

REINVIGORATING  
US-JAPAN  
POLICY DIALOGUE  
and STUDY



JCIE

Japan Center for International Exchange

# Reinvigorating US-Japan Policy Dialogue and Study



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Japan Center for International Exchange  
4-9-17 Minami Azabu, Minato-ku, Tokyo 106-0047 Japan  
[www.jcie.or.jp](http://www.jcie.or.jp)

Japan Center for International Exchange, Inc. (JCIE/USA)  
274 Madison Avenue, Suite 1102, New York NY 10016 USA  
[www.jcie.org](http://www.jcie.org)

## *Introduction*

Since the close of World War II, Japanese and Americans have invested significant energy and resources in strengthening the nongovernmental underpinnings of the US-Japan bilateral relationship in order to ensure that the two countries would never again return to open conflict, and so that they might work together to ensure a more peaceful and prosperous world. However, there is growing evidence that important pillars of the alliance remain weak. In fact, 50 years after Edwin Reischauer famously wrote in *Foreign Affairs* about Japan and America's "broken dialogue," the two countries again face difficulties in maintaining the kind of healthy dialogue on pressing policy issues that is necessitated by the evolving regional and global environment. While these problems differ in scope and substance from what Reischauer identified half a century ago, they nevertheless have important implications for the course of US-Japan relations.

Kent Calder has characterized the decline in human networks as the "quiet crisis" of US-Japan relations, and there is a consensus among foreign policy experts in both countries that the field of US-Japan policy dialogue has, indeed, been moving in the wrong direction. This is somewhat perplexing at a time when Japanese and Americans arguably have had greater cumulative interactions with one another's societies—whether through personal friendships and family ties, travel and study, or exposure to popular culture—than at any other time in history. However, the strong affinity that the publics of each country display for one another has not been mirrored on the institutional side of the relationship. Rather, the institutional channels that sustain interaction between the two countries have begun to wither.

The deterioration of the nongovernmental underpinnings of the bilateral relationship is evident in the challenges facing Japanese studies in US universities, the growing difficulties that grassroots organizations are having in sustaining cultural exchange activities, and the gradual weakening of the organizations in both countries dedicated to promoting exchanges among business leaders. This slide is most apparent, though, in the very area that has the greatest immediate impact on US-Japan relations—the field of nongovernmental policy dialogue and study. The strong affinity that the general publics in the two countries hold for one another does not seem to be translating into deeper and more meaningful policy discussions on US-Japan relations in Washington, where it has become common among some to describe Japan as "invisible." Meanwhile, in Tokyo, the institutions that work to sustain US-Japan policy dialogue are all struggling, and the level and frequency of participation by senior US leaders and experts in policy discussions held on Japanese soil have noticeably declined.

In 2009, the Japan Center for International Exchange (JCIE) launched a study to assess the state of US-Japan policy dialogue and study and to test whether the general perception that it has declined is, indeed, accurate. Over the past 18 months, extensive data were collected, interviews were carried out with nearly 50 American and Japanese policymakers and foreign policy analysts, and roundtables were held—one with Congressional members on Capitol Hill to discuss US-Japan political exchange and a second at the Brookings Institution with nearly 20 key experts active in US-Japan affairs. Based on these, it unfortunately does seem accurate to describe US-Japan policy dialogue and study as facing a quiet crisis.

In concrete terms, this crisis has been manifested in a decline in the number and scope of studies at think tanks and public policy institutions in both countries that take up the issue of US-Japan relations, either on its own or as one component of broader multilateral or global approaches. In fact, the number of think tanks with considerable influence in Washington policy circles that carry out major activities dealing with US-Japan relations has fallen to half of what it was a decade ago, and it is even markedly lower than the level of 20 years earlier. The number of activities focusing on Japan now pales in comparison with those that take up relations with China, and there is some evidence that the field may even be less vibrant than Korean studies. The situation is still direr in Tokyo, where the most important international affairs organizations, which have long been characterized as underfunded and institutionally underdeveloped, are generally in worse condition than they were 10 years ago. Meanwhile, exchanges between political leaders in the two countries—which are often facilitated by nongovernmental institutions—have plummeted. As one example, the number of Congressional visitors to Japan in recent years is a mere 25–30 percent of what was standard in the late 1990s.

