US and Japan National Security and Defense Strategies

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- Nadia Schadlow, Senior Fellow, Hudson Institute
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Masashi Murano:
Hello everyone. Thank you for watching our online public event. I'm Masashi Murano, Japan Chair Fellow at Hudson Institute. It is my great privilege and pleasure today to host this event with four leading National Security and Defense Policy experts from US and Japan. So over the past few months that there have been a series of diplomatic events between Japan and United States. In March, State Secretary Blinken and Defense Secretary Austin visit Japan together and held a two person meeting with Foreign Minister Motegi and Defense Minister Kishi. Also in April, the Prime Minister Suga became the first foreign leader to hold a face-to-face summit meeting with President Biden. After these meetings the US-Japan alliance is now at the starting line of its strategic competition with China. But prior to this, the Biden administration has released the Interim National Security Strategic Guidance at the very early stage after its inauguration.

Based on this guidance, the Biden administration is expected to develop a definitive national security strategy and national defense strategy by the end of this year to 2022 by comprehensively considering the results of various strategic and regional policy reviews such as Global Posture Review. According to the National Security Strategic Guidance and the US-Japan joint statement, both countries try to deal with a very broad range of issues as defense, the military issues, economy, technology, global health, climate change and the democracy, all recognized as security agenda. However, expanding the security agendas is the context of time and resource constraints brings trade-offs that complicate policy prioritization. Moreover, one outcome of this series of documents of meetings was to criticize the Chinese, the coercive behavior to change the status quo and affirm the importance of the peace and stability in the Taiwan Strait.

However, there are still many difficult subjects that need to be discussed in more detail between the two countries. These include the impact of the Global Posture Review on the Indo-Pacific region and the basing options of ground-based missiles, modality of Japan's own strike capabilities, a coherent counter escalation strategy, the joint war fighting concept from the gray zone to the neutral level and redefining of the roles, missions and the capabilities of US forces and Japan Self-Defense Forces. To deal with these complex challenges the United States and Japan must first to do two things. The first, there must be coherence between the national security strategies and defense strategies. The second, to further integrate the strategies of US and Japan alliance. This dual strategic alignment will be the key to making the effective use of our limited time over resources and to enhancing our competitiveness.

So in this online public event, the policy experts who has been deeply involved in the development of the national security and defense strategies of those countries will discuss the challenges and new ideas for further deepening the strategic collaboration of the US-Japan alliance in the era of the strategic competition. So now I will introduce the today's panelists. The first is Dr. Nadia Schadlow. Dr. Schadlow is a Senior Fellow at the Hudson Institute. Before the joining the Hudson, she was the Deputy National Security Advisor for strategy, in this role that she serves as the lead officials of the 2017 version, National Security Strategy with General HR McMaster. Next will be the Mr. Elbridge Colby. The Mr. Colby is the co-founder and the principal of the Marathon Initiative. Before that, he served as the Deputy Assistant Secretary of Defense for Strategy and Force Development. And in this position, he led the development of the 2018 version National Defense Strategy that also served as the primary DOD representative in the development of the 2017 version National Security Strategy.

From the Japanese side, the third is the Ambassador Nobushige Takamizawa. Takamizawa served as the ambassador of Japan to the Conference on Disarmament in Geneva. But before that, he has served the several position, including as the Deputy Secretary-General of the National Security Secretariat. In this roles, Takamizawa was involved in the development of Japan's first National Security Strategy in 2017. At last is the Mr. Sugio Takahashi. Mr. Takahashi is the Head of the Defense Policy Division in the Policy Studies Department at National Institute for Defense Studies in Tokyo. But before that, he was Deputy
Director of the Office of Strategic Planning of Ministry of Defense. So in this capacity, he was in the
drafting team of the National Defense Program Guideline. This is the capstone document of Japan's

So the first topic, I would like to ask each panelists a question that is the generally common to all of
them in eight minutes. My question is, what is the most important agenda of the next national security
strategy and national defense strategy or national defense program guidelines? I would like to pass to
Nadia. Could you start with you? What are your impression of the Biden administration, the National
Security Strategic Guidance and your opinion about this question? What are the most important point of
the next national security strategy?

**Nadia Schadlow:**

Yes. Thank you so much and it's really a pleasure to be here on this panel with some old friends like
Bridge and some new friends. So thank you so much for the opportunity. So I think it's interesting that
the Biden administration put out an interim national security strategy. I think it was actually quite smart
of them because it essentially allowed them to test out some of their thoughts and ideas with an
audience to identify where the criticisms would be and where support would be, both across the aisle
with Republicans as well as within their own party. So it was a smart, bureaucratic move by their part. I
think I'll say a few things. First, the areas of similarity and there might not be the perception that there's
a lot of similarity between President Biden, former President Trump but there were three areas of
similarity.

