



## SHOTARO OSHIMA

Chairman, Institute for International Economic Studies (IIES) and Visiting Professor, Graduate School of Public Policy, University of Tokyo

### **Thierry de Montbrial, President and Founder of the World Policy Conference**

Thank you. I now give the floor to Mr Oshima, an old friend of the WPC. I think that he has not an easy task, but let me provoke him a little bit just to stimulate the discussion. Under Prime Minister Abe, Japan is sometimes criticised for being a bit nationalistic and, as certain commentators would say, aggressive. Could you answer those worries, which exist not just in Korea?

### **Shotaro Oshima, Chairman, Institute for International Economic Studies (IIES) and Visiting Professor, Graduate School of Public Policy, University of Tokyo**

Thank you very much, Mr. Chairman, and 안녕하세요까지 to my friends in Korea. It is very nice to be back in Korea. As you may know, I was ambassador here some years ago.

As you started by saying, I am in a very difficult position, being the last of the distinguished speakers, and particularly after the major and very important speech by President Park Geun hye. I have prepared a text, but much of it has been covered by others so I will try to improvise as much as possible.

First of all, your question is very interesting and I am sure that it is out there, so I need to address it. However, I will try to respond to it by perhaps putting it in context of a bigger picture. People have talked about the difference between Europe and East Asia in terms of the Cold War and afterwards. If you would recall, much of East Asia's security structure was dominated by the West for centuries. What is now happening is that the Western influence is receding and this fact results in certain developments. It is not just the rise of China. Recent developments expose the fact that we have not had an East Asian security structure independent of the global structure. That is why we are still at the very beginning of developing our own security structure. That is why the tensions are showing at the very moment when the older structure is receding.

(In responding to the question put to me) an element that some people overlook is the fact that the Cold War had internal domestic implications in many of the countries in East Asia, but particularly in Japan. During the Cold War times we had very strong Marxist, communist and socialist parties. After the end of the Cold War, the prestige of the communist ideology disappeared in Japan. This appears to the outside observers as if the centre of political gravity is moving to the right. Appearance notwithstanding, the basic structure of the ideology and policies pursued by the Conservative Government has not been altered. Therefore, from the outside, it might look as if people are moving to the right, but that is not the case. It is just that much of the vocal left has disappeared. I do not believe that there is any truth to the assertion that Japan is moving towards militarism or ultra-nationalism. There are people who voice such views, but that is not where the centre of gravity of the Japanese political structure is. There is therefore nothing to worry about on that score at all and there is no regression in that direction.

Trying more or less to respond to what was asked; I have not gone into the details of how East Asia is different from Europe. I did try to cover this a little. It has also been covered by my distinguished colleagues, so I will not dwell on this subject.



One of the most important elements in East Asia is obviously the rise of China, and it is creating certain instabilities in the region. Japan as an ally of the United States welcome the American rebalancing to Asia and we are trying to contribute to increased security in the area by doing our bit, such as strengthening our capabilities and changing the interpretation of the constitution so that we can take certain measures in collective self-defense. We are therefore trying to contribute to this whole process.

Having said this, let me just make one observation, which should be very interesting to those who have not necessarily recognized this aspect. It is the importance of the need to respect the rule of law in order to have domestic economic governance that is much better accepted by the external community. This is important for promoting economic reforms in countries which require such reforms, including China, of course.

In this context, it is important to note the modus operandi of Russia in Ukraine and its ramifications in East Asia. A couple of things have already been mentioned in this regard. With respect to the Northern Territories issue between Japan and Russia, if the nationalistic attitude in Russia is strengthened, resolution will become much more difficult, despite the fact that there has been agreement that the two sides will base the negotiation on the principles of law and justice. In this respect, what has been happening in Russia recently, particularly on the economic side, is very disconcerting. At the same time, Russian economic difficulties might give a certain hint to others because the fact that Russia, if I may say so and with my due deference to my Russian colleagues, does not have credible economic governance sends a negative message to all the outside economic players, namely investors.