Recent tensions in bilateral relations have reminded us that the lack of robust policy dialogue and study holds various perils. Fortunately, there is still a sound base in both countries upon which to revitalize US-Japan policy dialogue and study. There is a deep reservoir of mutual goodwill in each country, a considerable number of people who understand and can operate in both societies, and a strong, if latent, interest in working more closely on a host of issues. Japanese and American interests are closely aligned on many of the major issues in the region, and there are still only a limited number of irritants in the bilateral relationship. And just as much as the misunderstandings and miscalculations that fueled recent basing disputes should serve as a wake-up call to leaders on both sides of the Pacific, the 50th anniversary of the US-Japan alliance should provide a positive impetus for reinvigorating bilateral dialogue.

What is needed, therefore, is a concerted joint initiative to reinvest in the nongovernmental underpinnings of US-Japan policy dialogue and study. This should be accompanied by an effort to make these dialogues more meaningful and effective. Although it is a difficult time for either country to mobilize human and financial

resources, such an investment would be small compared with the potential costs of the alternatives.

This topic has deep personal significance for me, as we are commemorating the 40th anniversary of JCIE's founding this year. However, the issue before us is not simply about the fate of one institution or a handful of organizations; rather, it is about the future of our two countries. Without improvement on this front, mutual misunderstandings are likely to crop up in a more frequent manner, each country's commitment to a strong bilateral relationship is likely to erode, and in the end, this will diminish the strategic positions of both Japan and the United States. Conversely, farsighted and measured steps now to shore up nongovernmental policy dialogue and study can better equip the United States and Japan to cooperate more effectively on the host of regional and global challenges before them, while laying the foundation for a strong and vibrant bilateral partnership for the next 50 years.

Tadashi Yamamoto  
President  
Japan Center for International Exchange



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# *I. Historical Evolution of US-Japan Policy Dialogue and Study*

In the decades leading up to World War II, a handful of institutions organized policy conferences and discussions on US-Japan affairs, but substantive policy dialogue between Japanese and Americans is in many ways a postwar phenomenon. In the late 1940s and the 1950s, a small group of internationalists on both sides of the Pacific took it upon themselves to build up institutions that could facilitate US-Japan exchanges and thus promote mutual understanding. Most notably, John D. Rockefeller 3rd used his own funds and his influence at the Rockefeller Foundation to establish the International House of Japan and revive the Japan Society of New York, helping build them up into prominent and vibrant institutions.

While these efforts to promote mutual understanding covered a broad range of areas from arts and culture to language education, they also included an element of intellectual exchange. It is difficult to characterize the intellectual exchange activities of the time as fully equal two-way interactions and it would be a stretch to describe them as full-fledged policy dialogues. However, they often took up policy issues and were colored, first by the desire to encourage the institutionalization of democracy in Japan, and then later by hopes on both sides to strengthen Japan's resistance to Communism.

In 1960, however, massive street demonstrations against the US-Japan security treaty and the specter of growing anti-Americanism in Japan shocked the American public, prompting Harvard professor Edwin Reischauer to coin the term "the broken dialogue" to describe

## **What is policy dialogue and study?**

A subset of intellectual exchange, US-Japan policy dialogue can be seen as the transmission mechanism that relays ideas from the intellectual community to policymakers and among the policy communities of the two countries. It consists of substantive discussions and interactions among individuals with the ability to influence policymaking and it tends to be rooted, first and foremost, in the policy-oriented study of issues with bearing on bilateral relations. US-Japan policy dialogue and study includes a wide range of activities such as studies and task forces on US-Japan relations, Track 1.5 and Track 2 dialogues, and exchanges for political leaders.

Although it often involves government officials, policy dialogue and study typically is facilitated by nongovernmental (or quasi-governmental) organizations that can operate with some degree of autonomy from the policy dictates of the day. While university experts and university research centers play important roles, most of the dialogue and study with the greatest direct influence on policymakers tends to be sponsored by independent think tanks and policy research and exchange institutes. These organizations' proximity to policymakers and their focus on policy outcomes tend to make it easier for them to maintain the types of regular interactions with government officials and political leaders that enable them to inform foreign policy decision making.

the state of US-Japan relations. Reischauer understood that US policymakers could not grasp the dynamics of political change in Japan when they only spoke with government officials and the Tokyo elite, and he argued that a concerted effort was needed to broaden dialogue between the two countries.

Over the next decade, a number of initiatives were launched by both sides to encourage greater intellectual exchange, including policy dialogue. The Japan Institute of International Affairs, which had been established in 1959 with government sponsorship, became a hub for policy discussions that involved government officials and other elements of the ruling elite. At the same time, however, the institutions promoting these exchanges, particularly American philanthropic foundations, became increasingly attuned to the importance of relying on nongovernmental actors that could operate with greater autonomy. The rationale for this was summed up in 1962 by a Ford Foundation official in an internal memo on US-Japan exchange when he noted, "Very often the effects of a given action or of a given visit will be entirely different depending on whether it was sponsored by the government or by a private group."

