the economy and the need to pursue reforms.[1] The emphasis on the "rule of law" is in essence a call to abide by the CPC's leadership in these matters by complying with the relevant laws and regulations. It carries with it an admonition to vested interests to accept the coming reforms, however painful, as well as an implicit warning to negligent and corrupt officials.

In his report to the NPC, Li Keqiang announced a comparatively low economic growth target of 7% and stressed the government's determination to implement structural reforms. A similar thrust was apparent in remarks by Yu Zhengsheng,

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Bonji Ohara   Research Fellow and Project Manager, Tokyo Foundation.

[1] See http://www.xinhuanet.com/english/2014lh/.

Chairman of the Chinese People's Political Consultative Conference, who high-lighted the theme of the "new normal" and called for a steady rate of growth in the midst of structural reform. (The "new normal," or *xin changtai*, is an expression coined by President Xi Jinping in reference to the government's policy of stabilizing economic growth at a moderate rate while pursuing economic reform.)

Even as the Chinese economy slows, however, military spending is posting double-digit growth. At the NPC, the government reported a 10.1% increase over the previous year, most of it accounted for by spending on the navy and the air force. One Chinese scholar has noted that while the air force budget has increased dramatically, the largest portion goes to the navy. The implication is that China sees its navy as in need of substantial expansion and modernization to support a grow-ing presence overseas. The navy has accelerated its construction of aircraft carriers and other large warships, most likely with the aim of deploying them strategically around the globe. What are the implications for the international order and global peace?

Westward Ho!

Foreign Minister Wang Yi addressed foreign policy questions during the NPC spring session at a press conference on March 8. Asked by a foreign correspondent if the Xi Jinping government's Belt and Road Initiative (see below) was not simply a strategy for furthering China's own geopolitical and military interests, Wang responded, "The vision of this initiative is common development, and the goal is win-win progress through cooperation. If I may use a musical metaphor, it is not China's solo, but a symphony performed by all relevant countries."[2]

The Belt and Road Initiative en-compasses two plans, the Silk Road Economic Belt and the 21st Century Maritime Silk Road, aimed at building a modern land and sea transportation network to support a vast economic zone extending from China all the way to Europe. The Belt and Road Initiative is how Xi Jinping's government plans to go about implementing the so-called March West

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[2] See http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1243662.shtml.

strategy, first articulated by Peking University professor Wang Jisi in October 2010. In his thesis, Wang Jisi stressed the strategic importance of expanding westward to pursue China's economic and political interests, claiming that such a policy would help "build a balance between China and the United States" and foster "strategic trust" between the two powers.[3]

Wang Jisi's thesis reflects China's deep concern over what it perceives to be America's overwhelming dominance in almost every region of the world. In speaking of the need to "build a balance between China and the United States," Wang gives voice to Beijing's ambitions of achieving parity with American power. At the same time, the emphasis on fostering "strategic trust" reflects an awareness of the need to avoid any direct clash with the United States in the process.

As originally set forth by Wang Jisi, the March West strategy also stressed economic development of China's interior. But Xi Jinping's Belt and Road Initiative focuses almost exclusively on external relations. Through this grand strategy, China is steadily expanding its influence not only in Central and South Asia but also in the Middle East and Europe.

What Is China After?

China's expanding influence derives from a combination of economic and military might. Direct investment is the main tool by which it exerts its economic influence. It is also a means of advancing China's own economic interests. Investment in port facilities and high-speed rail—both integral elements of the Silk Road initiatives—will yield dividends by facilitating the transport of energy resources from the Middle East and from South and Southeast Asia and by promoting the export of Chinese goods to every region between China and Europe.

Particularly valuable from China's viewpoint are those projects that give it jurisdiction and usage rights over port facilities. With such ports as hubs, China can bypass national borders and secure direct access to European markets—one of the key advantages to maritime transport. Beijing is counting on Greece, it would seem, to give it a foothold in Europe. On February 19, 2015, Greek Prime Minister Alexis Tsipras attended a New Year's reception aboard the Chinese warship *Changbaishan* at the port of Piraeus. Tsipras hailed Piraeus as a key gateway for the delivery of Chinese goods to Europe, according to Xinhua News Agency.[4] Athens has also

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[3] Wang Jisi, "'Xijin': Zhongguo diyuan zhanlue de zai pingheng" (Marching West: Rebalancing China's Geopolitical Strategy), in *Huanqiu shibao*, October 17, 2012.
[4] See http://news.xinhuanet.com/english/china/2015-02/20/c_134007691.htm.

signaled its enthusiasm for Chinese infrastructure projects that would eventually link Greece with Eastern Europe via high-speed rail, providing a direct link between Europe and the modern Silk Road envisioned by China.

Chinese investment doubtless seems like an economic godsend to crisis-ridden Greece. In addition, media reports have suggested that Greece is using Chinese assurances of support to bolster its bargaining position as it attempts to renegotiate bailout conditions with the European Union. By targeting Europe's troubled economies in this way, China hopes not only to gain influence over those countries themselves but also secure influential friends and partners within the European Union. Winning over friends and backers around the world is a key to competing with the United States in the global arena.

The Greek prime minister's pledge of cooperation aboard a Chinese warship would be inconceivable in a country or region that regards China as a real threat. The partial operating rights China has secured in the port of Piraeus are of a matter of considerable significance to the Chinese military. They open the way for the deployment of Chinese naval vessels in the Mediterranean and assure potential friends and partners in the region that China can back up its commitments with military might. But China knows enough to tailor its alliance-building approach to the individual region. In the Asia-Pacific region, where many governments view China as a major threat, such a blatant display of military power would be counterproductive.

Two-Track Approach in Southeast Asia

Let us turn now to China's policy toward the 10 member states of the Association of Southeast Asian Nations.

The South China Sea is of vital importance to China. Its value derives not only from its seabed resources and its key role in sea transport but also from military considerations: This is where China deploys nuclear submarines armed with intercontinental ballistic missiles, designed as the ultimate deterrent against a nuclear strike by the United States.

Judging by this military strategy, China's foreign policy makers are dyed-in-the-wool realists. They are proceeding on the assumption that the United States, as the world's dominant power, might well resort to military force to prevent the rise of China as a challenger to US hegemony. China's perception of the United States as its only serious rival and of the potential for military conflict are both implicit in Xi Jinping's call for "a new type of major power relations" between the two countries.

From a realist viewpoint, China is bound to continue its quest for complete control of the South China Sea, even if that involves strong-arm measures against the Southeast Asian nations that dispute its claims. Realism regards international affairs as a struggle for survival between great powers. With the nation's survival at stake, the moral justification for Chinese or US behavior is beside the point. According to this school of thought, the Chinese will continue to build up their military because they believe that the only sure means of guaranteeing China's survival is to make it the dominant power. In short, as a great power, China will inevitably strive for regional hegemony, regardless of who stands at the helm of government at any given time.

In fact, however, Beijing recognizes that the rise of fiercely anti-Chinese forces in Southeast Asia would be undesirable from the standpoint of expanding its global influence, hence the "dual-track approach" for dealing with the South China Sea issue—a concept first aired by Foreign Minister Wang Yi at the August 2014 ASEAN Foreign Ministers' Meeting.[5] The two tracks are (1) peaceful resolution of territorial disputes through friendly bilateral consultations between the countries directly concerned, and (2) maintenance of peace and stability in the South China Sea through the cooperative efforts of China and ASEAN. Premier Li Keqiang reiterated Beijing's commitment to the dual-track approach at the November 2014 Asia-Pacific Economic Cooperation summit in Beijing. Since then, the term has appeared with increasing frequency in the official media.

But what precisely does it signify? While the first track is an extension of China's strategy of dividing ASEAN so as to maintain its advantage in territorial negotiations, the second track—"maintenance of peace and stability in the South China Sea through the cooperative efforts of China and ASEAN"—seems to lead in the opposite direction. Media commentary in China hints at the rationale for the dual approach, suggesting that the second track reflects "China's primary goal of regional economic integration."[6] This implies that Beijing appreciates the economic merits of a single, integrated Southeast Asian economic community, and further that it believes integration will put the region's pro-Chinese forces in a position to influence and muffle the anti-Chinese voices. In other words, while negotiating the territorial disputes separately, on a bilateral basis, Beijing has also opted to cooperate with ASEAN as a whole in order to nurture a pro-Chinese climate in the region.

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[5] See http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1181523.shtml.
[6] See http://finance.sina.com.cn/china/20141202/171420977701.shtml.

Why Analyze China's Motives?

As we have seen, Beijing is pursuing a policy aimed expanding Chinese influence across Asia and into Europe with the aim of building a vast economic zone centered on China. At present, however, American military power and political influence predominate in East Asia and Europe alike. As China's influence spreads, the United States is bound to react with concern and suspicion. What are the likely consequences for global peace and stability?

Some schools of thought regard the struggle for hegemony and the attending clash of major powers as an inevitable, cyclic feature of international politics. This is the thrust of both A.F.K. Organski's power transition theory and John Mearsheimer's theory of offensive realism, although the two differ as to the precise dynamic behind those conflicts. If, indeed, such hegemonic clashes are inevitable, then there is little point in analyzing China's motives. Instead, Japan and the other nations in the region would do well to begin preparing for the coming war between the United States and China.

Although it seems clear that China, with its realist approach to international affairs, is building up its military in preparation for a possible a clash with the United States, Beijing has also been assiduous in its efforts to avert such a conflict. On the other hand, one could make the case that China is avoiding conflict now merely to buy time as it builds up its strength.

Certainly, realist theory would hold that the only reason we have not seen a clash so far is that China is not yet strong enough to challenge the United States. That is certainly correct. China's economy has developed at a breathtaking pace in recent years, but it is fast approaching the limits of the economic model that has sustained it thus far; Beijing must now turn its attention to difficult economic reforms. As far as military power goes, China has modernized its weaponry, but it still has a long way to go strategically and operationally. If China begins to pose a serious threat to US hegemony, the United States will doubtless take measures to check it.

But does this mean a military clash between China and the United States is inevitable farther down the road? As I see it, the answer depends above all on whether the United States and China can successfully address their mutual fears and suspicions. And this means understanding one another's intentions correctly. Indeed, a failure to grasp one's rival's intentions is one of the key causes of conflict between major powers. If this is the case, then it follows that efforts to understand China's perceptions and intentions will continue to be of the utmost importance for the preservation of world peace.

March 31, 2015

Anatomy of Chinese Corruption

Can Xi's Crackdown Work?

Hiroyuki Kato

How have corruption and economic growth continued to flourish side by side in today's China? Combining his own insights with the findings of other scholars, China expert and economist Hiroyuki Kato sheds light on this seeming paradox and its relationship to the current crackdown.

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Since 2013 Chinese President Xi Jinping has been waging a massive campaign against corruption, vowing to "strike at both tigers and flies." At a meeting on June 30, 2014, the Politburo expelled four officials from the party for accepting bribes, among them Xu Caihou, former vice-chairman of the Central Military Commission and a general in the People's Liberation Army. In July 2014 the media revealed that Zhou Yongkang, a high-ranking member of the Politburo Standing Committee Party prior to his retirement in 2012, was under investigation on suspicion of "serious disciplinary violations." Such reports suggest that the government is serious about cracking down on corruption and will not hesitate to target high-profile party and military cadres.

That said, the efficacy of the campaign remains unclear. On January 10, 2014, the CPC's Central Commission for Discipline Inspection announced that in 2013 government agencies had investigated about 173,000 corruption cases (up 11.2% from 2012) and disciplined about 182,000 officials (up 13.3%). These figures can be adduced as evidence of results. Conversely, they can be seen as an indication that graft is as prevalent as ever. Can the current campaign really halt the epidemic of corruption?

*Hiroyuki Kato   Professor of Economics, Kobe University.*

Corruption and Growth

The government's focus on corruption stems from concerns that the problem could trigger social unrest and ultimately impact economic growth. So far, however, China has managed to defy conventional wisdom with respect to the impact of corruption on growth, having maintained a rapid rate of economic expansion amid a rising tide of corruption.

The figure below plots the perceived severity of public sector corruption (as gauged by Transparency International's 2012 Corruption Perceptions Index) against average annual growth in gross domestic product between 2000 and 2012. The horizontal axis represents the CPI score, which rises as perceptions of public sector honesty improve; the higher the score, in other words, the lower the perceived level of corruption. At first glance, the graph appears to suggest that a low level of corruption depresses growth. But this is a misreading of the data. The significant correlation is between per-capita income and corruption. In general,

Corruption Perception Index and Economic Growth
Average GDP growth, 2000–2012 (%)
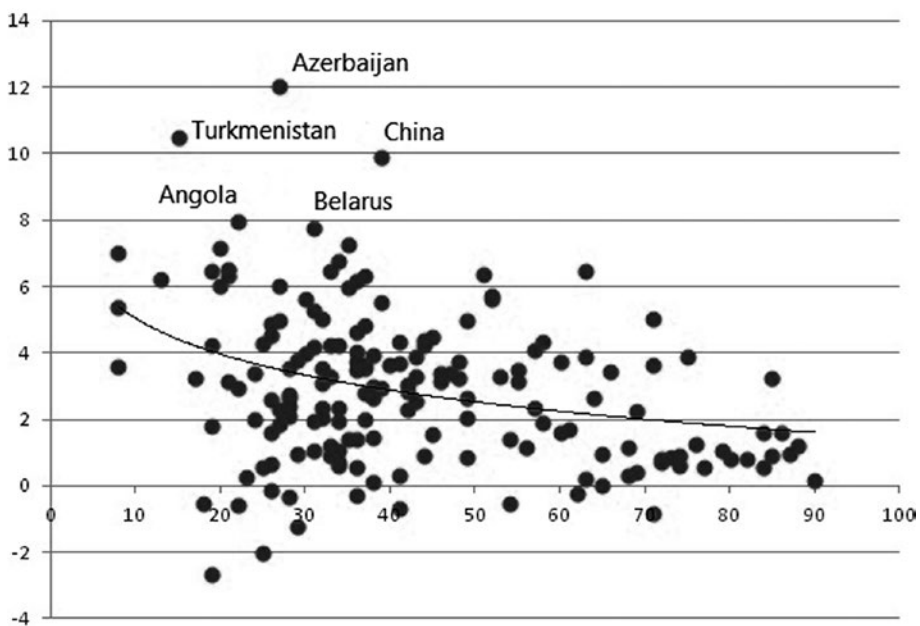
Note: Higher CPI score = lower perception of corruption.
Sources: Transparency International, 2012 Corruption Perceptions Index (http://www .transparency.org/cpi2012/), and International Monetary Fund, World Economic Outlook Database (http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx).

high-income nations, which inevitably grow at a slower pace, tend to have lower levels of corruption.