First on China, both of the documents are quite similar on China. The Biden administration called China a
competitor capable of combining its economic diplomatic, military and technological power to mount a
sustained challenge to the United States and that could have probably been taken from the 2017 NSS
that Bridge and I worked on. Second, on trade issues actually, there's a lot of similarity as well. Their
language in there about standing up for American workers, about making sure the rules of the
international economy are fair and are not tilted against the United States. There's language about
ensuring that there are no illegal trade practices. So again, if one was not looking and gave a test to
someone, they would probably say, "This is very Trumpian." And third, it links, like the Trump strategy,
domestic economic developments to international ones.

And again, Biden's calling that Build Back Better within that framework. The Trump administration
actually referred to that as America First, meaning that we needed to make sure that American workers
and American citizens were not disadvantaged by the rules of the international system. So those are
three areas of similarity. I think there are differences as well. And I know I don't have the full eight
minutes, so I'll be quick with the differences. There is a difference. The Biden strategy is much more
multilateral in language. It emphasizes multilateralism in many, many places. It emphasizes
transnational threats, which always strikes me as a little bit odd because most threats are driven by
specific powers. There are entities that are behind those threats and challenges. Third, I think it
underestimates the difficulty of cooperating with China in key areas like climate and working out these
other problematic areas.

So I think the Interim Strategic Guidance doesn't emphasize that this is probably going to be harder than
they want. Fourth, it reduces, I think, the connection between military power, economic power and
diplomatic power because by explicitly stating we are going to, the term is elevate diplomacy as a tool of
first resort, it suggests that will not be integrated with the other elements of power. So I think that,
that's worth looking at as well. And finally, just a point of interest which I found, was that it doesn't
mention globalization anywhere in the document, which is kind of interesting. That should probably
have been in the first section. So it doesn't mention it at all which I think is interesting. I'll end there.
Thank you.
Masashi Murano:
Thank you very much. The very comprehensive review of the initial National Security Strategic Guidance. Next is Bridge. I think that from your perspective, there is no doubt that strategic competition with China will be the top priority is the Biden administration NDS. If you are in the position to lead the National Defense Strategy again, what would you want to update? Would you be in the line of the direction that the strategic planners in the current administration are going?

Elbridge Colby:
Well. Thanks Masashi for the kind invitation, it's great to be on with my great friend and collaborator Nadia, as well as Sugio and Ambassador. Pleasure to be on meet you. Well, I think there is, does seem to be substantial continuity. The Biden administration has named China as the pacing threat and the priority challenge and is focused on the Indo-Pacific. I think that’s good. Although I find it's less reassuring than it may seem because the threat is now so dire, it would take almost willful ignorance to ignore it. So I'm actually, I mean, it's good. It could be worse but I mean, I don't think we should be patting ourselves too much on the back. I mean, if we'd followed what Bob Walk had said more thoroughly six or seven years ago, we'd be in a better place but here we are. And actually, I think on the strategic orientation since Bob really began things around 2015 and even a little bit before and we tried to really accelerate and deepen it with the National Defense Strategy.

Progress has been slower certainly than I would have hoped and that I think the situation demands. I mean, the reality is Admiral Davidson said is the situation has already dire and it's becoming more severe. So that's the backdrop. So it's good that we’re seeing continuity but I don't think it's time to break out the champagne quite yet. So in that logic and some of these themes are certainly in the National Defense Strategy of 2018 but I would want to really highlight them. And I'll make some comments about where the administration seems to be. First, I would really emphasize the denial of defense particularly of Taiwan. So as many of you know, I talk a lot about Taiwan. The reason is because it's in our defense perimeter. And I believe whether we like it or not, it is in our defense perimeter. I commend the Japanese government for its clarity on the point. I think the defense of Taiwan is clearly integral to the defense of Japan, just from a very basic geographic and military point of view.

If Taiwan is subordinated, Chinese power, the PLA, will have uninhibited military access into the Central Pacific and will be able to cut Japan off, certainly from Southeast Asia and South China Sea but also potentially even from the Eastern approaches. So really would dramatically worsen Japan's military situation, which would be bad for both of us. Now, Deputy Secretary Hicks committed to a denial defense in her hearing and in the Senate, Colin Cole did the same. So I think the Pentagon team at least is in the right mindset but getting there will be different than saying it. I was a little perturbed by Secretary Austin's discussion of integrated deterrence out in Honolulu the other day. I think the best deterrence is denial, which is defeating the invasion and we don't have time or the bandwidth to be sort of clever and theoretical. We need to be sort of straight to the point.