A watershed moment took place in 1967 when politicians, academic experts, business executives, and other societal leaders from both countries convened for the Shimoda Conference. For the first time, a range of influential Japanese and American leaders met in a nongovernmental setting to discuss the pressing challenges of the day. In a sense, this was also the first time that leaders from both countries could debate policy issues on an equal footing with one another. Even as Japanese universities were becoming increasingly polarized by the radical left, the conference augured the rise of a younger, more pragmatic breed of international relations specialists in Japan whose realist approaches better equipped them to engage in policy dialogue that could contribute in more concrete ways on bilateral issues.

In the 1970s, Japan gained international recognition as an emerging power, and a number of initiatives were launched to enable it to engage with its foreign partners in a more balanced and fruitful manner. In 1970, JCIE was established to facilitate interactions with the United States and other countries, especially among political leaders and other figures with a hand in policymaking. A purely nongovernmental initiative, JCIE differed markedly from that of other Japanese organizations active in policy dialogue, which had typically been created with the strong backing of, or directly by, the government. Two years later, in 1972, the Japan Foundation was established by the Japanese government to help promote the understanding of Japan overseas and support intercultural exchange. Another symbolic milestone was reached in 1973, when David Rockefeller and other prominent figures launched the Trilateral Commission, in order to engage Japan for the very first time in a private, multilateral dialogue as an equal partner with the advanced industrial democracies of the United States and Europe.

Then, in 1975, US efforts to build a stronger foundation for bilateral relations advanced with the establishment of the Japan-US Friendship Commission (JUSFC) with government funds from the reversion of Okinawa and the repayment of postwar assistance. Up until this point, US-Japan initiatives had been funded primarily by a handful of broadly gauged American foundations and internationally minded corporations from both countries, but this provided the first pool of permanent funding specifically dedicated to promoting US-Japan mutual understanding.

As Japan's economic growth continued apace through the 1970s, US think tanks began to show greater interest in studying its economic model. This came as American universities were establishing and expanding centers to study Japan, too, taking advantage of a new wave of charitable contributions from Keidanren and its member companies, as well as from the Japan Foundation. In 1980, the push to build up the nongovernmental underpinnings of US-Japan relations was given even greater impetus with the creation of the United States–Japan Foundation (USJF), the second funding organization dedicated specifically to US-Japan affairs and the only one to this day that operates completely independently from government involvement.

By the 1980s, Japan was perceived to be an economic superpower and expectations were growing for it to make greater contributions to the international community. At the same time, trade frictions were making the tone of US-Japan relations increasingly confrontational. These tensions only raised interest in bilateral policy dialogue and study, and it came to be expected that any American think tank with ambitions of being a major player in foreign policy would have a Japan program. Although many in the US policy community began to take increasingly confrontational and alarmist stances regarding Japan, numerous nongovernmental initiatives helped identify ways that both sides could overcome tensions in bilateral relations

#### **Why is US-Japan policy dialogue and study important?**

US-Japan policy dialogue plays a key role in building mutual understanding, ameliorating potential conflicts, identifying common challenges, and forging cooperation on issues relevant for both countries' policies. In doing this, it complements official relations in a number of ways.

For example, with domestic politics going through a fundamental transition in both countries, a sustained commitment by political leaders and the policy communities in both countries has become increasingly important in keeping bilateral relations on an even keel. Vibrant US-Japan policy dialogues and political exchanges play a central role in building support for the bilateral relationship.

Also, the most innovative ideas for bilateral partnership tend to emerge from outside of government circles, namely from nongovernmental dialogue. Without this fresh input on an ongoing basis, bilateral relations run the risk of becoming outmoded and stale.

Plus, nongovernmental policy dialogue serves an advance warning function, allowing leaders in both countries to get a better sense of one another's likely reactions to potential policy shifts. A declining level of dialogue makes government officials, no matter how knowledgeable and experienced they may be, more prone to misjudging the dynamics of their situations.

and work together more constructively. Equally important, the long-term investment of US and Japanese organizations in nongovernmental political exchanges that brought together key leaders from both sides paid dividends as former participants—including senior Congressional figures such as Thomas Foley, Lee Hamilton, and Bill Roth—worked to keep tensions under control in US political circles.