If we focus on countries in the low- to mid-income bracket with high levels of corruption, we see considerable disparities in the growth rate. A handful of countries, seen in the upper left quadrant, display very high levels corruption in combination with some of the world's fastest growth rates. However, with the exception of China, all of these are low- or middle-income economies that owe their dramatic growth to the export of natural resources like oil, natural gas, or diamonds (Azerbaijan, Turkmenistan, Angola, and Belarus). China is clearly in a different category in terms of scale and development.

China as an East Asian Exception

Economics textbooks will tell you that public-sector corruption hinders economic growth by diverting resources for nonproductive purposes and inhibiting the development of a healthy business and investment environment. Empirical studies have, for the most part, confirmed a negative correlation between corruption and growth, other factors being equal. But there are well-known exceptions to the rule. In the larger emerging economies of East Asia (China, Indonesia, and Thailand), high levels of corruption have persisted alongside brisk economic growth, suggesting that a certain brand of corruption common in Asia is not a significant barrier to business and investment.[1]

Does this generalization, then, apply to China? Andrew Wedeman, who has made a detailed study of corruption in China, argues that there is a need to differentiate China's experience from that of other Asian countries.[2] Wedeman distinguishes between "developmental corruption" and "predatory corruption." Developmental corruption is a kind of government-business partnership, or political-economic "machine," in which the party in power secures the support of the economic elite through measures that favor business. Predatory corruption refers to the kind of economic plunder embodied by officials who rake in huge sums through graft and spend the money on their mistresses or hide it in overseas accounts. During periods of industrialization, developmental corruption can actually promote growth by maintaining political stability amid pro-business policies, as

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[1] Indermit Gill and Homi Kharas, *An East Asian Renaissance: Ideas for Economic Growth* (World Bank, 2007), http://siteresources.worldbank.org/INTEASTASIAPACIFIC /Resources/226262-1158536715202/EA_Renaissance_full.pdf.

[2] Andrew Wedeman, *Double Paradox: Rapid Growth and Rising Corruption in China* (Cornell University Press, 2012).

previously seen in South Korea and Taiwan. Predatory corruption is by most accounts incompatible with the health and sustained growth of the economy.

In China, as Wedeman points out, there was no need to build a pro-business political machine, since the CPC had no rivals to power. Accordingly, the corruption that has run rampant in China during the past few decades falls mainly into the predatory category. How, then, has China managed to sustain such high levels of growth amid rising levels of predatory corruption? Wedeman's basic answer is that in China's case, growth came first, with corruption emerging later as a byproduct of the reform and opening process and the immense wealth that it generated.

Boiling Water in Small Pots

With this analysis in mind, I would highlight the role of a special mechanism built into China's present political-economic system defining the relationship between the central and local government—what one might describe as "heating water in small pots." As political scientist Cao Zhenghan has explained it, the Chinese system differs from the conventional model of centralized power in that it incorporates an ingenious feature to disperse risk and automatically adjust the degree of centralized control.[3]

Let us use the process of heating water as an analogy for economic development. Supposing you want to heat 1,000 liters of water. You need to turn off the heat as soon as the water boils, as continued boiling, under this analogy, causes the pot to burst—that is, trigger social unrest, leading to mass demonstrations against the government and major enterprises. Lacking the technology to monitor and control the temperature precisely, you must rely on judgment gained from experience, which is assumed to be accurate 90% of the time, meaning that there is still a 10% chance the pot will burst. If you heat all the water in one large tank, this degree of risk would be unacceptable.

So one solution is to heat the water in 1,000 one-liter vessels, each one monitored and controlled separately, and then transfer the heated water back to the

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[3] Cao Zhenghan, "Zouchu zhongyan zhiguan, difang zhimin jiu geju," *Nanfang Zhoumou*, June 24, 2010.

large tank. Given the abovementioned technological constraints, the odds are that about 100 of those 1,000 vessels will burst, but you would still be left with 900 liters of hot water.

China has relied heavily on this mechanism to promote economic development and growth. When China began introducing market-based reforms in the late 1970s, it lacked clear-cut rules governing market activity, and local officials, rather than private entrepreneurs, played the leading role in the development process. This created a huge gray area of economic activity and subjected officials to great temptation in terms of reaping personal profit through economic development. In this way, shifting economic leadership to local officials spawned corruption at the same time that it fueled rapid development and growth.

Crackdown versus Structural Reform

The analogy of "heating water in small pots" can help clarify the relationship between growth and corruption in China. As soon as graft surpasses a certain threshold (in terms of the sums of money involved and the social impact), the government cracks down. Of course, if officials refrained from all such activity, they would avoid the risk of prosecution, but in that case the regions and sectors under their control may not grow as quickly, and their own prospects for advancement and personal enrichment may diminish. Under these circumstances, officials will tend to keep a finger to the wind and engage in graft at a level they suppose will be permissible. Eventually, however, some unlucky official or officials will cross the line and be targeted for investigation and punishment. Here we see how the "small pot" system disperses the risk. Even if 10% of officials fall victim to the crackdown, the remaining 90% will survive, and the economy will continue to develop and grow in spite of an environment of widespread corruption.

The best way to truly root out corruption in China would be to eliminate the gray areas in China's political-economic system (the very areas that have hitherto supported China's rapid growth). This would mean curtailing government officials' role in the economy and taking the privatization of state-owned enterprises to the next level. At this point, however, there is no indication that the government of Xi Jinping is prepared to undertake such reforms.

On January 14, 2014, at the third plenary session of the Central Commission for Discipline Inspection, President Xi called for an intensification of anticorruption efforts through stronger regulations, better oversight, and more public disclosure. He urged the party organization and the CCDI to hold officials accountable and not allow regulations to become "paper tigers." If the current government

hopes to prevent corruption from reaching the highest levels and spiraling out of control—but without resorting to basic structural reforms—then it has no choice but to crack down even harder. Assuming the crackdown succeeds in reining in predatory corruption and preventing it from engulfing the state, then the coexistence of corruption and growth will likely continue in China for the foreseeable future.

April 21, 2015

Development Assistance for Inclusive Growth

A Field for Japan-US Cooperation?

Akiko Imai

This paper considers the feasibility of active cooperation between Japan and the United States in the provision of development assistance in Asia, with a focus on economic inclusiveness. It argues that addressing social issues (such as women's empowerment) based on a horizontal division of labor between the two countries—and with the involvement of the business community and civil sector in both countries—could advance regional human dignity and quality growth. At the same time, such a broad-based, cross-sector approach would strengthen the Japan-US alliance and enhance their soft power projection in Asia. (This paper was originally part of the 2015 Strategic Japan Working Papers, published by the Center for Strategic and International Studies, Washington, DC. It is reprinted here with the permission of the Japan Chair, CSIS, in slightly abridged form.)

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The Importance of Inclusiveness

Rapid economic growth in the emerging economies of the Asia-Pacific has boosted both production power and purchasing power, leading to the emergence of a huge middle class in the region. However, improvements in countries' public administrations and markets have tended to neglect the needs of their sizable low-income populations. Low-income populations are additionally burdened by the "poverty penalty," a term which refers to the paradoxical finding that the poor tend to pay more than their richer compatriots for the basics of everyday life. As a result, an increasing number of people are being left behind, unable to enjoy the benefits of growth.

    A similar phenomenon has been seen in the United States, Japan, and other

Akiko Imai   Executive Director, Director of Public Communications, and Research Fellow, Tokyo Foundation.

advanced economies as they have grown over the course of the past century. In India, China, and elsewhere in Asia, a region which accounts for half of the world's population, the number of disadvantaged people is substantial. In today's rapidly globalizing economy, the engines of growth are shifting at a dizzying pace, and there is little hope that conditions will improve through the trickle-down effect that may have operated in the past. Achieving inclusive growth is an issue that needs to be addressed with deliberate action.

According to the Asian Development Bank (ADB), after years of rapid growth, many Asian countries have advanced to middle-income status, but the transition to higher income brackets can be a slow process. As the ADB notes, "More than 15 countries globally have been 'middle income' for at least the past 50 years, including three in Asia—Malaysia, the Philippines, and Thailand. . . . China became an upper-middle-income country in 2010." Based on its research, the ADB recommends that middle-income economies focus on "upgrading and diversifying their industrial bases" to avoid the middle-income trap.[1]

Inclusiveness is not just a concern for individual countries: its scope transcends national borders and its root causes must be addressed by the international community as a whole. A chronic situation in which human dignity is slighted and basic human needs are not met contributes to the growth of crime and terrorism, and exacerbates the effects of pollution and natural disasters. The resulting weakening of domestic structures can pose a threat to neighboring nations' security.

Recognizing this, countries extending development assistance have been making inclusiveness part of their strategic agendas, seeking to enhance the social capital of recipient countries by creating the foundations for sustainable livelihoods and freeing the disadvantaged from dependency on aid.

Addressing Social Issues that Government Alone Cannot Resolve

The Japanese public has tended to think of environmental protection, human

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[1] "Middle-income Trap Holds Back Asia's Potential New Tiger Economies: 12 Things to Know," Asian Development Bank, March 14, 2014, http://www.adb.org/features/middle-income-trap-holds-back-asias-potential-new-tiger-economies-12-things-know. According to ADB President Takehiko Nakao, the middle-income trap may affect countries that have grown rapidly and are "no longer benefiting from low wage/low cost production but still cannot compete against countries producing higher value-added products." Takehiko Nakao, "Statement by ADB President Takehiko Nakao at the Japan-LAC Business Forum," April 24, 2014, http://www.adb.org/news/speeches/statement-adb-president-takehiko-nakao-japan-lac-business-forum.

rights, women's advancement, and addressing poverty mainly as the job of the government, but the situation has become more complex. There are limits on the capability of government to deal with public issues. In order to cope with these complex, interconnected issues, we must call on the resources of society as a whole. For example, when we consider the factors contributing to poverty in Japan—including unemployment, dysfunctional families, and lack of education—it is apparent that the Ministry of Health, Labor, and Welfare, which is notionally responsible for government policy in this area, cannot resolve the issues on its own. Cooperation with businesses and communities is essential. In the case of large-scale disasters like the Great East Japan Earthquake of March 2011, the impact is felt in every aspect of people's lives and cannot be addressed solely within the framework of public administration.

Every social problem is an amalgam of diverse individual woes, and its solution must involve efforts not just by the government but by all sectors and strata of society based on a sense of their respective responsibilities. In particular, heightened expectations are being directed at the corporate sector, a result of its organizational and technological strengths and funding clout. It is hoped that corporations can bring these strengths to bear in initiatives to fight infectious diseases, such as HIV/AIDS, malaria, and Ebola, as well as to tackle issues like women's empowerment, access to education, and climate change.

Figure 1. Financial Flows from Developed to Developing Countries (nominal terms)
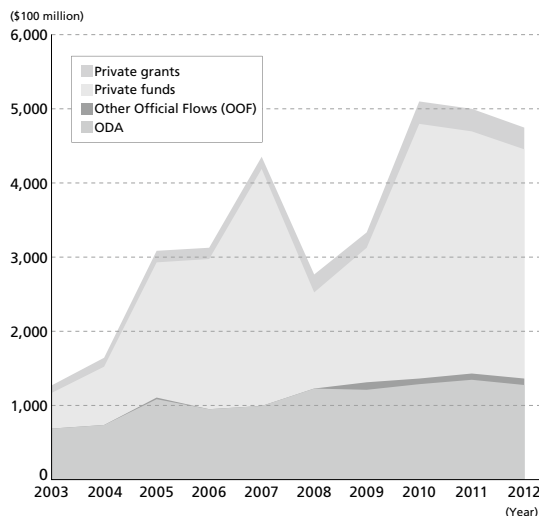
Source: DAC Statistics on OECD.STAT
Nominal terms: Values not adjusted for exchange rates and price fluctuations
Reprinted from Japan's *ODA White Paper 2013*.

Figures from the Organization for Economic Cooperation and Development (OECD) on financial flows to developing countries show a marked increase in funds from the private sector around the year 2000. These private flows have exceeded official flows—consisting mainly of official development assistance (ODA)—since 2005. As of 2012 they were roughly 2.5 times the latter in volume.[2] As noted in Japan's 2014 ODA White Paper, developing countries (particularly in Africa), which formerly depended almost entirely on ODA for external funding, are now drawing attention from the private sector as investment targets and consumer markets. This is a welcome result of globalization.

Another factor behind the increased emphasis on the role of the private sector in development assistance is the deterioration of public finances in donor countries. This is a salient concern in Japan, with its sizable and growing national debt. Restoring fiscal discipline is a key priority for the current administration. When Prime Minister Shinzo Abe decided last November to postpone a scheduled tax hike in the face of a sagging economy, he made a point of excluding the possibility of further postponement beyond April 2017, even if the economy remains weak. To underline his administration's commitment to cutting the deficit, he called a snap general election in December 2014 to secure a renewed popular mandate for his economic policy agenda.

Restoring fiscal discipline will be a difficult task in view of the many demands for public funds. The aging of Japan's population is causing an inexorable rise in social welfare costs. Efforts to revitalize local economies rely heavily on revenue sharing from the national government. Meanwhile, the success of Abenomics (the government's signature economic policy initiative) may depend on generous outlays for public works. In contrast to these types of government spending, whose effects are readily visible to the public, the budget for ODA is a hard sell.