So I think winning as Admiral Aquilino and actually in his defense, Secretary Austin also said that but I think we got to be really, really tightly focused. I think the second point will be, I think the National Defense Strategy did not make as much progress as I had hoped was a new model of alliances. It’s a bit different I think, than what the Biden administration is saying, although they may end up there. And I think it's actually to Nadia as point, which is, we've gone back and forth on allies. The current president is very laudatory. There's sort of a restoration aspect that former president was very, very tough on them and in a different way President Obama was quite tough on them. The reality is we just need more from allies. We're dealing with by far the most powerful state in the international system since the United States itself emerged. So we can't do it alone.
So we have to have more from allies. So whether we like it or not, we need to get to a new model and the faster we can do it the better. And I think that means in particularly in the Asia-Pacific more integrated model. So for instance, I don't know why there's a separate US Forces Japan and MOD are separate. I mean, it basically you should have something closer to CFC in Korea. I mean, we don't have the resources or the time or the bandwidth to be doing unnecessary duplication. It's too important. And we're way past that point where we could kind of debate a lot of these things because the situation is so dire. Another point is I'd like to see really implementation of hard choices. The National Defense Strategy tried to chart that out but it was very imperfect in the last few years, unfortunately and this is above all strategic prioritization, Asia first, everything if you can get around to it.

Europe is second. Middle East we should be doing as little as possible. I think the president made the right decision on Afghanistan. I think we should be pulling troops out of Saudi Arabia and Kuwait. There's really no reason. If the Iranians get frisky, we can always do Desert Storm on them if we need to. But we can't reverse a fait accompli if the PLA really hardens it over Taiwan. They're kind of uncertain. Initially I was quite worried. It seems like it's a little bit better now. We'll see where the ultimate National Security Guidance actually ends up. And then of course on forces and hard choices on forces, I mean, I think the administration is saying good things about legacy forces but look, we've been talking about retiring legacy forces for years. There isn't a ton of low-hanging fruit, it's different views on what legacy forces are.

It's not like we're going to be able to snap our fingers and move to some new model from one day the next, partially because we don't know if it's going to work, partially because we can't leave a huge opening the next five to 10 years. We can't wait for the third offset to come around. We have to cover down over this decade. So I'm all for retiring stuff that doesn't make sense anymore. Some of the old stuff does make sense. The B-52, it's pretty efficient. It's got new engines, new wiring, et cetera. It can launch a lot of missiles and bombs, so that we're going to probably keep around. But I think that's an important point. And then I'd like to see sufficient funding. I'm not theological on a defense top line but I mean, I stepped back and I look at the world and I say, "Well, we're dealing with the PRC, which has increased defense spending six to 10% for the last 40 years, 30 to 40 years, 30 years, I guess."

I mean, we got to have enough money and we've been wasting a lot of it in the Middle East and on forces we don't need. So I think that's an important thing. I have maybe comments on the state of the US-Japan relationship, which I think is more problematic than I think a lot of the coverage suggests but I'll save that for later.

Masashi Murano:
Thank you very much, Elbridge. There are many points I agree with you. I'd like to dig deeper later. So next I'd like to hear how Japanese side views these topics. Takamizawa, it has been almost seven years since Japan's National Security Strategy was formulated. When should the Japanese government review its National Security Strategy or next year National Security Strategy? And what should it focus on the update that strategy then? What are the implication, if any, of the Biden administration Interim National Security Strategic Guidance for Japan's strategy?

Nobushige Takamizawa:
Thank you Murano. Thank you for inviting me and thank you for panelists to talk about kind of the next steps among the strategies. Let me first talk about the significance of the Guidance. And it's really good news to see kind of continuity of the policies toward Asia, in particular China. And I have seen a lot of commonalities between the 2017 National Security Strategy and the Strategic Guidance and that has a kind of relief for the Asian countries to work with US. And I think that there are three points that I have found. First, the emphasis on US leadership, that is really important. And also to respect the
international order supported by democracies, which is also a vulnerability to the information warfare era. And also, the US is highlighting the importance of the working from position of confidence and strength and that's important but from a Japanese perspective, Japan has to work from the reality and confidence.

So I think that's the kind of difference we are reaping. And with regard to China, I think Japanese National Security Secretariat, I worked hard on kind of persuading US administration to take a closer look at what China is doing and what China has done and what China is not doing as they promised. So I think after the establishment in National Security Council and National Security Secretariat, very good discussion were made between US and Japan and Japan and other countries in the region. So as a result, I think current strategy toward China is pretty well, I think, crafted and organized on a inter-agency as well as the bilateral or international basis. I think, in that sense, 2017 National Security Strategy is really a good benchmark that we will be working hard on.