In Japan, the longstanding goal of catching up with the West economically had inspired a sense of national unity and had been used to justify government domination of the domestic debate about the broader public good. However, as it became clear that Japan had succeeded in its quest, government officials found it increasingly difficult to order and balance competing interests without greater input from civil society. A similar phenomenon emerged in the US-Japan alliance with the end of the Cold War. Opposition to the Soviet Union had animated the US-Japan alliance, but the sudden demise of the Communist bloc removed its overarching rationale, forcing Americans and Japanese to consider a broader set of more diverse aims to justify the continuation of the alliance.

In response to the shifts in bilateral relations and the global context, US-Japan policy dialogue and study gradually broadened its focus outward to explore the potential for US-Japan cooperation on regional and global challenges rather than primarily bilateral affairs. This trend gained momentum in 1991 with the establishment of a third major funder, the Japan Foundation Center for Global Partnership (CGP). At a time when Japanese funding was viewed with suspicion by many Americans as politically motivated influence buying, the fact that that CGP operated from an endowment created by the Diet rather than with annually appropriated funds subject to the Diet budgetary process gave policy experts at least some assurance that CGP funding could maintain a certain degree of independence from political influence.

Throughout the 1990s and 2000s, US-Japan policy dialogue increasingly aimed at finding ways in which the two countries could adapt to the growing complexities of the post-Cold War world. One major thrust of these dialogues involved initial attempts to redefine the role of the US-Japan relationship, and these efforts had considerable influence on the policy courses pursued by each country. For example, one initiative, the Armitage-Nye task force, helped lay out the agenda for subsequent attempts to strengthen bilateral security cooperation, and its recommendations were adopted wholesale by the incoming George W. Bush administration in 2001.

By the early 2000s, growing attention was also being paid to the shifting global and regional balances of power—globally from the West to newly dynamic powers such as the BRICs (Brazil, Russia, India, and China), and regionally within Asia with the rise of China as well as India. These developments have given greater urgency to the post-Cold War effort to carve out a new role for the US-Japan relationship. Nonetheless, after peaking in the 1990s, US-Japan policy dialogue

has also felt the impact of Japan's two-decade-long economic slump and the shift of American attention away to other regions and issues. The result has been the erosion of the institutional infrastructure that supported US-Japan policy dialogue at precisely the point where it is needed to help both countries adjust to a radically changed environment replete with new risks and opportunities.

## *II. Trends in Policy Dialogue and Study*

### DIALOGUE AND STUDY ON JAPAN IN THE US POLICY COMMUNITY

There is a broad consensus among observers of US-Japan affairs that the intensity and relevance of policy dialogue and study on Japan in US policy circles has steadily declined over the past decade. Outside of a shrinking number of Japan specialists, few American foreign policy experts continue to follow US-Japan relations closely, and the general sentiment among many key figures interviewed for this study tends to be that US-Japan ties have become “more dysfunctional” and “less pressing” than other bilateral relationships.

#### *The Context*

In broad terms, the US policy community includes a wide range of experts based at universities, think tanks, charitable foundations, and private enterprises such as consulting firms and law offices. While university-based area specialists continue to play an important long-term role in shaping the intellectual context for the policy debate on US approaches to other countries, by and large it is the foreign policy think tanks based in Washington DC or with active programs there that are most adept at directly helping to shape US policy.

Two trends stand out when looking at the main US think tanks active on foreign policy. One noteworthy change is how rapidly they have expanded their operations in recent years, growing from an already strong financial base that would be the envy of any other country. For example, in the period from 2004 to 2009, the combined budgets of five of the most influential international affairs think tanks active in Washington—the American Enterprise Institute (AEI), the Brookings Institution, the Council on Foreign Relations (CFR), the Center for Strategic and International Studies (CSIS), and the Peterson Institute for International Economics (IIE)—grew from approximately \$120 million to \$200 million, despite the worst financial crisis in the postwar period.

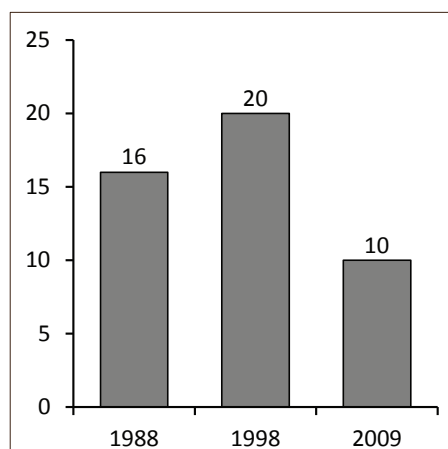
A second important development that has gained momentum since the end of the Cold War has been the globalization of these think tanks. They have sought to expand their reach overseas, for example, by establishing centers in key areas

such as China and the Middle East. (By 2010, at least four Washington think tanks had opened offices in China.) Meanwhile, they have competed to take the lead in studying and proposing policy solutions on global issues such as health and climate change in a way that attempts to target not just the US government, but also governments and international organizations around the world. In this way, the Washington think tanks (along with some in Europe such as Chatham House) have started playing greater roles in an emerging international competition for intellectual leadership.