In a similar vein, how a nation conducts itself in the international arena, such as not respecting international law or not promoting economic governance based on law, will have an impact on how it tries to resolve the issue of economic reform. I see this in China. There seems to be a silver lining in China in that its nationalistic overreach, as we have been seeing in the East China Sea area and the South China Sea area, is being tempered by the domestic need for serious economic and social reform. I would like to suggest here the importance, in my view, of the decision of the Fourth Plenum of the Central Committee of the Communist Party of China taken last October which emphasized the importance of the rule of law, albeit with Chinese characteristics. The decision seems to have been based primarily on the need for domestic economic and social reform. Nevertheless, it also implies recognition that unless there is a transparent and democratic governance under the principle of the rule of law, international capital will take a serious cautionary view on China's domestic prospects.

There is still, of course, a considerable gap between the pursuit of domestic governance based on the rule of law with Chinese characteristics and the reining in of the dangerous challenges to the freedom of navigation and the territorial integrity of neighbours. However, it seems obvious that if such disruptive actions continue in its neighbourhood, risk-averse capital will not be available to help the needed economic reforms in China.

The jury is still out on the question of how to develop security governance in East Asia in response to the challenge brought about by the rise and attendant exuberance of nationalist pride in China. However, it should be noted that there seems to be a willing interlocutor for a strategic dialogue on security and economic cooperation and this is where I would like to stress the importance of the meeting between the two leaders of Japan and China, Prime Minister Abe and President Xi Jinping. This happened about a month ago and it was obviously a step in the right direction. It opened doors and also opened up the hearts and minds of some people. I was recently in China where I talked with some Chinese people and it seems that that meeting has broken ice in the minds of the Chinese who wanted to have an ordinary, regular contact and dialogue and relationship with Japan.

This was therefore an important step and we will be continuing dialogue including at the top level. As has been suggested a number of times, dialogue is the first step towards whatever security governance we need to establish. In



this respect, I believe that the Japanese Government very much welcomes the initiative made by President Park Geun-hye, which was reiterated in her speech this morning. With these steps, we would hope that dialogue will continue and be deepened and eventually lead to a much better system in East Asia.

**Thierry de Montbrial, President and Founder of the World Policy Conference**

Thank you very much. I have one quick question. How do you react to the regular protests from Korea in particular, as well as from China, on the Yasukuni Shrine visits? What is your interpretation of that? Why is it so important for the Prime Minister of Japan to be involved in these kinds of actions that are perceived on the outside as provocations?

**Shotaro Oshima, Chairman, Institute for International Economic Studies (IIES) and Visiting Professor, Graduate School of Public Policy, University of Tokyo**

That is an interesting question and an important one. This is obviously a complicated issue but sometimes it is not understood very well. The real issue is not the visit made by the Prime Minister or of any of the political leaders or Yasukuni itself.

It is what Yasukuni represents to China and, particularly, the fact that so-called war criminals were “enshrined” there, – I do not want to use the word ‘enshrined’ because it does not give the true meaning of what was done, but it is the only English word that is normally used.

Until some time ago, those people, who were sentenced as war criminals, and therefore some were executed, were not considered as part of the soldiers who died for the country and enshrined at Yasukuni. For most people in Japan, it is a very natural sentiment and they would find it totally natural for a political leader, or anyone else, to pay his respects to soldiers who sacrificed their lives in wars for the nation. The only problem is that China sees the paying of respects as an offence because, after some years, the war criminals, who were considered to be responsible for the war in China and elsewhere, have also been included among the “enshrined.” It seems to them as if the respect expressed by the political leaders to the soldiers and sailors who sacrificed their lives implies this aspect, which they cannot accept. It is therefore a very complicated issue for Japan and if the issue could be resolved, that would be much better. However, at the moment the political leaders find it almost natural for them to pay their respects to those soldiers and sailors and I believe that it is not different from what many leaders in many other countries would do, except for that particular factor.

**Thierry de Montbrial, President and Founder of the World Policy Conference**

Do you think that at some time in the future there could be a reconciliation process between Japan, China and Korea, more or less comparable to the French German reconciliation process? Is that conceivable?

**Shotaro Oshima, Chairman, Institute for International Economic Studies (IIES) and Visiting Professor, Graduate School of Public Policy, University of Tokyo**

Of course. If I am not mistaken, and as was mentioned earlier, French German reconciliation was made almost imperative by the changing security circumstances immediately after the war, meaning the rise of the Cold War. That kind of security situation was not present here in East Asia because China was on the other side and not on the same side with Japan. Now that the Cold War is over and people are positioning themselves from different perspectives, I would say that it could happen eventually. We have started the dialogue, which is a very important step.