And also, I think at this timing, US articulated their intention to continue to the policy toward China. Although the styles will be very different but the emphasis will be the same. But what is really different from the Trump administration is that the emphasis on multilateralism. So I think that that's supposed to be seen and Japan conducted 2018 policy review on the National Security Strategy and the assessment was made and within the assessment there are two very important points. First, the change of speed. Accelerate speed of the balance of power and so forth. The second point, the US, kind of uncertainty of US. I don't agree with this but at least the multilateralism is concerned and also Chinese campaign is concerned. Trump administration's approach to US first can be a kind of a good excuse for China to criticize US.

And so 2018 assessment, I think I have some concerns about the future of the US. But in reality, US administration had done a very good job with regard to the Asia but in particular Chinese, I think how to deal with China. So the continuation of the strategy will be really welcomed by many, many countries in the region. But there are, I think, challenges that are ahead and if I may, there are five points that I like to highlight. The first is how to strengthen and streamline for structure. Increasing the cost personnel quantity and sustainability are the important factors. So I think that's the first point. So we need to kind of have an objective and realistic assessment, where we are now and what kind of areas we need to strengthen. And that should be done in an objective way. So in a sense that joint assessment will be very important.

And the peak of the cold war that Japan and US conducted, the joint sealing defense studies. That was really effective to kind of too much powers and to compare notes and what kind of areas we should give a priority to. So this kind of new exercise will be really needed and the focus should be Taiwan and the Korean peninsula. And Taiwan is in a very important part of the area and Senkaku, Taiwan and South China Sea are the kind of one, I think, strategic area and also, which is related to the so-called core interests of China or Chinese Communist Party. So I think that, that's really an important area that we focus on. And also in relation to that, I think we have to be realistic about the role and limits of extended deterrence. So we have to really understand the importance of the extended deterrence. But at the same time, we have to be realizing that the limits of that kind of power.

So the nature of the deterrence has been changing rapidly and information warfare and vulnerability of democracies have been neutralized by China. So that's really a challenging issue. That's the first point. And second, that's why we need to build the resilient, effective, sustainable, comprehensive, operational posture and framework. We need something beyond 2+2, beyond security and defense. So after the establishment of the National Security Secretariat or our National Security Council, it is really a game changer but that is not good enough for dealing with the new challenges, including Taiwan, including information warfare and including the modality of the new data. So I hope that the coming
National Security Strategy is kind of really integrating various elements of necessary measures, including cyber outer space and information warfare and economic, I think power.

So China has launched a very long-term connection between the economy and security. So very comprehensive security concept has been exercised, very, very kind of a well organized way. And they have power to implement. We don’t have good power to implement. Implementation is really challenge for democracies. So I think that we need to establish some seamless, I think, 24/7 desk for monitoring the information warfare and doing some activities to deal with this. So that’s a kind of pretty important area. So we have to establish some coordination mechanism within Japan beyond the 2+2 framework involving many ministries, Ministry of Health and Welfare and Ministry of Industries and Economy and so forth. So we need to really establish and a kind of total power, I think, a coordination center in a nutshell. So that’s the kind of basis. So we need to make clear that the coming strategy requires us to focus on really integrated the strategy to deal with the new details and new challenges in the changing world.

And third point is that, the utilizing strengths of all stakeholders and also how to face the limits of the resources. So one answer would be, we have to find out the existing system by existing power, which we are not really fully utilizing. So I think the empowerment of individuals and also the use of industrial base and international power will be very important. So we have to think how to mobilize these corporations. And COVID-19 has highlighted the vulnerability of Japan or weakness of Japan to integrate various elements of the national power. So how to kind of build a good relationship between the central government and local government and also how to deal with the importance of security and the freedom of expression or kind of human rights and so forth. So Japan does is not really good at kind of harmonizing the system and the implementation. So many people are too much concerned about the privacy and so forth.

So this is really challenging, which is related to cybersecurity and other elements of the new emerging issues. We tend to just look back not to facing squarely the emerging things. So that’s the kind of weakness of our strategy. So these are the elements that we have to work on. And also, I think the international economic system is important. So we have to work with the US and Europe to maintain the robust international free and open economy integrated system. So I think there are so many things but these are the area that I hope that the current administration will focus on. But one real challenge is that we are facing the general election in 2021 and the 2022, we have an Upper House election. So for the past, we have enjoyed a kind of political stability but I have not been convinced of the stability for the future. So important thing is that to articulate the policy agenda including National Security Strategy, this should be kind of reviewed and this should be discussed and formulated for the coming year.