This is not just a Japanese concern. The difficulty of securing funding for public services in the face of severe budgetary constraints is evident throughout the developed world. In Britain, public services have been overhauled and are being provided not just by the national treasury but by tapping financial resources from society as a whole, including the private sector, local communities, and the voluntary sector.

Japan is no longer in a position to hand out the fruits of rapid economic growth to other countries in hopes of promoting its own national security. Instead it needs

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[2] However, it should be noted that a fair share of private flows are remittances, which, because they flow directly to individuals living in the developing countries, usually do not contribute to societies as a whole.

to fulfill its responsibilities as a member of the international community through initiatives that will promote peace and stability around the world without draining its own coffers.

However, this does not mean that Japan can stop increasing its ODA outlays. National security and supporting global peace are primarily the responsibilities of government. Private funds should be seen as a powerful complimentary tool for maximizing the impact of ODA, but not as a substitute.

Japan's New Development Cooperation Charter

Many in Japan's development community hope for the promotion of economic inclusiveness and the cooperative combination of public and private funding. In February 2015, the government set forth its current stance with a Cabinet decision approving a new Development Cooperation Charter (replacing the ODA Charter first adopted in 1992 and last revised in 2003).[3]

The Cabinet decision referred to "development" as "encompass[ing] such activities as peacebuilding and governance, promotion of basic human rights and humanitarian assistance," and noted the importance of "securing the stable foundations of development such as peace, stability, rule of law, governance and democratization." It referred to "inclusive development that leaves no one behind," declaring, "It is important to ensure that a wide range of stakeholders in society, including women, participate in every phase of development." It further noted, "The world is facing more diverse and complex challenges. These challenges are increasingly widespread, transcending national borders as the world is increasingly globalized. In a world faced with such difficult challenges, individual countries are required more than ever to exercise ingenuity and take action."

The decision also considered the role of nongovernmental actors: "In the present international community, various actors, including private companies, local governments and non-governmental organizations (NGOs), play an increasingly important role in addressing development challenges and supporting sustained growth of developing countries. It is therefore important to mobilize a wider range of resources that are not limited to ODA. In this context, ODA, as the core of various activities that contribute to development, will serve as a catalyst for mobilizing a wide range of resources."

Other noteworthy features of the new charter are its explicit references to "in-

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[3] "Cabinet decision on the Development Cooperation Charter," Ministry of Foreign Affairs of Japan, February 10, 2015, http://www.mofa.go.jp/files/000067701.pdf.

clusive, sustainable and resilient growth" as "essential for the stable growth of the global economy as a whole," and its explicit references to Japan's national interests. The charter concludes, "To secure its national interests, it is essential for Japan, as a 'Proactive Contributor to Peace' [and] based on the principle of international cooperation, to work together with the international community, including developing countries, to address global challenges."

Up to now, Japan's ODA policies have addressed specific countries or issues. The new charter introduces policies that target entire regions. As Tokyo Foundation research fellow Ippeita Nishida observed in a November 2014 review of a preliminary draft of the charter, the existing set of policies "did not match the actual situation in regions like Southeast Asia and Africa, where the emergence of regional and quasi-regional institutions is coming to have an increasing political impact."[4] Nishida also referred to "the need for measures to address cross-border developments such as large-scale natural disasters, infectious diseases, terrorism, and piracy," a need that forms the basis for the adoption of policies for wide-area assistance.

The new charter notes, "Asia is a region that has a close relationship with Japan and high relevance to its security and prosperity," and it declares that Japan will extend development cooperation to the region on the basis of this recognition. The charter continues: "Japan will support the establishment of the [ASEAN] Community as well as the comprehensive and sustained development of ASEAN as a whole." It refers specifically to seven focus areas:

1) development of both physical and non-physical infrastructure;
2) reduction of disparities within both the region and individual countries;
3) strengthening assistance to the Mekong region;
4) assistance in human resource development and other areas for countries that have already achieved a certain level of economic growth to keep them from being caught in the 'middle income trap';
5) strengthening of disaster risk reduction and disaster relief capabilities;
6) promotion of the rule of law, which constitutes the basis for stable economic and social activities; and
7) cooperation with ASEAN as a regional organization to support united efforts to tackle its challenges.

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[4] Ippeita Nishida, "'Hatten kyoryoku taiko' seifuanwo yomu–sono tokucho to kadai" (Reading Japan's Development Cooperation Charter—Features and Themes), November 13, 2014, http://www.tkfd.or.jp/research/project/news.php?id=1370 (in Japanese).

Promoting inclusiveness with a view to global security and to humanitarian concerns involves efforts to address structural social issues that cross national borders. It is an undertaking that cannot be accomplished through assistance from a single nation, even if private-sector funding sources and civil-sector organizations work in cooperation with the government. While each donor nation has its own philosophy of development assistance set forth in a charter or similar mission statement, the most effective and resource-efficient approach is to cooperate by participating in multilateral undertakings like the United Nations Global Compact and cross-sector initiatives led by organizations like the World Economic Forum.

With respect to the ASEAN region, where we hear much talk of the importance of policy cooperation in areas like maritime security and the rule of law, the long-established alliance between Japan and the United States can make a major contribution in the field of development assistance.

Asian Views of Japan and the United States

How are the people of other Asian countries likely to respond to Japan-US development cooperation?

A survey of seven ASEAN member countries (Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) commissioned in 2014 by Japan's Ministry of Foreign Affairs found that views of Japan were generally positive. Asked to choose which of 11 countries (Australia, Britain, China, France, Germany, India, Japan, New Zealand, Russia, South Korea, or the United States) they considered most reliable, 33 percent picked Japan, more than twice the figure for the United States, which came in second at 16 percent. Japan placed top by this measure in every one of the surveyed countries except the Philippines and Singapore, where the United States was first and Japan second. This suggests that the environment is good for Japan-US cooperation with ASEAN.

In addition, 92 percent of the respondents from all seven countries affirmed that Japan was playing an active role in the development of Asia, 89 percent believed that Japan's economic and technological cooperation was helpful for their country's development, and 95 percent indicated that they welcomed the expansion of Japanese companies into ASEAN. When respondents were asked to name the areas in which they wished for Japan to contribute to the ASEAN region, "economic and technological cooperation" came first (cited by 77 percent), followed by "trade promotion and private investment" (67 percent). This indicates that respon-

dents had expectations for the economic aspects of Japan's international contribution.[5]

Regarding Asian views of the United States, the Pew Research Center's 2014 Global Attitudes & Trends survey found that views of both the United States and Japan tended to be highly favorable in ASEAN countries. In countries where ratings of the US were not so high, such as Indonesia and Malaysia (59 percent and 51 percent, respectively), Japan's figures were higher (77 percent and 75 percent), illustrating the potential for cooperation that takes advantage of each country's respective strengths.

According to the same survey, within ASEAN, Indonesians and Malaysians cite the United States as the greatest threat (though Indonesians also say that the United States is their greatest ally, revealing the ambivalence of their feelings).[6] However, in the MOFA survey cited above, Indonesians and Malaysians most often cited Japan as the most important partner for ASEAN, with citizens of both countries ranking it ahead of China and the United States by large margins.

In the light of these findings, it seems likely that Japan-US development cooperation can help improve views of the United States in countries with highly favorable views of Japan—and that in places where both are viewed favorably, such cooperation should further enhance views of the United States and Japan as open economies and democratic countries.

Japan-US complementarity should not be limited to public diplomacy; it should also be tapped to address concrete social issues. Support packages should take into account each country's respective strengths and weaknesses, along with the similarities and differences between them and the Asian countries they seek to assist.

In terms of government organization, Asian countries generally have centralized systems more similar to that of Japan than the federal system of the United States. They are also subject to similar types of natural disasters, notably earthquakes, typhoons, and tsunamis. As a result, they are likely to find it easier to use Japan as a model for assigning disaster-related responsibilities to government organs. In the United States, by contrast, it is the corporate sector whose power and flexibility have stood out in cases like the response to Hurricane Katrina. The re-

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[5] "Opinion Poll on Japan in Seven ASEAN Countries," Ministry of Foreign Affairs of Japan, April 18, 2014, http://www.mofa.go.jp/press/release/press4e_000271.html. Full survey results available at http://www.mofa.go.jp/files/000036094.pdf.

[6] "Global Opposition to US Surveillance and Drones, but Limited Harm to America's Image," Pew Research Center, July 14, 2014, http://www.pewglobal.org/2014/07/14/global-opposition-to-u-s-surveillance-and-drones-but-limited-harm-to-americas-image/.

sources that the corporate sector has deployed have, in some cases, been on the scale of a small country's annual GDP.

When it comes to helping Asian countries develop their national and local government disaster-response systems, the Japanese government could take the lead, while the US business community could serve as the model for emergency humanitarian aid and supply of resources. With respect to community rebuilding and inclusive growth for post-disaster recovery, it would be ideal to draw on collaborative efforts by social innovators from both countries. This sort of cooperation was seen in many cases and worked to good effect in the response to Japan's March 2011 earthquake and tsunami.

The Current Status of Japan-US Cooperation in Development Assistance

On February 10, 2015, the second Japan-US Development Dialogue was held in Tokyo (the first was held in Washington in 2014). This senior-level dialogue was launched on the basis of an agreement reached during Vice President Joseph Biden's visit to Japan in December 2013. The "Fact Sheet on United States-Japan Global Cooperation"[7] issued on that occasion referred to humanitarian assistance/disaster relief and development assistance (particularly focused on Southeast Asia, the Pacific region, Africa, global health, the Millennium Development Goals, and empowering women) as critical areas of cooperation. The dialogue is being conducted based on the view that "enhanced cooperation on development between the two countries will widen the scope of the bilateral relations and contribute to constructing more multi-faceted and strengthened bilateral relations."[8]

The agenda shows a deliberate effort to incorporate the combined soft power of the two countries into their development assistance policies. According to the joint press release issued after the session, the two sides discussed "a broad range of development priorities and challenges on issues such as global health including the Ebola outbreak, women's and girls' empowerment, the Post-2015 Development Agenda, disaster risk reduction, as well as opportunities for development assistance cooperation in Asia Pacific, Africa, and other regions."[9]

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[7] "Fact Sheet on United States-Japan Global Cooperation: Meeting Modern Challenges," The White House, December 3, 2013, https://www.whitehouse.gov/the-press-office/2013/12/03/fact-sheet-united-states-japan-global-cooperation-meeting-modern-challen.
[8] "Japan-United States of America Relations," Ministry of Foreign Affairs of Japan, February 10, 2015, http://www.mofa.go.jp/ic/dapc/page3e_000150.html.
[9] "Joint Press Release: The Second Japan-US Development Dialogue," Ministry of Foreign Affairs, February 10, 2015, http://www.mofa.go.jp/press/release/press4e_000633.html.

By way of historical context, although Japan was a modern state even in the period before World War II, its postwar economic growth was accompanied by its development as a democracy and, over the seven decades since the end of the war, it has become one of the world's biggest economic powers without once engaging in military conflict. For the United States, which supported Japan's development through the postwar occupation, Japan is a natural partner in supporting and advancing the development of Asia based on freedom and democracy.

Japan can serve as one model for developing countries seeking to free their people from poverty. Japan's development assistance was originally implemented as a form of war reparations, but it is now in a position to draw on its experience in using the fruits of economic growth to strengthen its own social capital as a tool for assisting other countries' development.

Three Requirements for Development Cooperation

As a practical matter, it will not be easy for Japan and the United States to collaborate on development assistance. Given the large number of actors involved, making plans, deciding on roles, and moving ahead in tandem toward shared goals may prove quite difficult.

The idea that I would like to advance, however, is not the creation of an aid-giving club where everybody plays together but an increase in the options that actors have to tap their particular strengths, to enhance networks linking specialized participants on both sides through collaboration in development, and to better meet the needs of developing countries.

Social problems that hinder quality growth in developing countries are persistent because in most cases they are rooted in the norms, values, and culture of a society. They are adaptive challenges for the society.[10] To mobilize people to change in the desired direction, broader social awareness is required, and the best way to promote the inclusion of many strata of society is through a cross-sector approach.

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[10] In his book *Leadership on the Line*, Ronald A. Heifetz of the Harvard Kennedy School writes ". . . people have problems for which they do. . . have the necessary know-how and procedures. We call these technical problems. But there is a whole host of problems that are not amenable to authoritative expertise or standard operating procedures. They cannot be solved by someone who provides answers from on high. We call these adaptive challenges because they require experiments, new discoveries, and adjustments from numerous places in the organization and community. Without learning new ways—changing values, attitudes, behaviors—people cannot make the adaptive leap necessary to thrive in the new environment. The sustainability of change depends on having the people with the problem internalize the change itself."

Promoting social reforms, in other words, is better pursued through open and multifaceted efforts at various levels by various actors using various approaches, while a "siloed" approach is liable to be wasteful.

To enable cross-sector development cooperation, at a minimum three requirements need to be met.

1. Actors must share a common "theory of change" for creating collective impact;
2. Modality of public-interest funding versus for-profit funding;
3. There must be leaders capable of setting clear roles and responsibilities for the various actors and projects.

I will discuss these requirements in the following sections.

The Importance of "Collective Impact"

In seeking to marshal the power of multiple actors to achieve a common goal, it may be helpful to refer to the concept of "collective impact" presented by John Kania and Mark Kramer in an article under that title in the *Stanford Social Innovation Review*.[11] As the authors note, "Social problems arise from the interplay of governmental and commercial activities, not only from the behavior of social sector organizations. As a result, complex problems can be solved only by cross-sector coalitions that engage those outside the nonprofit sector.

Kania and Kramer identify five conditions for the achievement of collective impact, as outlined below.[12]

1. Common Agenda: All participants have a shared vision for change including a common understanding of the problems and a joint approach to solving it through agreed upon actions.
2. Shared Measurement: Collecting data and measuring results consistently across all participants ensures efforts remain aligned and participants hold each other accountable.
3. Mutually Reinforcing Activities: Participants' activities must be differentiated while still being coordinated through a mutually reinforcing plan of action.