So I hope that political leaders will be quite, I think, articulating the intention that what should be done. So raising awareness and having sense of urgency will be a really important area that we work on. So I'll stop there. Thank you.

**Masashi Murano:**

Thank you very much. And also to Takamizawa. These are very comprehensive and comprehensive the point and recommendations. Takahashi, thank you for waiting. I'd like to ask about this more specifically focus on the defense strategy. The joint statement of the recent two person meeting and the summit meetings, the emphasizes of the importance of the Japan's own efforts, in formulating the next national defense program guidelines, what should Japan focus on the most in terms of the defense capabilities?
Sugio Takahashi:
First thing I want to say thanks to arrange this meeting and very nice to see my former boss and my old friend and my new friends. About the topic, how to say, when I think about the strategic process, I always refers to Dwight Eisenhower's famous words that planning is useless but planning is essential. So this is always true. And I'd say for restarting Japanese defense strategic review process, that can be applied as well. No ones asked me about the very defense specific process but as Takamizawa said, now what we need to do is to integrate business sector into planning process first because how to say, the current Japan-Chinese strategy competition develops in very broader way. So we need to take upper hand in not just in the battlefield but in the more comprehensive arena. But one of the, how to say, the problem in Japan maybe as well as in the United States is, business sector has different strategic views. So we need to persuade them or we need to integrate them into our planning process. I mean, I'd say through planning process and then to centralise them.

Why we are worried about and then what we are worried about and why we need to have your cooperation. So far, they have their own strategy, we have our own strategy. And then when you say our strategy to them, "Oh, that's your strategy?" That have our own strategy. And we have our China. So this is pretty bad space. So we need to integrate it in the, how to say, maybe not the defense strategy process but the national security strategy process. That is one of the very important key area for the future, for the coming review process. And about the defense side, what we need to do is, we need to shift the focus from the gray zone to map around global escalation. In the series of strategic documents in 2010s in Japan 2010, 2013, 2018, US marched for three hours in the years. And this is actually different but basically we looked at the gray zone hybrid warfare we looked and how to manage the escalation from that.

That was a prioritized topic of the 2010s versions of strategic process. Yet, now the situation is very bad as Elbridge said. So we need to shift our focus from a gray zone or lower ranks of escalations to upper rank of escalations. But the truth is that we have some problems, some challenges. The first one is a resource, the other one is, how to say, psychology. About the resource, of course, how to say, the biggest challenge for Japan is the resource. If you look at 20 years ago, Japan shared about 40% of the defense expenditure in East Asia. I mean, East Asia means China, South Korea, Taiwan, Japan. And at that time, in 1998 or 2000, at that time frame, Japanese share of defense expenditure was 40%. And now that is about 16%. So Japanese defense budget was cut but the share is about a half. That means defense expenditure of the China and the South Korea, Taiwan is actually flat, China and South Korea has expanded. And of course because of data limitation, North Korea is dropped but comparing North Korea economic situation in 1988 and now maybe if we include North Korea, Japanese share will be going down even more. So Japan need to, how to say, reverse this trend not just to keeping it flat but Japan need to reverse this trend for shrinking the defense budget share as share of the defense expenditure in the region. So this is a very serious challenge. And to do that, how to say, Japanese taxpayer need to understand why we need to substantially increase our defense budget. To be honest, that's a job of Japanese strategists, including myself. So this downward trend reflect, how to say, what we couldn't do. But we need to, how to say, double down our efforts to persuade, how to say, for example, taxpayers why we need to think more seriously about the defense side.

And the next problem about, how to say, for shifting focus to upper hand is, as I said, our psychology. In this context, our includes American people. That means maybe the Western people. When we have some discussion of a bad issue, I mean, well, fighting issue, one of the consensus for European American Japanese strategist is, the first priority would be avoiding the escalation but then you're good. I mean, if you set the avoiding escalation as a first priority to deal with crisis, then you can easily a victim of for the escalation strategy. So the challenge aside will to escalate the challenge to make us de-escalate. So that means in this context, de-escalation means just simply backing down. So also in this sense, how to say,
we need to transform our mindset. Deterrence is actually a very paradoxical thing. If you are not ready to escalation, you will be enforced to de-escalate or you will need to be enforced to backing down. But if we are ready for escalation, your deterrence will be intensified or will be reinforced.

So in this situation, what we need to do to make us ready for escalation, to develop the war fighting posture and especially fighting to win, for fighting for fight and win in case of the conflict. So this is what you need to change our mind. Sometimes some American friends or some American people says we should not Mainland China to avoid the escalation or a strike against Mainland China would highly escalate everything, so we should not do that. That is pretty bad thinking. If US need to think about the serious, how to say, you need to seriously think about a strike against China, that situation, Taiwan or Japan is under attack. So if US refrain from the retaliation or they refrain from launching the ground strike against China, even in that case, that would be, how to say, perfect recipe to make China more bold and the perfect toxic for alliance management. So that kind of, how to say, obsession to de-escalation mindset needs to be abandoned. We need to make more ready for escalation.

And finally I want to add my thing, deterrence finally depends on the perception of the challenges. So if China thinks US would not respond, then deterrence doesn't work. And as Bridge said, the military balance in this region is pretty bad. And if China may have some possibility to perceive the current decision as, "Oh, now we can win in quick and decisive war." Of course, I don't think US, US will not. We surrendered after the quick and decisive war. I think US would mobilize globally and to fight indefensible. If that happens, then US would win. But quick and decisive war is very, how to say, on Korea, whether China, how Chinese think about that. So what we need to do is to don't make China perceive quick and decisive war is possible. So in that context, how to say, we need to show how much we are ready for the even the legacy war. So this is a paradox of deterrence that is very unpopular for the democratic society but we saw that kind of effort.

We may have some, in the worst case scenario. Finally, in history, US have bad track record in this context. I mean, in 1941, in 1950 Korea War, well in 1990 Gulf War. US sent wrong signal for challenger side. So further, no, the quick and decisive war is possible or US may not engage in. So that's kind of a too late, too big, how to say, track record, should not be repeated. We need to show we are ready to fight a war. Thank you.

**Masashi Murano:**

Thank you very much, Takahashi. I actually wanted to explore in-dephts of exactly what you've mentioned which mean that I would like to move on to question about the planning and the inter-agency coordination process. This is question to the US side, Nadia and Bridge. The Trump administration's National Security Strategy and National Defense Strategy were released only a one month apart and they are very much integrated in terms of content. During the NSS development process, you frequently invite the Bridge to the meeting at the White House. What are your considerations in the focus on the integrity of the National Security Strategy and the National Defense Strategy?

**Nadia Schadlow:**

Would you like me to take that first and then Bridge can comment? Thank you. Well, in terms of process, I think the most important approach that we took was to think about strategy making as coalition building. And so it's really an essential part of strategy making because you need to build the coalitions within a government across a government not to mention with allies and partners as the next stage, in order to have a chance that your strategy will actually be implemented. Secondly, a national security strategy has sub components one of which is defense, if not the most important certainly. One of three, there's an economic element and a political element. But as I said earlier, all are intertwined.
So it was very important that there was excellent communication between my team and Bridge's team that was supported by our principles at all levels.

So I would say we were thinking about it in terms of coalition building, in terms of clarity of the message, in terms of ensuring that we also had a clear diagnosis of the problem, that we agreed on our description of the problems that we were facing. That was very important as well because that's a starting point for making arguments about what you need, what resources you need, what changes you need and where opportunities might be. And so I was quite lucky that Bridge and I had known each other through the policy community for many years. We had an excellent working relationship as did our teams. And when there were disagreements because of course they are, we talked about them, discussed them and found a way to resolve them quickly. We didn't have much time. So those are some of the elements. Bridge, do you think that's fair?

Elbridge Colby:

I do. And I mean, I'm not just saying this Nadia, but it was a marvel to watch you. I mean, a national security strategy in the US system is really a challenge. In some ways the defense strategy is frankly, a bit easier. The defense organization is more strategic oriented basically because it has to buy things over the long-term, a lot of parts of the government aren't. The defense establishment is already pretty worried about China not everywhere but Nadia really was a wonderful mix of driving and consultation, which is not easy. So no, I think that was very important. If I could say Masashi on another point, just so I don't lose the opportunity as I know we don't have too much time left. I think the US-Japan relationship is actually in the kind of a crisis because there is a superficial level of comedy.

And I will say when I was working on the National Defense Strategy, there was fantastic alignment with Japan on the overall geopolitical relationship. But here’s the problem, we're not doing enough. The PLAN is already larger than the United States Navy in total, which is distributed all around the world. Everything Sugio was saying is correct, except that's mostly about Japan and I'm sorry to point fingers. But you have to increase your level of effort. We are beyond being diplomatic and cordial about it. There are a range of possibilities. One is that you continue to underfund the military as Sugio, I think rightly put it and China is bluffing and doesn't do anything about Taiwan or continue on from Taiwan. The second possibility is you do increase and we together effectively deter, both because we're able to do it and because of the American people, when they are demanded to do the things that Sugio says they have to do on behalf of Japan, feel that Japan has skin in the game.