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[11] John Kania and Mark Kramer, "Collective Impact," *Stanford Social Innovation Review* 9, no. 1 (2011): 36-41, http://www.ssireview.org/articles/entry/collective_impact.
[12] Kania and Kramer.

4. Continuous Communication: Consistent and open communication is needed across the many players to build trust, assure mutual objectives, and create common motivation.

5. Backbone Support: Creating and managing collective impact requires a separate organization(s) with staff and a specific set of skills to serve as the backbone for the entire initiative and coordinate participating organizations and agencies.

Among these, the key determinant of success lies in whether prospective partners can establish a solid backbone of support. To create collective impact, the backbone organization has to provide leadership in areas like good governance, strategic planning, community involvement, and evaluation and improvement. A variety of organizations, including funders, non-governmental organizations (NGOs), government bodies, and steering committees, are able to accomplish these tasks. Each has its pros and cons; the important issue is whether the backbone institution can exercise "adaptive leadership: the ability to mobilize people without imposing a predetermined agenda or taking credit for success," and secure long-term funding that will support resilient results through gradual improvements over time.

Among prospective Japanese aid providers, the Japan International Cooperation Agency (JICA), Japanese grant foundations, and corporate CSR activity organizers are well-qualified to serve as backbone organizations. However, because of the long practice of isolated-impact approaches, where funders seek the most promising solution individually and evaluation and reporting systems are often designed to isolate a particular organization's impact, it will be very hard for any of them to catalyze connections for collective impact initiatives.

In the Japanese aid community, there have already been numerous initiatives between JICA and international institutions, international NGOs, civil society groups, small- and medium-sized enterprises, BOP initiatives, and foreign private-sector bodies. Many experts involved with these initiatives have expressed concerns about the increased "transaction costs" of such initiatives.

Two major bottlenecks can be seen here. First, each player has its own mandate and accountability to pursue with its limited human and capital resources. Hence, it is often much more cost- and time-effective for an organization to work separately according to its own "theory of change."

A theory of change provides a divided, layered set of goals toward the ultimate solution of social issues. For example, in the case of hunger, three stages are set: shifts in community capacity and conditions; community impact; and formation of

country-led strategies. In each stage, there are subsets of goals relating to the causes of poverty, income generation, gender and human rights, health and nutrition, education and literacy, and so on.[13]

One would hope to see a common theory of change for the united impact of partners. In a collective impact approach, however, backbone organizations must understand that each partner—government agencies, grant foundations, and other possible partners—has its own theory of change, but these does not preclude cooperation. While these partners all "have unique priorities… [they] increasingly work together to align their investments."

In the paper "The Role of Grantmakers in Collective Impact," Lori Bartczak points out the need for "network officers," who spend time in-country learning about places, ongoing good work, and potential partners.[14] In a collective impact approach, grantmakers or funders must function alongside other actors, rather than solely acting according to their own theory of change.

There are some examples of best practices that can be found in past cases of cross-sector collaboration. The KokoPlus project in Ghana was led by the Japanese food company Ajinomoto Group. In 2009, the CSR division of the company started to play a role as a backbone organization of an effort to improve the infant mortality rate through their food business. Ajinomoto had a strong incentive to commit to this project because it was started in order to commemorate the company's centenary anniversary and nutritious food promotion matched their corporate mission of improving people's dietary lives.

Koko, a traditional Ghanaian porridge for infants made from fermented corn, lacks some important nutritional elements when measured against World Health Organization (WHO) standards. Ajinomoto decided to develop a supplement for the porridge, called KokoPlus, developed jointly with the University of Ghana and the International Nutrition Foundation (an NGO). This eventually led to the formation of a league of 11 organizations including JICA, USAID, Care International, Ghana Health Service, and a local social marketer.[15]

In another good example of the collective impact approach, the Nippon Foundation, one of Japan's largest grantmaking organizations, has been acting as a

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[13] "The Hunger Project: Global Theory of Change," April 7, 2011, http://www.theoryof-change.org/wp-content/uploads/toco_library/pdf/HungerProjectTheoryofChangeGlobal.pdf.

[14] Lori Bartczak, "The Role of Grantmakers in Collective Impact," *Stanford Social Innovation Review*, 8–10.

[15] "The Ghana Nutrition Improvement Project," Ajinomoto Group, 2013, http://www.ajinomoto.com/en/activity/csr/ghana/index.html.

backbone organization to eliminate leprosy worldwide for about 35 years in partnership with the WHO, national and local governments, and health institutions. By bringing these actors together to generate collective impact on an ongoing basis, the initiative has reached the point where eradication is only one country away.[16]

Meanwhile, the Melinda and Bill Gates Foundation has undertaken a number of breakthrough initiatives for global heath, one of which is a partnership with JICA to eradicate polio in Pakistan. According to an estimate from the Global Polio Eradication Initiative, JICA provided about 5 billion yen in loans to the government of Pakistan from 2011 to 2013. The government worked closely with the WHO, UNICEF, and Rotary International to immunize children against polio through oral vaccination. When Pakistan met the milestone of their 2011 National Emergency Plan for Polio Eradication successfully, the Gates Foundation decided to repay the cost of the program to JICA on behalf of the Pakistani government, declaring, "The aim of this mechanism is to support the government of Pakistan's commitment to polio eradication without imposing a financial burden." It hopes to apply the same mechanism to other similar health initiatives. Bill Gates has a strong commitment to making the foundation a backbone organization for global health promotion. This "pay for success" approach was created on a top-down basis through almost two years of coordination with JICA. Grant foundations may have some advantages in making a long-term commitment to forming and sustaining a coalition backed by strong expertise and plentiful resources, but in both leprosy and polio eradication the real key to success was the application of collective impact to their initiatives.

For various players in both the public and private sectors to join a collective impact initiative, a backbone organization has to find the best equilibrium point for each player (that is the point where the benefits of participation outweigh the associated transaction costs). In cases such as those described above involving Ajinomoto and the Nippon Foundation, these groups had strong organizational incentives to commit as backbone organizations; public organizations require strong top-down policy mandates in order to commit to cooperation in the face of high transaction costs.

Technical challenges are another bottleneck that raises transaction costs for public funding. For non-governmental and private partners, coordination with Japanese public funding sources can be time-consuming. Some prospective partners,

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[16] "Elimination of Leprosy," The Nippon Foundation, http://www.nippon-foundation.or.jp/en/what/projects/leprosy/.

especially foreign practitioners, give up on the idea of utilizing them in the face of complicated documentation procedures and bureaucratic supervision, which, from the standpoint of public officials, is mandated by taxpayers.

Although "siloed governmental structures and processes are counterproductive," according to Thaddeus Ferber and Erin White, public sector accountability to taxpayers can in some cases "allow and incentivize partnerships to create each of the five conditions necessary to achieve collective impact." [17] There are moves to make government more collective-work-friendly, such as the White House Office of Management and Budget's reporting requirement reform: "They now allow private organizations that receive money from more than one agency to consolidate their report."[18] In Japan, JICA and other governmental agencies could serve as catalysts for more private-public partnerships. But here too, it will be necessary to increase flexibility and streamline the many rules and reporting requirements that currently exist. In order for the two countries to cooperate in development assistance, it will be essential for them to harmonize the requirements their governments impose for this sort of partnership by displaying greater flexibility.

To tap more private money and expertise for social change, public and non-governmental organizations funding social change will have to nurture adaptive leadership to catalyze connections among prospective partners, which is discussed later.

The Issue of Funding

Concerning the issue of funding to make collective impact possible, Kania and Kramer observe:

> [Funders] must be willing to let grantees steer the work and have the patience to stay with an initiative for years, recognizing that social change can come from the gradual improvement of an entire system over time, not just from a single breakthrough by an individual organization. This requires a fundamental change in how funders see their role, from funding organizations to leading a long-term process of social change. It is no longer enough to fund an innovative solution created by a single nonprofit or to build that organization's capacity. Instead, funders must help create and sustain the collective processes, measure-

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[17] Thaddeus Ferber and Erin White, "Making Public Policy Collective Impact Friendly," Stanford Social Innovation Review, 22–23.
[18] Ferber and White.

ment reporting systems, and community leadership that enable cross-sector coalitions to arise and thrive.[19]

This thinking matches the concept of "patient capital" advocated by Acumen, a non-profit global venture fund.

How patient must private sector social investment be? In a time of fiscal retrenchment for many advanced countries' governments, hopes are that social investment will take up some of the slack in outlays for social projects. In Britain, Prime Minister David Cameron has been promoting public-private partnerships (PPPs) and private finance initiatives (PFIs), using the slogan "Small Government, Big Society." Britain's PFIs have their roots in the privatization drive undertaken by former Prime Minister Margaret Thatcher. Her Japanese counterpart, former Prime Minister Yasuhiro Nakasone took similar moves, privatizing Japan's national railways and Nippon Telegraph and Telephone. However, spending by the Japanese government has continued to swell in the 21st century and there seems to be no consensus on the level of return to be expected from social investment.

Meanwhile, philanthropic funds and CSR outlays serve as sources of social enterprises regardless of their position on the ecosystem risk axis. This categorization makes it possible to establish a certain degree of order in framing the timing and roles of different types of support—government funds, CSR outlays, socially responsible investment (SRI), and others—in keeping with their source's respective objectives. This sort of funding "traffic control" may also facilitate the formulation of strategies for achieving collective impact.

However, in order to achieve sustainable, quality growth, it will ultimately be necessary to bring social enterprises into commercial markets. If social problems are resolved and people's incomes increase, this will lead to the growth of new markets for the corporations involved in collective impact initiatives. Hence, even if CSR activities are used for impact investment, they should also be undertaken with an eye to future business potential.

One good example is seen in the efforts of the American firm Proctor & Gamble (P&G), which noted the future potential of the Asian market in the 1980s and started distributing sanitary napkins to female students in rural villages and elsewhere. The company also provided maternity education on a philanthropic basis to them as they matured. These female students have since grown up and become mothers, and their entire families are now the target for P&G's daily-use products. This company's success was based on the congruence between its CSR activities

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[19] Kania and Kramer.

and its business strategy, and it has given it a strong lead over its Japanese competitors, which did not recognize the region's potential until after the turn of the century.[20]

Another example is Japan's Benesse, a company in the education business, which in May 2013 established the Benesse Social Investment Fund with an investment quota of $15 million and a mandate to promote the spread of education in developing and low-income countries. The impact investment activities of this fund reportedly include investment in an Indian ICT educational enterprise. What made Benesse look overseas was the decline in Japan's population. Facing the continued shrinking of its domestic market, the company decided that the way for it to keep growing was by tapping the future potential of emerging countries with growing populations and rising middle classes. It has undertaken a marketing innovation of sorts: instead of moving to extend its own operations directly to emerging countries by matching its educational products to their particular needs, it is seeking to acquire know-how by working together with local education-related social enterprises and NGOs through this fund.

In Japan, meanwhile, non-cash-based small-scale financing has picked up in response to the March 2011 Great East Japan Earthquake. One interesting example is the Securité Disaster Region Support Funds initiative launched in 2011 by Music Securities, a Japanese crowdfunding firm. The firm establishes funds for narrowly targeted recovery projects, soliciting participation in units of 10,800 yen (roughly $90). Half of the money is treated as a donation and the remaining half as an investment. One of the funds was targeted at Yagisawa Shoten, a 200-year-old soy sauce maker in Rikuzentakata, a city devastated by the post-quake tsunami. Yagisawa Shoten's factory and storehouse were destroyed, but traces of the precious cultures used in making the company's soy sauce were found in some of the broken barrels left behind by the receding waters, and the company's ninth-generation CEO was determined to rebuild. A sum of 150 million yen (about $1.3 million) was raised from 4,250 investors, and about four years after the disaster the company was able to resume production and sales. The scheme was distinctive in that it drew on the patience of investors and shared the returns with them in an unorthodox manner—not with stocks or cash dividends, but with bottles of the company's newly brewed soy sauce. Similar financing initiatives have provided funds to support many specific projects in the quake-struck region.

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[20] Kazuki Moribe, "P&G kara Manabu Ajia no Chaneru Kouchiku," *Nikkei*, November 17, 2014, http://business.nikkeibp.co.jp/article/opinion/20141113/273799/?P=1.

Developing Leaders: Capacity Building for Development Cooperation

The next issue for development cooperation is to develop leaders capable of turning an assemblage of actors with disparate talents and strengths into a coherent body for the promotion of social change. The United States is advanced in this respect as colleges and graduate schools offer many courses to train such leaders, and the qualities required for leadership in social innovation are a subject of lively discussion.

Jeffrey Kushner, a partner at Social Venture Partners Boston who became involved in venture philanthropy after 20 years of experience at hedge funds and other financial services firms, identifies the qualities required of grantees as sustainability, relevance, and leadership, noting that they must be "addressing a critical need in a novel and effective manner" and need to have a "credible, effective, and coachable leader."[21]

Meanwhile, Ashoka, Acumen, and other social innovators addressing issues in developing countries cite qualities such as empathy, resilience, and commitment as keys traits of the leaders they seek. They provide intensive training in the United States before sending these leaders to work on social projects in developing countries.

Since 2009 the Tokyo Foundation has been sending Japanese to participate in the Acumen Global Fellows Program in the United States to receive leadership training in both technical skills and skills relating to adaptability and self-reform. The areas covered include: (1) commitment to dealing with social issues; (2) tolerance toward others and teamwork; (3) basic knowledge of marketing and corporate finance; and (4) the ability to communicate precise, detailed content in English. For example, workshops held in rural Massachusetts and disadvantaged neighborhoods in New York City focus on such topics as adaptive leadership, storytelling, and empathy building. The program also includes liberal arts content, such as readings from Eastern and Western philosophers. The training aims to foster values such as generosity, accountability, humility, audacity, and integrity. Participants then go on to spend eight months in a developing country working at social ventures, where they gain experience in management for stability and scaling up of operations. There they soon realize how difficult it is to be empathetic with local people and the importance of social leadership education.

The focus in the United States is on creating superior leadership development

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[21] Session on "Building Momentum: How to achieve scale, sustainability and social impact," Social Enterprise Conference 2015.

programs that bring together diverse participants in small groups to learn and grow in friendly competition. The ten Acumen fellows each year come from every continent, and their backgrounds are reflected in their leadership styles. Japanese participants are accustomed to having their abilities assessed with paper tests, but leadership training of this sort is something they often find more challenging. Even so, in every one of the past five years a Japanese woman has been among the ten people selected to participate in this program out of a field of about 1,000 applicants from around the world. These women have gone on to work in various capacities in developing countries: leading the scaling-up of a private-sector ambulance service in India; joining with local farmers in a drive to increase rice yields in Ghana; and putting the management of a microfinance enterprise in Nigeria on a solid footing.

Japanese leaders generally get good marks for working from morning to night together with local staff members, for their egalitarian attitude, and for their diligence in arranging for the wheels to keep turning smoothly after their departure. This "Japanese-style" leadership has been noted frequently in JICA assistance projects in Asia. It is generally based on long-term "participatory observation" of the recipient countries. Some observers suggest that this approach has its roots in Japan's own experience as an aid recipient after World War II: the amount of aid was huge, but the results were mixed, and the social memory of this experience may in part explain why Japanese aid workers take time for observation and focus on working together with recipients. This sort of leadership can function effectively when Japan and the United States jointly provide social innovation services to local communities in Asia.

The women who have returned to Japan after completing their training overseas, having acquired precious leadership skills in the process, have, without exception, been unable to find positions in Japan where they can put their experience and skills to full use. In almost every case they have ended up returning to developing countries and resuming social enterprise work. Japanese society has experienced brain drain by being unable to add the know-how of these leaders to its store of capabilities. The story is much the same for those who serve in JICA's Japan Overseas Cooperation Volunteers (JOCV) program.

A major factor behind this phenomenon is the lack of occupational mobility among the government, business, and civil sectors in Japan—mobility that would allow people to take the experience they have gained in one sector and apply it in another. When young Japanese graduate from college or complete their graduate studies, the standard next step is for them to join a business or other organization. Job hopping is frowned on, and taking on more than one job at a time is strongly

discouraged. Even today, the ideal is to serve a single master faithfully—to join an organization and stay with it—for one's entire career. Consequently, the skills that people acquire over the years tend to be specific to the organization they work for, and opportunities to achieve diverse capabilities are limited to members of top management. This applies to organizations of every type: business corporations, government agencies, and NGOs. The members of these sectors work in their respective worlds with their respective strengths, and there are few mechanisms to create a pool of human resources capable of leading cross-sector innovation.

Moves are afoot though to allow people to hold on to their employment status while accumulating outside experience within Japan or abroad, and to then use their new perspectives in promoting corporate and social reforms. One example is JICA's Private-Sector Partnership Volunteer System, which helps companies develop human resources for their international business development and serves as a framework for support of local enterprises.

In Western countries, meanwhile, frameworks like Global Pro Bono and International Corporate Volunteers have spread. These allow employees of global corporations and other firms to spend time as volunteers in developing countries, where they apply their professional skills and leadership abilities to addressing social issues.[22] For global corporations that see the world as their market, personnel who can exert leadership with empathy are key resources for business development. Moreover, the experiences of volunteers in developing countries are said to help them serve as catalysts for innovation in their own organizations. These frameworks are also beginning to spread to Japan. At present, there is a social enterprise in Japan that is partnering with a group in the United States that acts as an intermediary for frameworks like Global Pro Bono in order to arrange for employees of Japanese companies to take part.

If Japanese ODA is to serve as a catalyst for mobilizing a wide range of resources, we should focus first on capacity building through the development of human resources capable of leading the development and implementation of initiatives in a manner that avoids increasing transaction costs. This should also promote the domestic and international mobility of Japanese personnel in the field of economic development, who have up to now been concentrated solely within JICA.

A good starting point for building the number of collective impact innovators in both Japan and the United States would be the establishment of joint adaptive

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[22] Alice Korngold, "International Corporate Volunteering: Profitable for Multinational Corporations," Huffington Post, March 7, 2014, http://www.huffingtonpost.com/alice-korngold/international-corporate-volunteering_b_4920088.html.

leadership training programs between similar organizations, such as USAID and JICA, Keidanren and the Conference Board, and Japanese Government Pension Investment Fund and CalPERS, which could then be expanded into cross-sector trainings.

Conclusion

I have considered the prospects for Japan-US development cooperation in Asia and some of the issues that will need to be addressed to make it succeed. Japan and the United States have different types of soft power, and the strengths and weaknesses of the two countries' government, business, and civil sectors also differ. Pulling these disparate elements together in a partnership to promote inclusive growth in the region will not be a simple undertaking. If we hope to achieve this, the most urgent task at hand is developing the human resources capable of leading the process.

Through joint cross-sector efforts by Japan and the United States in the field of social innovation, we will be able to enhance inclusive growth in developing Asian economies, create a new format for Japan-US cooperation in pursuit of collective impact, and deploy this cooperation as a form of shared "soft power" in Asia. We will need to examine the strengths and limitations of various actors in both countries—including aid institutions, companies, the civil sector, social enterprises, and social investors—and match their strengths and weaknesses appropriately. Where do we start? By putting together concrete projects for collective impact and fostering leaders capable of advancing such cross-sector endeavors—people who have empathy, respect diversity, and are able to exert adaptive leadership.

Japan-US Efforts in Girls Education Can Serve as Basis for Cross-Sector Collaboration

On March 19, 2015, US first lady Michelle Obama and her Japanese counterpart Akie Abe announced a pledge "to strengthen bilateral cooperation in helping girls around the world receive an education, especially in developing countries." The US government will spend $250 million supporting girls' education in the 2015-16 budget and the Japanese government will outlay $350 million or more under its Official Development Assistance (ODA) program during the next three years. According to the *Japan Times*, "Under the partnership, the Japan International Cooperation Agency… and the US Peace Corps, both sending volunteers

First Lady Michelle Obama, is joined by Akie Abe, the First Lady of Japan, and Ambassador Caroline Kennedy during a discussion with students following the "Let Girls Learn" announcement held at the Iikura Guest House in Tokyo, Japan on March 19, 2015. Source: Official White House Photo by Amanda Lucidon, U.S. Government Work.

abroad, will formalize cooperation and 'focus in particular on advancing girls' education through cooperation on the ground in countries around the world.'"[23]

This effort represents a promising starting point for cross-sector cooperation among US and Japanese aid agencies, companies, civil sectors, and local social entrepreneurs to create a "Collective Impact" on girls' education in Asia. Moreover, this model could serve as a framework for additional Japanese-US development collaboration utilizing cross-sectoral expertise in ways that benefit both countries.

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[23] Masaaki Kameda, "Michelle Obama, Akie Abe pledge bilateral effort for girls' education," *Japan Times*, March 19, 2015, http://www.japantimes.co.jp /news/2015/03/19/national/politics-diplomacy/michelle-obama-akie-abe-pledge -bilateral-effort-girls-education/#.VRK87fnF9yw.

Both the US government and Japanese government have policy incentives for improving girls' education; the United States has already started the "Let Girls Learn" initiative under Michelle Obama, and women's empowerment is one of the key policies that Prime Minister Abe promotes. Women's empowerment is high on the agenda and the Asia-Pacific is the priority region for the Japan-US Development Cooperation Dialogue. Japan's new Development Cooperation Charter aims "to mobilize a wider range of resources… ODA… will serve as a catalyst for mobilizing a wide range of resources."

There are several rationales for supporting girls' education. First, girls' education will be a powerful drive in the push for inclusive growth in developing countries in Asia. But women's issues are deeply rooted in the norms, values, and culture of a society. For a society to adapt and change, broader social awareness is required, and the best way to boost the awareness of the many different strata of society is through a cross-sector approach.

Second, over 60 percent of Japanese corporate affiliates are located in Asia and hope to include lower- and middle-income populations in their value chain. Some educational companies have even established a social investment fund for education in Asia. As the supply-chain extends, Japanese corporations will have to raise their awareness as responsible corporate citizens in developing countries.

Third, Japan has been developing women's education for hundreds of years, even when social norms did not allow girls to learn with support from Western girls schools. This is evident in Japan's many schools for girls' and women's middle- and higher-education. In addition, increasing numbers of young Japanese professionals are entering the field of social innovation. This may provide an avenue for Japan's commitment to mobilize younger generations in traditional Asian societies.

Fourth, USAID and the Japan International Cooperation Agency (JICA) desire cross-sector cooperation not because it is a top-down policy but because broader participation from the United States, Japan, and recipient countries, will allow USAID and JICA to obtain further support from taxpayers, as well as people in the developing countries. Finally, Japan-US cooperation on social issues may create a new form of shared "soft power" in Asia.

Transaction costs of partnering may be justified using the rationale

above, however, there are some bottlenecks, such as how to create backbone organizations. One possibility is to use the 1.5 track framework, like the Tomodachi Initiative, by establishing one common campaign identity and creating a backbone organization under its name. A philanthropic foundation which has expertise in collaborative work, development in Asia, or education for the poor is desirable.

The backbone organization needs a professional with multi-sector experience to play the role of a "transmission gear" in the middle of different actors with different stakes. Under this director, the backbone organization would need a fund manager to assemble public and private funding and donations. Private funds should be raised in such forms as social investment, cloud/group funding, or CSR outlays (including in-kind donations such as educational/daily materials and tools). After the March 2011 earthquake, information technology-based social finance gradually expanded and now represents a useful tool, especially among younger Japanese. Corporations which seek new markets in Asia, too, have to share fair "membership" fees so that they will be able to collect data and information through the collaborative work.

To empower this public-private partnership, aid experts from governments and international institutions, as well as local professionals with social enterprises operating in Asian countries, will play core roles in proposing a "theory of change" for cross-sector initiatives with clear benchmarks and exit strategies. Some technical improvements will also be required to decrease transaction costs, such as standardizing reporting formats.

USAID and JICA has long accumulated expertise with overseas volunteers. Involving the business community will give younger generations the opportunity to train leaders, which is the best way to invest in people. Under the new charter, the Japanese government is encouraging use of ODA money as a catalyst, so this sort of arrangement would be well-advised.

March 12, 2015

Integrating CSR into Strategic Management

A Practitioner's Perspective

Koichi Kaneda

How extensively have Japanese companies integrated CSR into corporate management? Koichi Kaneda, senior director for CSR at Takeda Pharmaceutical, examines the evolution of CSR in Japan as it relates to three key categories of corporate social responsibility: the provision of goods and services, enhancement of business-process integrity, and corporate philanthropy.

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Pinning down the meaning and substance of "corporate social responsibility" is no easy task. Expectations vary from one locale to another and evolve over time. Indeed, even at any given time and place, society (the object of social responsibility) is apt to interpret CSR differently from businesses (the practitioners). Companies may modify their CSR programs and policies as they become cognizant of these discrepancies, but by the time the changes go into effect, society's concept of CSR is likely to have evolved further. Closing the gap is an ongoing challenge—which helps explain why CSR has been described as an "endless journey." Still, striving continuously to meet that challenge is an important key to gaining a "ticket to operate" over the long term. Moreover, by further integrating CSR policy into strategic management, companies can enhance their sustainability.

In the following, I survey the process by which Japanese companies have integrated CSR into corporate management, drawing from my own experience as a CSR officer at Takeda Pharmaceutical and other private companies. I examine this process as it pertains to the three key categories of corporate social responsibility—the provision of goods and services, enhancement of business-process integrity, and corporate philanthropy (referred to as "corporate citizenship activities" at

Koichi Kaneda   Senior Director of CSR, Corporate Communications Department, Takeda Pharmaceutical Co.

Takeda)—as well as to the disclosure and reporting of CSR information (see Figure 1). In this way, I hope to provide a broad overview of the evolution of CSR in Japan from 1999 to the present.

Figure 1. Relationship between CSR and Sustainability at Takeda

Provision of Goods and Services

The business community takes the position that the provision of goods and services (the first category of CSR) is a social responsibility unique to the private sector, a responsibility that neither the government nor the nonprofit sector can perform.

As the business community sees it, the pursuit of core business activities in itself fulfills an important responsibility to society, most especially to clients and consumers, who are among the diverse stakeholder groups that make up society. Some in the civil sector take issue with this view, questioning the logic of equating day-to-day business operations with social responsibility and dismissing it as a way of justifying profit-driven behavior. Here the gap between the two sectors' concept of responsibility appears in sharp relief.

Regardless of one's position on this issue, there is no doubt that the provision of goods and services lies at the very heart of business activity. Since this is the case, one might argue that there is no need to discuss its integration into strategic management, since it is an integral part of strategic management to start with.

But one important way in which Japanese companies have integrated CSR into strategic management in recent years is by exploring ways of enhancing the social value of their commercial goods and services. This trend has received a major push from the "creating shared value" (CSV) movement pioneered by Harvard University Professors Michael Porter and Mark Kramer. Porter and Kramer have made the case that corporations can simultaneously create business value and social

value by treating social challenges as latent market needs that present business opportunities. I think, however, that profit-making activity must have a positive social impact—that is, make a significant contribution to the mitigation of some social problem—in order to qualify as CSV.

In 2012 and 2013, I attended a number of major international CSR conferences, including events sponsored by the United Nations Global Compact, BSR (Business for Social Responsibility), CSR Europe, and CSR Asia, with the aim of identifying material issues pertaining to social responsibility (Figure 2). The key message of all these conferences was the growing expectation that the business sector—with its ideas, technology, and capital—use these resources to exert a positive impact on society.

Figure 2. International CSR Conferences, 2012–13

June 2012	UN Conference on Sustainable Development (Rio+20): Rio de Janeiro
November 2012	CSR Europe Enterprise 2010 Summit: Brussels
May 2013	Global Shared Value Leadership Summit: Boston
September 2013	CSR Asia Summit: Bangkok
September 2013	UN Global Compact Leaders Summit: New York
November 2013	BSR Conference 2013: San Francisco

Business-Process Integrity

Whatever the positive social impact of a company's commercial goods and services, however, it counts for little if the company imposes new burdens and generates new social problems in the process of supplying them. The second category of CSR is the maintenance and enhancement of business-process integrity with an emphasis on corporate ethics and compliance with laws and standards, which constitute the heart and soul of CSR.