The third, option is you fail to do it now, Japan doesn't do something about Taiwan and by the way, I'm more skeptical than Sugio about the results of such a conflict if Japan doesn't do what it needs to do. And then Japan has to increase its defense spending by say, 10X. So if you look at what happened in the Korean war, Truman had cut the defense budget dramatically and demobilized the entire military. By the end of the Korean war, we were spending 12 to 13% of GDP on defense. So I understand that we've been having these conversations for 10 years and longer for many of you, we're beyond that. I mean, what Admiral Davidson made very clear is there is a very, very real possibility that the Chinese will successfully be able to subordinate Taiwan. I'm obsessed with preventing that outcome but it is simply untenable especially over the longer term that Japan does not play a critical role in that.

Now we can talk about the politics, I understand what the prime minister said in the Diet. It's a delicate issue. The most important thing is that Japan increase its level of effort. I think a reasonable goal in the near term is 2%, which is what the NATO allies do, who are under much less threat. By the way, American taxpayers are spending over 3% to defend Japan. It's the number one priority. So I don't accept that it's politically difficult for Japan. And I'm sorry to be emotional a little bit about this but I think we are really at a crisis point. And what I'm worried about with the administration frankly, is not their prioritization on China but it's the fact that they are relieving the pressure in an unproductive way.
I think the Japanese political system, frankly, benefits from Americans being clear and direct because I can tell you, frankly, it's not only dovish Democrats but I do hear it from Republicans as well. That it's, "Well." Frankly, we can live with a Chinese dominated Asia. I think it would be terrible. You can't. You will be subordinated. You are target number one for China. They have to bring you to heel. So I think that would be a terrible outcome for us but it would be far worse for you. So we must move to a different relationship. We cannot keep going on and being polite about it. I made this comment directly. I'm not just taking this opportunity to hijack this a little bit. So apologies. I make this in a Japanese press regularly. I'm probably irritating many of my friends in the Japanese government but it's not going to work. So I think we really need to address this head-on. Thanks.

Masashi Murano:
Thank you Nadia and Elbridge. I will to follow to the Bridge that comment on the issue of defense spending to Japanese side to Takamizawa or Takahashi. So what is the most major obstacles to increasing the number of the defense spending? Why this is a difficult in Japan?

Sugio Takahashi:
I think, how to say, there are some much worse explanation. One of the way is rhetorical way that is, as Bridge said, that is politically difficult, under the Japanese financial institutions, that's politically impossible. Actually, I don't buy that argument because compared to 10 years ago, Japanese defense expenditure increased about 10%. And back, as our budget items, including science and technology, of course needless to say social security and the infrastructure budget, increased some more. So that means, how to say, we could not persuade why we need to increase the defense budget. So what Bridge said was 100% correct. I agree. And that is partially our failure. Our means defense experts failure why we need to do that. Japanese total budget is about 100 trillion Yen. And the Japanese defense budget is a five trillion Yen. So why are we cannot increase our national budget from 100 trillion Yen to 101 trillion Yen or 102 trillion Yen, that's not the problem was the budget sustainability.

That's a problem of, how to say, static theory or some of the political balance power of the defense committee side and Bridge said 2%. I think that's a fair, to be honest because as I said, 20 years ago, Japanese defense budget of 40% share in the region. Now, 16%. So 2% to me is about 40% to share. So I think that's fair, I think but every year to be honest.

Masashi Murano:
Takamizawa do you have any other additional comments?

Nobushige Takamizawa:
I think the most important element is that the current expenditures of research and development and other areas, so infrastructure building and so forth, have not been fully utilized by the government from the defense perspective and security perspective. That's a kind really very strong silos within the government. So if I take a look at the funding and spending of the projects that the superficial nominal, I think funding is quite, I think popular in every place. So implementing the budget and the wider spending hasn't been, I think thoroughly examined by the Diet as well as the public. So Japanese government, it has been kind of accustomed to spending very poorly and very, very kind of wide spending has been quite prevalent and not kind of criticized and corrected and further streamlined.

So I think we have a lot of spending and we haven't been totally utilizing the spending. So I think what is really important is how to integrate these spendings much more flexibly and much more realistically. And the establishment of the digital agency, is to some extent related to the kind of software issues and
system building. And for example just one million, I think dollar can kind of fully support the system building. But currently we are kind of spending 100 million to that kind of project and not kind of examining the result and not kind of dealing with the live cycle management. So I think that's the most important, I think, point.