In 1999, UN Secretary General Kofi Annan, speaking at the World Economic Forum in Davos, called attention to the negative externalities of global business activity with respect to human rights and the environment. This marked a turning point, as global corporations, Japanese companies included, gradually realized that ethical business practices, particularly as they pertain to human rights and the environment, are integral to any effective strategy for managing risk and maintaining long-term corporate value. The trend quickly gathered momentum after 2003—of-

ten referred to in Japan as "year one of the CSR era"—with the establishment of various groups devoted to CSR and the development of global sustainability guidelines and standards.

With the recent spread of social media, expectations for business-process transparency have risen, and society's concept of CSR has expanded dramatically in scope. Corporations have come under pressure to conduct their own value-chain analyses to measure the impact of their businesses on human rights, the environment, and other parameters and to draw up measures to prevent, correct, or counteract negative externalities. At the same time, it is fast becoming the norm to hold global corporations responsible not only for their own behavior but also for that of their external supply chains—that is, independent business entities that provide them with raw materials and parts and business partners that produce, distribute, or sell their products under contract. Lax oversight of the supply chain has cost some global corporations billions of dollars as a consequence of boycotts, strikes, and lawsuits. Such developments have accelerated the trend toward integrating business-process integrity into strategic management as a means of maintaining (that is, averting the loss of) corporate value (Figure 3).

Figure 3. Promotion of CSR Activities across the Entire Value Chain

Corporate Philanthropy

The third key area of CSR policy is corporate philanthropy, which includes direct corporate donations to charitable and social causes, programs to encourage employee volunteerism, and philanthropic activities by corporate foundations.

The face of Japanese corporate philanthropy has changed significantly in the past 15 years. In 1999, the typical Japanese corporation spent a negligible portion

of its budget on such activities, and few made any active effort to target their programs to the specific needs of the community. Outside of Japan, the bulk of corporate giving was channeled into UN agencies. Within Japan, the main beneficiaries were organizations with close government ties. While some corporations communicated their contributions to the public as an integral aspect of brand management, others chose the path of "doing good by stealth." At many companies, corporate executives and officers in charge of corporate philanthropy were reluctant to sully the "purity" of their charitable programs by treating them as an aspect of business strategy. There was still considerable debate over such questions as the propriety of seeking recognition or reward for charitable giving, the incongruity of having company programs to "encourage" volunteerism, and the pluses and minuses of maintaining separate corporate foundations. In short, the degree to which management integrated philanthropy into business strategy varied substantially from one company to the next.

Since then, however, due to pressure from shareholders and investors, more and more Japanese companies have accepted the need to explain the necessity of corporate philanthropy with a view to creating corporate value and, of course, social value as well. In recent years many companies have begun grappling with such topics as criteria for priority setting (for efficient operation of program and brand building), partnerships with nongovernmental and nonprofit organizations (with a view to gaining a fuller understanding of social issues and boosting the impact of corporate initiatives), the value of employee involvement in community affairs (from such standpoints as diversity training and employee satisfaction), and corporate philanthropy as a marketing tool (for enhancing corporate image and name recognition and cultivating future customers). In these ways, corporate philanthropy is increasingly becoming a key consideration in business management.

The latest trend on this front may be a new emphasis on program evaluation. Not content merely to pursue philanthropic activities, some companies have undertaken to assess the value of their programs through such methods as input-output-outcome-impact analysis, used to evaluate administrative performance and official development assistance (Table 1), and social return on investment, which translates social benefit into monetary terms.

Another development that has attracted attention in Japan is the advent of financing schemes using "social impact bonds." SIBs are issued to raise funds from private investors to support social projects that NPOs or other groups carry out in place of government agencies, and the government promises to pay returns commensurate with program efficiency and social outcomes. Britain has pioneered the use of SIBs in a program aimed at reducing prisoner recidivism. Now some Japa-

Table 1. Progress on the Takeda-Plan Healthcare Access Program (July 2009–June 2012)

Country/Activity	Input	Output	Outcome	Impact
Indonesia Community-led total sanitation to create open defecation-free villages Targeted MDGs: Goals 4 and 7 MDGs: Millennium Development Goals	¥7.6 million	• Trained facilitators (156 people in 36 villages). • Conducted implementation workshops (about 750 people in 15 villages).	• 11 out of 15 villages achieved open defecation-free villages within one year of implementation. • The number of diarrhea patients at clinics decreased by about 90%. • Toilets were installed at own cost (2,087 households).	• Achieved collaboration with governments, including prefectural governments, county governments; the Ministry of Health; local health authorities; village governments, including village leaders; village CLTS* teams; and the government-led sanitation improvement program teams. * CLTS: Community-Led Total Sanitation
China Improvement of child nutrition Targeted MDGs: Goals 1 and 2	¥7.6 million	• Supplied nutrition booklets for students and instructors (12,300 copies). • Supplied food materials (for a total of about 5,900 students at 4 schools). • Conducted awareness-raising activities through essay writing contests led by a Children's Committee (for 3,400 individuals at 3 schools).	• About 55% of all the children said that they have started to give more thought to nutrition when choosing snacks.	• The central government began supplying food materials for students, starting from the fourth quarter of the third year.
Philippines Healthcare support for children Targeted MDGs: Goals 2 and 8	¥7.6 million	• Conducted consultations, treatment, hospitalization, and surgery (78 individuals). • Supplied assistive medical equipment (28 individuals).	• Donation activities for sick children have begun on a voluntary basis at schools. • Certain doctors offered discounted fees for consultations and assistive medical equipment.	• Budget proposals for medical support at the town and village levels were submitted. • Village council approved financial support for part of the transportation expenses of children from villages to hospitals, as well as part of the transportation expenses for the children's parents and relatives.
Thailand Prevention of the spread of HIV/AIDS among young people Targeted MDGs: Goal 6	¥6.6 million	• Comprehensive sexuality education provided to a total of 8,420 people at 16 schools, including students, teachers, and guardians, as part of the regular curriculum or extra-curricular program. • A student representative group was formed to increase awareness of comprehensive sexuality education within school (80 individuals at 1 school).	• Increased acceptance of the topic of sexuality, which has been seen as taboo by students, teachers, school principals, the Ministry of Education, and local residents. Instruction can now be provided on the risks of pregnancy, abortion, and sexual diseases including HIV/AIDS among young people, as well as correct knowledge of sexuality, as part of the curriculum. • Consultation offices for students were voluntarily set up within schools.	• A sustainable implementation system based on stronger stakeholder relationships was established by enhancing networks with hospital personnel and HIV patient groups. • Through regional awareness-raising activities, knowledge was disseminated to people other than just students and school personnel.

nese companies are looking at the possibility of contributing to society via the SIB mechanism, not in expectation of financial gain but as a way to enhance the impact of their corporate philanthropy.

CSR Reporting

Three major milestones in the development of CSR reporting came with the successive release of the Global Reporting Initiative Sustainability Reporting Guidelines (2000), the ISO 26000 international CSR standard (2010), and the International Integrated Reporting Framework (2013).

Among Japanese companies, the appearance of the GRI Guidelines in 2000 provided the impetus for a gradual shift from the publication of separate reports in areas like the environment and philanthropy to comprehensive CSR disclosure and reporting. In terms of content, the sheer number and variety of indicators in the guidelines galvanized Japanese companies, stimulating fresh approaches to CSR and sustainability reporting.

While ISO 26000, issued by the International Organization for Standardization, established guidelines for the implementation of CSR activities, it has also had

a major impact on CSR reporting. The standard's seven "core subjects" of social responsibility—organization, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development—have already begun to appear as the headings of full-page sections in Japanese CSR reports. This has created the physical framework for material disclosure, particularly noticeable in the field of human rights, an area on which many Japanese companies have been reluctant to report. In this way ISO 26000 has encouraged more detailed disclosure regarding the human-rights impact of corporate activity on various stakeholder groups, including employees, consumers, and local community members.

The International Integrated Reporting Framework, drawn up by the International Integrated Reporting Council, was conceived from the start as a means of promoting the integration of CSR into strategic management in the context of reporting. It encourages companies and investors to disclose the impact of CSR-oriented management on the creation of corporate value over the medium and long term.

The foregoing summarizes the process by which Japanese companies have integrated CSR into business management in four key areas of CSR activity. However, such an overview would be incomplete without some mention of the impact that the Tohoku earthquake and tsunami of March 2011 had on CSR integration in all four areas. Examples in the first category of activity—provision of goods and services—are efforts aimed at the rapid resumption of operations in the disaster's immediate aftermath and initiatives to stimulate economic activity during reconstruction. In the category of business-process integrity, companies created shared value during reconstruction by providing decent employment. In the area of corporate philanthropy, they developed systems for the delivery of emergency support in the form of goods and services, adopted systems to budget funds for long-term disaster relief during recovery and reconstruction, and instituted programs to support employee volunteer activities. In the area of disclosure and reporting, one major result was a trend toward the public release of business continuity plans.

As the foregoing suggests, the relationship between CSR and corporate management is undergoing important changes; rather than CSR advocates trying to influence management, management is taking the initiatives to embrace CSR. Today, all eyes are on the post-2015 UN development agenda currently under preparation. By simultaneously outlining social priorities and highlighting latent market needs, the post-2015 agenda is poised to become another powerful driver for the integration of CSR and business management.

March 18, 2015

Between 2:00 and 4:00 pm

How a Full-Time Mother Organized a Food-Bank Symposium

Sherilyn Siy Tan

Sherilyn Siy Tan, a Sylff fellow who completed her master's at Ateneo de Manila University in 2007, used an SLI award to organize a highly successful community conference to promote food donations and improve food security for those in need in the Philippines. Called "Our Community, Our Resources: Increasing Food Security," the first food bank symposium in the country featured prominent speakers from civil society, industry, and government and examined such issues as food loss, logistical considerations in recovering and redistributing food, and increasing transparency and accountability. In this report, she recounts how she managed to overcome the challenges of organizing this major event while also working as a full-time mother of two young children.

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Every so often, we read about the successful projects and achievements of Sylff fellows, and sometimes, instead of feeling inspired, we feel discouraged. We say, "That's great, but that's them, not me," or "I wonder how they did that?" In this article, I share the "how to" of putting a symposium together while working in two different countries and coping with the unique set of challenges I faced as a full-time mother of two (aged 2 and 4). The first Philippine food bank symposium, entitled "Our Community, Our Resources: Increasing Food Secu-

Sherilyn, second from left, with her two children.

Sherilyn Siy Tan   Sylff Fellow, 2004–07, Ateneo de Manila University. Is a writer, psychologist, and teacher and a Board Member of Salu-Salo Food Bank Philippines and Kalipunan ng Nagkakaisang Filipino sa Japan (KAFIN).

rity," was held on March 22, 2014, at Miriam College, Quezon City, Philippines. There were about 100 participants and a powerhouse line-up of speakers that included government, nonprofit, and industry leaders.

Being a full-time mother is probably one of the busiest jobs in the world. Renowned psychologists and marital experts Dr. John M. Gottman and Dr. Julie Schwartz Gottman drafted a comprehensive list of over 600 chores that parents with children have to perform. Yet at the same time, it has been said that "if you want something done, ask a busy person" (a quote attributed to both Benjamin Franklin and Lucille Ball). I often wondered whether this was true and wanted to challenge myself.

Having stepped out of the professional work world around five years ago, I felt that my skill set has downgraded to reading picture books in silly voices and washing off stains from bibs and diapers. I had a lot of apprehension as to whether I was even capable of leading this project. I am extremely grateful to the Tokyo Foundation for believing in me and in my leadership potential. Completing this Sylff Leadership Initiatives (SLI) project has truly been an empowering experience for me. Here are some of the key things that have helped me in the process.

Keeping in Mind Why the Project Is Important

The theme of this project is especially close to my heart. I am a foodie—I love to eat, appreciate good food, and enjoy cooking. Now that I am a mother, I love baking my kids' favorite cookies and cakes. Food nourishes our bodies but also bears a lot of social and emotional significance, since many of our fondest memories center around family and friends gathering together at the table.

Now imagine families that do not have this because they cannot provide three square meals for their children every day. This is the situation in the Philippines, where more than a quarter (27.9%) fall below the poverty line (National Statistical Coordination Board 2013 from http://investvine.com/how-feudalism-will-undo-the-philippine-elections/), where 55% (12.1 million families) self-rated themselves as poor (Social Weather Station October 2014 statistics from http://www.mb.com.ph/survey-reveals-more-poor-families/), and where 18.1% (3.9 million families) reported being hungry at least once in the last three months, 2.6% of which reported being severely hungry (Social Weather Station January 2014 statistics from http://www.sws.org.ph/pr20140122.htm).

One would think that in such a social context, food banks would be widespread. However, it was not until 2012 that the first Philippine food bank was incorporated, and development has been slow. With this symposium, I hoped to raise

awareness of the food resources that exist within the community and introduce a sustainable system (that is, food banking) that can match the surplus resources with unmet needs. The symposium would also introduce key stakeholders who can play a pivotal role in moving food banking forward and highlight some of the challenges the Philippines faces to promote food banking as a viable resource for the community.

I first got to know about food banking through Charles McJilton, who started the first and now the largest food bank in Japan, Second Harvest Japan. Food banking is essentially matching excess resources on one end with those who need it on the other end. It really is a very neat solution to address the issue of excess (often wasted) food and, at the same time, create a food safety net for vulnerable groups.

A participant makes a point during the symposium.

A food bank is a mediating organization with the capacity to receive food donations and distribute these to those who need it. The world's first food bank was St. Mary's Food Bank Alliance in Arizona, which was started in 1967 by John Van Hengel. While helping out at a community dining room, Van Hengel learned that grocery stores often threw away food that was near expiration or had damaged packaging. He started collecting these for the feeding program with which he was involved but soon had too much. He then created a central location from which other agencies can collect food. Since then, food banking has spread. (http://en.wikipedia.org/wiki/Food_bank).

I am a big fan of the work that they do and believe that such efforts make a huge difference in people's lives. As a case in point, I have a classmate in my Japanese language class, a full-time mother of two. Her husband is studying to be a caregiver, and he receives a small stipend on which the whole family depends. As we chatted, I got the impression that they were having a difficult time making ends meet. I got her address and arranged for a box of food from Second Harvest Japan to be sent to their home. Later, she wrote me:

> Well, I am just writing to say that today we received a package with a lot of delicious food! Lately, I have just been receiving bills to pay, but today I received a present that makes me breathe again....

I was very moved by her note. This is exactly the mission of a food bank, to provide relief in meeting one of the most basic human needs. And this is exactly what we need in the Philippines. Whenever I felt discouraged in the tough work of putting the symposium together, I kept in mind why this project was important and how it would impact the lives of others.

Small Things Often, Consistently

When I said I am a full-time mother, I mean that the kids are with me 24 hours a day, 7 days a week. They do not go to any daycare or kindergarten. My neighbor learned about the symposium I was organizing and said to me, "There's no way you can do that by yourself with the kids. You need to hire a nanny. They're not very expensive." I didn't. My secret is simple: Small things often, consistently.

My kids nap between 2:00 and 4:00 in the afternoon, and that is when I do everything that requires quiet time: writing, emailing, calling, designing, drafting, etc. With only two hours every day to work, I had to start planning early and work months ahead of the event. As soon as I received the SLI award, I worked little by little, day by day. Thinking in small steps and breaking this big event into small manageable tasks helped me to focus and not be too overwhelmed. You will be surprised by how much one can accomplish by doing little things, because in the end, they all add up. We often get excited by the big things, but it is actually the small, seemingly insignificant things that add up and push things forward.

I have applied the same strategy to two other events. One is chairing the 2015 Women's Conference in Izu, Japan. The closer I get to the conference weekend, the less stressed I feel. Again, because I have worked slowly and consistently on the details of the conference months and months before in slow increments, I feel like I have covered the groundwork and will not be scrambling towards the finish line. The second is the 2015 Tokyo Marathon. I cannot just cram the training in. I have to train over a long period of time, slowly and gradually adding more and more kilometers each time to build endurance and strength. The closer I get to race day, the more prepared I feel, and the less likely I will injure myself.

Be Flexible, Work within Limitations

In an ideal world, I would have put all my time and energy into my SLI project. The reality was that there were competing demands for my attention. This meant that I had to work around the eating, napping, and outdoor play schedules of my children and bring them with me to the meetings. It also required some creativity

in planning which tasks I can do while the kids are awake, which tasks I should bring with me to the playground, and which tasks I should prioritize when they are asleep.

And then there are culture- and country-specific constraints. While the Philippines is my country, I have lived in Japan for a while and have grown used to a different rigor when it comes to efficiency, planning, and keeping time. Traffic in Manila is notoriously bad. A 20-minute car trip can turn into a 2-hour ride at rush hour. This can be extremely frustrating, but I had to constantly remind myself that I could only do so much in terms of planning ahead. People were generally understanding about delays caused by traffic. Another thing is that Filipinos tend not to RSVP until the last minute, and sometimes, not even then. Knowing this, I did not panic when the RSVP numbers were low two weeks before the symposium.

Finally in terms of time management of the symposium itself, I made sure to move things along as scheduled. The symposium started promptly at 10 am and was slated to end at 4 pm. I arranged for registration to start at 9 am and invited participants to come early to enjoy the free-flowing coffee as well as the photography exhibit. This lead time was important, as Filipinos tend to be lax about

Photo exhibit.

punctuality, and I had to make allowances for bad traffic. As the host of the symposium, I was courteous to each presenter but made sure they ended promptly, as I knew it would be disrespectful to the others if they lost time on account of someone going overtime.

In an ideal world, things would go exactly and perfectly as we planned, but in the real world, we need to be flexible and make the best out of a given situation.

Draw from and Build Social Capital

This project harnessed the social capital accumulated over time. Social capital refers to the value derived from the network of relationships that facilitates cooperation and effective functioning in society. Unlike other forms of capital, social capital takes time and effort to build, and the returns are not always tangible. But

if you take time to invest in building good relationships (or create "human moments"), it becomes easier to draw from them later on.

As a board member of the first incorporated food bank in the Philippines, I have been networking with various key persons working in NGOs, logistics, food companies, faith-based organizations, and academia. My previous position at Miriam College and the good relationships formed there made it extremely easy to provide a suitable location for the event and coordinate the logistics (such as lodging for out-of-town participants, catering for the event, registration and ushering support, and parking facilities). It was also through a solid relationship with another Sylff fellow I have known for years that I was able to get one of the speakers, Dr. Ned Roberto—the most sought-after marketing expert and consultant in the Philippines.

Dr. Ned Roberto speaks on the importance of reaching out to those in dire poverty.

The symposium generated social capital as well by strengthening ties across various sectors. Participants came away with new information, insights, and energy. There was increased shared knowledge of the current situation and heightened interest in food banking, with new partners ready to come on board.

I am, again, very grateful to the Tokyo Foundation and the SLI award for the opportunity to validate Colin Powell when he said, "Leadership is the art of accomplishing more than the science of management says is possible."

May 22, 2015

Developing Youth Leadership in the Western Cape

SLI Workshop Organized by Fellow Xena M. Cupido

Althea Whitaker and Errol Brierley

On December 3–5, 2014, Sylff fellow Xena M. Cupido organized a highly successful interactive workshop in Gleemoor, Athlone, Cape Town, South Africa, for 30 youth leaders between 16 and 19 years old. The first day of the three-day workshop, financed with a Sylff Leadership Initiatives grant, was devoted to improving communication, the second day to promoting leadership, and the final day to expanding opportunities for engagement. Photos and videos of the workshop can be viewed at http://sayouthleadership.weebly.com.

Cupido received a Sylff fellowship from the University of the Western Cape in 2012. The following reports were filed by two other UWC Sylff fellows: Althea Whitaker, who coordinated the attendance of fellows at the workshop as observers, and Errol Brierley.

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Day 2: Facilitating Creative Leadership

Errol Brierley

I was privileged to observe the leadership session of this Cape Town SLI project, and accordingly this report will begin by reflecting on the skill with which the facilitator assisted a group of teenage lead-

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Althea Whitaker　　Sylff Fellow, 2004, University of the Western Cape. Is a lecturer at the Cape Peninsula University of Technology.

Errol Brierley　　Sylff Fellow, 2005, University of the Western Cape. Is a human resources manager at Groote Schuur Hospital, Western Cape.

ers, who were eager to learn about leadership styles and ways to influence a community. Xena was particularly skillful in helping the young leaders to achieve these objectives without taking sides in any deliberations or presentations.

Notwithstanding the fact that the young leaders came from a variety of backgrounds in terms of geographical location, cultural ethos, and the challenges their communities faced, they clearly displayed a common tenacity in pursuing specific societal values and experiences. The atmosphere among the young leaders was that of active participants really enjoying the learning process. I was impressed by the young leaders' practical knowledge in engaging with the information that was taught. Despite their youth and innocence, they were very aware of and able to understand all topics. They looked up to positive role models like Nelson Mandela and the many political activists who have served in the South African government but at the same time lamented that such role models were not to be found in their communities at present. The materials presented were consistent with the values and guidelines of the National Youth Development Policy Framework (http://www.thepresidency.gov.za/MediaLib/Downloads/Home/Publications/YouthPublications/NationalYouthPolicyPDF/NYP.pdf).

The emphasis of this policy framework is on the need to give youths the opportunity to develop leadership skills and the competency to recognize poor leaders in their communities. The young leaders' comprehension of the principles of leadership and related complexities reflected their sense of purpose and awareness of their own personal strengths, as well as of the areas requiring further growth.

The facilitator provided impeccable guidance toward creative leadership. Her presentation highlighted real, practical constraints and reflected social and ethical concerns. What I found impressive is the fact that the facilitator had the ability to intervene in ways that encouraged creativity among the participants, rather than seeking to lead the discussion and taking away the group's initiative.

The group dynamics clearly reflected differences in the backgrounds and orientations of the participants, and the facilitator was successful in getting all involved in the discussion. The workshop was interactive and enjoyable, thus resulting in a true learning experience. Understanding leadership can be very complicated, but the techniques and tools of the facilitator, as far as I could see, kept the learners focused on and interested in the workshop material.

This suggests that the approach adopted by the facilitator can play a key role in successfully familiarizing young leaders with what seemed to me to be complex material. The young leaders understood the content of the training and spoke confidently on various topics. They learned that a leader's role and position were not easy to attain and that a leader needed to consider many aspects in that role. In order to bring about positive social change, a leader must be creative and be able to influence the behavior of others. By applying the new knowledge gained in the training sessions, the young leaders will surely be in a better position to make a difference in their communities.

Day 3: Opportunities for Engagement

Althea Whitaker

On entering the room on day three, one immediately got the impression that quite a bit of work had gone into creating this cooperative atmosphere. The program of the day was structured around several subthemes that consolidated the topics covered over the three days. I observed 30 very enthusiastic young leaders who participated actively in the day's programs.

The first theme was the importance of research in paving the way to effective leadership. The approach used was experiential, asking the young leaders to write down what they knew about their research topics. The process was followed by group discussions to come up with new ideas and methods of gathering information.

The second theme introduced the young leaders to the process of selecting topics and the means of deciding on a focus. They were taught the process of reaching a consensus in a group and of voting to decide on issues.

The third theme was to consider community issues and assets and to discuss the root causes of the challenges identified. This was an important session, as it taught the young leaders the importance of embarking on approaches that evolve from within the community so as not to impose inappropriate solutions.

The fourth theme was to introduce them to the process of concept mapping and to identify the causes and effects of community issues. Once the concepts were

identified and categorized, they moved to the fifth theme, which taught them the process involved in the advocacy of the selected issues.

They were taught organizational skills and how to view the community in terms of the various infrastructure resources available to support youth-related programs and topics and to find solutions through the drafting of Neighborhood Needs Maps and Community Asset Maps, taking time to connect with the neighborhood.

The day concluded with an awards ceremony, where the young leaders had an opportunity to apply some of the techniques that was imparted over the three days by validating each person. They were asked to call out the next person after receiving a certificate of participation and to express the value the person imparted on them over the last three days. This called for careful thinking about and the application of the listening skills they were taught over the three days toward their new friends. Some of the words of appreciation were very emotional and reflected the journey the young leaders had travelled over the three days.

I would like to express my sincere congratulation to Xena for the very successful three-day event that she hosted. I could see that the young leaders felt empowered and were proud of the new knowledge they gained—especially about themselves—over the three days. I would like to also thank Xena for her vision and the Sylff Leadership Initiatives program for supporting this very important leadership development program, which Athlone and the surrounding communities of the Western Cape so badly need. Athlone is a very old suburb created to house historically disadvantaged groups that had been displaced from South Africa's biggest economic centers as part of the country's apartheid policy.

Athlone was established in the 1930s, and compared to newer residential areas built for the poor, its infrastructure and those of such surrounding areas as Silvertown, Mountview, and Hanover Park—home to residents from working-class backgrounds—are fairly well developed. As such these neighborhoods have been largely overlooked by the government's development aid programs. The high schools that participated in the workshop are Peakview, Mountview, Alexander Sinton, Belgravia High, Windsor, Maitland, and Oude Molen, located in working-class to poor areas. Most people living in these areas had been employed in the manufacturing sector in the Western Cape, but due to the closure of many factories, quite a number of workers have lost their jobs, and their families have fallen into poverty.

The poverty rate in the Western Cape is lower than most other provinces in the country, but because of the high rate of migration and the impact of the economic situation, many communities have been adversely affected. The Western Cape has

1,452 schools, of which 885 are categorized as "very poor." The rest are dependent on state financial support to keep them running and to provide stationery to all learners. The neighborhoods where the schools are situated must battle to maintain financial sustainability. While some schools receive assistance from parents, most of the funds to meet running costs come from the government. Many of the partic-

ipating schools have children attending from very poor residential areas, which impacts on the schools' ability to collect fees. This is the general trend in the public schools of these neighborhoods, where 20% of the population are poor. One major problem affecting youths in the province is drug abuse.

It is very important that leadership programs are offered to give youths the opportunity to rise above their circumstances. External support programs are needed to assist the schools and to provide additional outreach programs. I wish these communities every success in building their futures.

May 14, 2015

Sylff's Role in Hungary's Democratization

Hungarian Academy of Sciences Celebrates 25 Years of the Fellowship Program

Viktória Ferenc, Loretta Huszak, and Balazs Csiky

The Hungarian Academy of Sciences received a Sylff endowment 25 years ago—the first Sylff endowment awarded to a Central European country—on November 9, 1989, the very day that the Berlin Wall fell. Three Hungarian Sylff fellows, reflecting on this historical fact, write about what the Sylff program has meant in Hungary and how it has nurtured leaders much needed by the country, which was then going through a dramatic process of democratization.

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Historical Context

On May 20, 2009, Nippon Foundation Chairman Yohei Sasakawa, in his speech at the twentieth anniversary ceremony of the Sylff program at the Hungarian Academy of Sciences, placed the program in historical context:

"In 1989, Mr. Németh Miklós, then [minister] president of Hungary, helped tear down the Iron Curtain. In the same year, the Hungarian Academy of Sciences became the 16th Sylff School. Around that time, Central Europe was moving away from communism in the direction of the West. This move required leaders who could build new countries. It makes me very proud that this

Viktória Ferenc   Sylff Fellow, 2011–12, Hungarian Academy of Sciences. Works a linguist dealing with linguistic minorities.

Loretta Huszák   Sylff Fellow, 2004–07, University of Leipzig. Is a university lecturer and an intellectual property professional.

Balázs Csiky   Sylff Fellow, 2005–07, Hungarian Academy of Sciences. Is currently a historian.