So we have to change the budget process and implementation process. I think that's the most important thing that I can do. And with regard to the actual increase of defense spending, I have seen three difficulties. First is the public opinion and the election. But we tend to say, "Oh, it can't be helped." But at least just 1% or 2% increase will be okay or not. But we are not really good at kind of highlighting why this is necessary, what has been the changes and so forth. I think that is a kind of failure of the experts in some sense. And second element is that related to the constitution and kind of purely defensive oriented self-defense policy and so forth. So this is kind of related to the development of the new systems or technologies. Then we have to think, is it kind of okay under the current constitution and is it okay under the self-defense law and so forth.

So we are not addressing the issues. We are just addressing the systems for legal restraints. So we tend to think limitations first and not the problems first. So this is a kind of the systemic, I think, difficulty we face. And third element may be is the lack understanding of the politicians which is related to education and a common knowledge base. So when we talk about the situations in Asia people tend to avoid the, oh, this is not the only discussion I've heard. I've heard a very different discussions from China. China is really not intending to cross Japan and Senkaku with regard to Singapore. So that's a kind of the lack of the common knowledge base, would be a kind of very difficult elements.

And also think tanks are not really a debating over security issues and all government think tanks or just other focusing on something else other than security and defense. So that's I think sort of difficulty to increase the defense budget. But after I think experiencing COVID-19 and pandemic, I think if the leaders are determined to make a difference, I think that can be okay. And public opinion has been changing greatly. And so I think good explanation, good narrative and the political leadership can come and make a difference. I think that's a kind response to the very good question to from US side. Thank you.

**Masashi Murano:**

Thank you very much. Bridge do you have something to comment?

**Elbridge Colby:**

Yeah, no, just briefly and thanks. I mean, I agree with Sugio strongly on the 2%. I mean, I have to say, Mr. Ambassador, it doesn't resonate what you're saying. I think the constitution thing it's an internal political matter and it needs to adjust to geopolitical circumstances. General MacArthur himself realized that the constitutional issue was a mistake. The United States has been pressing Japan on this issue for 70 years. I understand it's been very convenient for Japan not to have to spend a lot of money on defense but that just doesn't work anymore. And I'll tell you what the practical consequence will be. And I think this will be in necessary is that the United States won't take less risk. It's not a binary decision. It's not the US backs Japan or banish Japan. There is a lot in between there. There's a lot more we can do to help Japan defend itself territorially, for instance, defending airbases, cities infrastructure, how much we expose American troops, similar for Taiwan, by the way.

If you are not willing to do those things, it's not going to make sense for the Americans to put our necks out. It doesn't mean we're going to abandon you but it will not be a good place to be. Issues like the Senkaku will become more pointed because why are we exposing ourselves at such risk when Japan is dragging its feet and coming up with these excuses, candidly, that obviously are moveable. We know it's
a political movement and you can define the constitution. By the way, I'm not even talking about collective defense, there's no prohibition on increasing defense levels in the constitution. The Ministry of Defense itself asks for an 8% increase (from previous fiscal year) and the Diet only gave 1%. I mean, it's untenable. And I'm a fanatical defender of US position in Asia but I cannot in good conscience say that the United States should stick its neck out for Japan. Again, it doesn't mean we abandon Japan but it does mean that we're going to have to look much more after the well-being of our own troops and our own interests.

And so I think this is not just a plea. This is really in Japan's own interests. And I think we're all going to have to go through difficult changes. But I mean, Nadia and I, our political system has begun to go through these changes. Japan can do the same thing.

**Masashi Murano:**
Thank you very much. Nadia, do you have some maybe that this is last?

**Nadia Schadlow:**
I'll let you wrap. I mean, my point was one on the side of which, in addition to all of this, there's going to be decreasing pressure on the US defense budget. We've already seen the Biden administration 1.6% increase, which with inflation is really a decrease, a cut in military spending. So you're going to see pressure in that domain as well while discretionary spending is surging in other areas. So that's all.

**Masashi Murano:**
Thank you very much. We are running out of time. So as we have discussed today that there are still difficult issues between the two countries that have not been resolved so far. However, by the sharing and the discussing these difficult issues, including the defense with the spending and with the wider audience, that we should be able to lower the huddles for the governments and the politicians to tackle these problems. So the objective is to make new common sense that I believe that this is the role of the think tank community. So again, I want to thank you all for taking time out of your busy schedule to be here today. And I hope today’s discussion will help to further strategic cooperation with US-Japan alliance. So thank you for watching our event.

**Elbridge Colby:**
Thank you.