Participants of the meeting celebrating the twenty-fifth anniversary of the Sylff program in Hungary.

academy was the first in Central Europe to have a Sylff endowment to help nurture these leaders. . . . When the wall between East and West fell, things began to change. There was political reform in Hungary and other East European countries. A market economy was adopted. Civil society began to develop. The Nippon Foundation wanted to help Central Europe make these changes."[1]

As Mr. Sasakawa summarized, 1989 was a year of miracles, a unique historical moment that transformed Europe and the world—and Hungary was in the center of the events. On August 19, 1989, civil groups organized a demonstration along the Austro-Hungarian border, the so-called Pan-European Picnic, where the border gate was symbolically opened for several hours. Hundreds of East German citizens used the opportunity to enter Austria.

One month later, on September 11, the Hungarian government officially opened the border for East German refugees. These were the first holes in the Iron Curtain, and as the West German Chancellor Helmut Kohl said on October 4, 1990, on the eve of German reunification, it was in Hungary where "the first stone was knocked out of the wall."[2]

On November 9, 1989, the Berlin Wall fell, and on the same day Mr. Ryoichi Sasakawa signed the Agreement to found the first Central European Sylff institution in Hungary. This was the year when Hungary started its transition to democracy. A comprehensive amendment to the Hungarian Constitution took effect on

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[1] http://www.nippon-foundation.or.jp/en/who/message/speeches/2009/9.html (accessed February 13, 2015).

[2] http://www.dw.de/the-picnic-that-changed-european-history/a-4580616 (accessed February 13, 2015).

October 23—on the anniversary of the 1956 Hungarian Revolution. This was also the birthday of the new Republic of Hungary.

According to the new preamble of the Constitution, the revision was needed "in order to promote the peaceful political transition into the rule of law realizing the multiparty system, parliamentary democracy and social market economy."[3] The transition from state socialism to democracy and capitalism would be a long process, requiring new approaches and young leaders.

Last year was a historic landmark for Central Europe. It marked the twenty-fifth anniversary of the biggest event in recent European history: the fall of the Berlin Wall on November 9, 1989. Germans recalled the "sheer madness" of the night in 1989, when thousands of East Berliners streamed across the border and thousands of helium-filled white balloons were lifted off one by one into the night sky to mark the wall's fall. Last year's Lichtgrenze was a light installation running through the city center that recreated this image.[4]

The Iron Curtain was a symbol of the suppression of fundamental rights in the Eastern bloc during the Cold War and represented a violent and ultimately ineffective episode in postwar history. Its downfall, and also the fall of the wall in Berlin, was emblematic of the end of the Cold War, setting the course for the reintegration of Eastern Europe into the Western economic, political, and security frameworks.

The commemoration of the collapse of the Iron Curtain is marked by a degree of poignancy because there is a palpable sense that peace in Europe is still fragile. In her speech at the wall memorial, German Chancellor Angela Merkel explicitly emphasized the geopolitical context of the twenty-fifth anniversary:

"We have the strength to shape things, to turn things from bad to good that is the message of the fall of the wall."[5]

Similar sentiments were also expressed by Mr. Yohei Sasakawa in his message at Sylff's twentieth anniversary in Hungary:

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[3] Gábor Halmai, "The Reform of Constitutional Law in Hungary after the Transition," *Legal Studies: The Journal of the Society of Legal Scholars*, Vol. 18, No. 2 (1998), p. 188.
[4] Lichtgrenze: Das Jubiläumsprojekt zu 25 Jahre Mauerfall 2014. http://lichtgrenze.de/ (accessed January 20, 2015).
[5] "Rede von Bundeskanzlerin Merkel anlässlich der Eröffnung der neuen Dauerausstellung der Gedenkstätte Berliner Mauer am 9. November 2014." www.bundesregierung.de/Content/DE/Rede/2014/11/2014-11-09-merkel-gedenkstaette-berliner-mauer.html (accessed January 20, 2015).

"Much has changed in the world since the program was first conceived. With the collapse of the Cold War structure, we have seen the emergence of a global society, one that is composed of many different value systems. Today's world is a complicated place. It resembles a mosaic of disparate political, ethnic, cultural and religious viewpoints. It confronts us with many challenges, ranging from ethnic and religious conflicts to widening inequality. To find solutions to these problems, we need people who are committed to making the world a better place. Nurturing such people has been Sylff's goal from the outset."[6]

Consolidating Democratization

The endgame of communism in Hungary during the second half of the 1980s was more convoluted and confusing than in other East European countries. This was primarily because both the regime and the opposition were more visibly fragmented than in other East-bloc states—and the fragments were less synchronized with one another.[7] Shedding the communist past has not been easy, moreover, as the legacy of almost half a century of communist rule was deeply embedded in the country's political institutions and social structure. The radical transition entailed, in some cases, heavy costs, but it also opened up major new opportunities.

Social scientists and political actors are in agreement on the significance of the transformation that former communist countries have undergone since 1989–90. The transition from communism to capitalism is widely regarded as the complete substitution of one social system for another—a rare example of a wholesale system change.[8] The consolidation of democracy included shaping public policy to promote independent governance, basic rights, and economic reforms. The necessity of achieving an effective economic, political, and social transformation simultaneously became known in the social sciences as the *dilemma of simultaneity*: "The only circumstance under which the market economy and democracy can be simultaneously implanted and prosper is the one in which both are forced upon a society from the outside and guaranteed by international relations of dependency and supervision for a long period of time. . . . Otherwise, there reigns everywhere

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[6] http://www.tokyofoundation.org/sylff/about/message_sasakawa#sthash.UAptIsHK.dpuf (accessed February 14, 2015).
[7] Joseph Rothschild and Nancy M. Wingfield, *Return to Diversity. A Political History of East Central Europe Since World War II* (Oxford: Oxford University Press, 2000), p. 239.
[8] Helmut Wiesenthal, "The Dilemma of Simultaneity Revisited, Or: Why General Scepticism about Large-Scale Reform Did Not Apply to the Postcommunist Transformations" http://www.hwiesenthal.de/downloads/no_dilemma.pdf (accessed January 25, 2015), p. 2.

an (at least) asymmetrical antagonism: the market requires the development of a democracy, but democracy does not demand the emergence of a market."[9]

Thus, when the Hungarian Academy of Sciences signed the Agreement in 1989 to introduce the Ryoichi Sasakawa Young Leaders Fellowship Fund program, Hungary was in the midst of great political changes. Since the catalyst for the political transformation in Eastern Europe was the commitment of the elites to the creation of democratic institutions,[10] their role was crucial in fostering and consolidating democratization.[11] Democracies require competitive elites who are committed to maintaining fair, transparent, and open-minded governance, and they were the ones primarily responsible for the political and economic transition in Eastern Europe. In this respect, the political and functional elites have played a decisive role in the multilayered process of societal transformation.[12]

This is true even today, 25 years later, as relatively young democratic institutions are still cultivating the requisite political culture and trying to achieve an optimum balance between political-administrative regulation and civil society.[13] Transparency in Central and Eastern Europe remains an issue, and only a few professionals—mainly those active in the entrepreneurial sector of the economy—have attained the economic and social status typical in countries with a long history of parliamentary democracy. Others, mainly those working in the public sphere, are still hindered by the consequences of unequal opportunities. This makes the social cohesion and solidarity of the new middle strata rather fragile.[14] As a consequence, the post-socialist political (and to some extent economic) elites are still fragmented or even divided.[15]

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[9] Claus Offe, "Capitalism by Democratic Design? Democratic Theory Facing the Triple Transition in East Central Europe," *Social Research*, Vol. 71, No. 3 (2004), pp. 501–28, particularly pp. 509–10.

[10] Nina Bandelj and Bogdan Radu, "Consolidation of Democracy in Postcommunist Europe," paper 06-04 for the Center for the Study of Democracy, University of California, Irvine, 2006, p. 4.

[11] Jan Zielonka and Alex Pravda, *Democratic Consolidation in Eastern Europe*, Vol. 2: International and Transnational Factors (Oxford: Oxford University Press, 2001).

[12] Heinrich Best, Ronald Gebauer, and Axel Salheiser, "Political and Functional Elites in Post-Socialist Transformation: Central and East Europe since 1989/90: An Introduction," *Historical Social Research*, 37 (2012) 2, p. 7–13.

[13] Charles Krupnick, "Expecting More from Democracy in Central and Eastern Europe," *The Whitehead Journal of Diplomacy and International Relations*, Seton Hall University Press, Summer/Fall 2005, p. 149–65.

[14] Pavel Machonin, Milan Tucek, Petr Hartosand, and Martin Nekola, "Czech Economic and Political Elites after 15 Years of Postsocialist Transformation," ed. György Lengyel, *Elites in Central-Eastern Europe* (Budapest: Friedrich Ebert Foundation, 2007), p. 35–61.

[15] Ibid. p. 37.

International support, however, always provides an impetus for democratization and plays an essential, irreplaceable role in safeguarding citizens' legitimate rights and interests. In that sense, the signing of the Sylff Agreement in Central and East European states like Hungary undoubtedly had an impact on democratic consolidation in those countries. The benefits were not just financial; the spirit nurtured among the fellows definitely helped Hungary stay on track toward democratization.

One aim of the Hungarian representatives who helped prepare the Agreement was to support talented young students and send them to the international "arena" so they could spearhead the reintegration of Hungarian scholars in the humanities and social sciences into the international mainstream.[16] Now, looking back over the preceding 25 years, we can definitely say that the fellowship recipients have become a determining factor in the formation of professional opinion in the country, and many of them have become leaders in their respective fields. As such, they have had great political and socioeconomic responsibility. Making democracy work requires a certain degree of political competence and commitment on the part of the nation's citizens and, especially, leaders. Particularly in Eastern Europe, where the values nurtured during the communist era needed to be changed with the rules and norms of a capitalist, liberal democracy, education was an important means of achieving those changes.

Anniversary Gala and Brainstorming

On November 17, 2014, on the occasion of the twenty-fifth anniversary of the Sylff program at the Hungarian Academy of Sciences (HAS), a gala event was organized in Budapest entitled "Past, Present and Future: Gala and Brainstorming." The event was officially part of the Festival of Science in Hungary 2014, a month-long series of events held under the theme of "Far-sighted Science."

A visible sign of HAS's support for the Sylff anniversary event was the presence of HAS President László Lovász. Takahiro Tanaka, second secretary at the Embassy of Japan in Hungary, was also among the prominent guests. Organizers also invited past and present fellows, members of the Sylff Steering Committee, tutors, and some young scholars who may become future applicants. Around 50 guests participated in the event to celebrate the anniversary.

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[16] Balázs Hámori, "For Talented Young Scholars," ed. Mariann Tarnóczy, *20 Years Report on the Activities of the Sasakawa Young Leaders Fellowship Fund in Hungary 1989–2009*. Budapest, pp. 40–42, particularly p. 42.

After the welcoming remarks, speakers in the plenary session summed up the history of the Sylff program in Hungary and considered future possibilities and challenges. The anniversary proved to be a good occasion to monitor the activities (both the strengths and weaknesses) of Sylff in Hungary. The highlight of the event was a session in which past Sylff fellows, now recognized scholars in their own fields, were invited to talk about their academic achievements and professional careers so as to offer hints for the younger generation. The Sylff fellows were notably proud to be invited and underlined various positive aspects of the Sylff program in Hungary that helped to advance their academic careers.

A review of the last 25 years at the Presidential Hall of the Hungarian Academy of Sciences.

The fellows making presentations were: Professor Éva Kiss, scientific advisor at the Geographical Institute, HAS; Dr. Eszter Csonka-Takács, director of the Intangible Cultural Heritage Department of the Hungarian Open Air Museum; Professor Ferenc Hörcher, director of the Institute of Philosophy, HAS; Dr. Gábor Nagy, senior research fellow at the Regional Research Institute, HAS; Dr. Júlia Frigyes, psychiatrist, certified midwife, doula, and regular guest lecturer at the Perinatal Expert Consultant Training Program of ELTE University; and Dr. Ferenc Bódi, senior researcher at the Institute of Political Sciences, HAS.

One of the things the Sylff fellows emphasized was the role of the program in their "early career development" planning phase. In the early 1990s, fellowships were provided for a maximum of three years. This ensured two to three years of financial security and established balanced conditions that enabled fellows to set

VIPs attending the meeting included three past Hungarian Sylff fellows, of whom we are particularly proud: (from right to left) Gábor Nagy, Ferenc Hörcher, and Ferenc Bódi.

ambitious, long-term goals. The fellows were able to concentrate on their own research, without needing to undertake other projects out of financial considerations. Today, unfortunately, this framework is no longer possible due to financial reasons. Present-day fellows receive a scholarship for 10 months.

To meet future challenges and further develop the fellowship system, Sylff fellows made several recommendations. They proposed strengthening the leadership aspect of the program, such as by enhancing management skills under a more practical-oriented approach. They also pointed to the potential for closer cooperation with other East-Central European countries, both at the individual (Sylff Research Abroad, for example) and collective (promoting joint activities among Sylff fellows associations) levels. The "Sylff fellow" status should be communicated more prominently in one's professional career (such as through inclusion in CVs), they said, as indicating membership in a prestigious and recognized fellowship community.

During the afternoon brainstorming session on how to raise the efficiency of the Sylff network, a roundtable discussion was held focusing on three topics: reinforcing a functioning national network (through a database, facilitating communication, etc.), creating an inter-generational network (with past fellows serving as mentors for new applicants), and forging closer international links (with other Central-East European Sylff institutions, Sylff Research Abroad, international projects, and the Sylff Fellow Forum 2015).

The celebration confirmed the pride Hungarian fellows feel about having been part of the worldwide Sylff family for a quarter of a century. The event highlighted the significance of the past 25 years and its unbroken continuity, which in itself, we feel, is an outstanding achievement.

An added value of the event was that it generated fresh momentum for closer networking among the Sylff fellows. In mid-January 2015, fellows organized another meeting to establish working groups for various proposed objectives. In the future Hungarian Sylff fellows intend to strengthen their links within this network and make better use of this enormous talent pool. Cooperation and joint efforts with other schools and fellows should yield additional benefits. The 25-year anniversary event has been a tremendous boost for the future of Sylff activities in Hungary.

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