### *Decline of Japan-Related Activities*

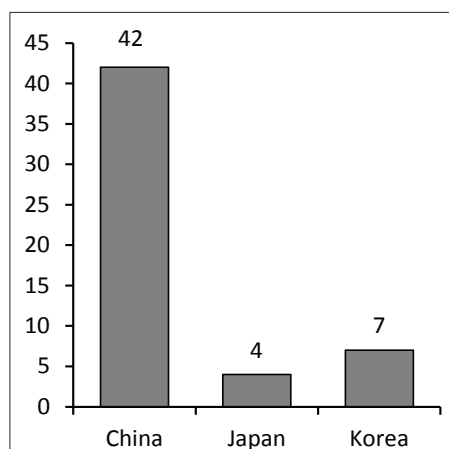
In stark contrast to the dramatic growth of their overall operations, the Washington think tanks have been steadily paring back their Japan-related activities over the past decade. The number of influential Washington think tanks with major activities dealing specifically with US-Japan relations fell from 20 institutions in 1998 to 10 in 2009. There are even significantly fewer think tanks carrying out Japan studies now than during the late 1980s. Only three of the major think tanks—CFR, CSIS, and AEI—have full-scale Japan programs and, with the possible exception of CSIS, these pale in scope when compared with the programs that many think tanks carry out on US-China relations. In fact, there are just four or five senior experts in total at the major think tanks who spend the majority of their time covering Japan-related affairs. Their numbers are buttressed by several key experts active in Washington from universities and other institutions, but the Japan policy community is still very small by any measure.

Figure 1: Think tanks with major US-Japan activities, 2009



Source: JCIE survey, 2010

Figure 2: Senior Asia experts at Washington think tanks, 2009



Source: JCIE survey, 2010



In interviews for this study, the presidents of the Brookings Institution, CSIS, and IIE each stressed their personal belief that it is important to strengthen US-Japan study and dialogue on a wide range of common challenges, but they also revealed considerable frustration with the difficulty of integrating US-Japan relations more deeply into their institutions. In a financial environment where it is crucial for think tanks to fully fund all of their projects, a wide range of think tank executives indicated that the difficulty in obtaining funding for US-Japan studies has tended to encourage them to put greater priority on other areas.

### *A Comparative Perspective*

The decline in Japan studies at the Washington think tanks becomes even starker when examined from a comparative perspective. In 2009, more than twice as many think tanks had major activities on US-China relations than on US-Japan relations, and they carried out almost three times as many China-related studies and dialogues. More than 40 senior think tank staff focus primarily on China in their daily work—over 10 times the number of Japan experts—and almost twice as many can be considered Korea experts than Japan experts.

Some American think tank experts argue that, to a certain degree, the relatively high level of interest in China instead of Japan is both natural and desirable. China’s global influence is rising rapidly, there is a growing potential for the United States and China to come into conflict on a wide range of issues, and it is essential for the US policy community to better understand China. In addition, the fact that China retains a degree of novelty and, for some, an aura of threat attracts greater media attention and makes it more fashionable for funders.

Meanwhile, the surprisingly high levels of activities related to Korea relative to Japan can be ascribed to the ongoing dangers of conflict on the Korean Peninsula as well as to a concerted effort by Korean funders to strengthen the institutional basis

**Table 1: US think tanks with major policy dialogue and study activities on Asia, 2009**

	Country focus		
	China	Japan	Korea
Institutions	22	10	7
Projects	55	20	16

Source: JCIE survey, 2010.

Note: Institutions are organizations that conduct significant policy dialogues and/or studies on bilateral relations that involve the Washington policy community. Projects indicate significant studies, dialogues, or conferences that focus primarily on an individual country or bilateral relationship. These estimates do not include activities that only take up bilateral relations as one of several country focuses.

of US-Korea policy dialogue. Still, an overwhelming number of American experts on US-Japan relations are concerned that the field of US-Japan policy dialogue and study is significantly less active and fruitful than it should be.

If China and Korea do not serve as entirely apt comparisons given Japan's global role and recent history, some insights can be gained by comparing the state of US-Japan policy dialogue and study with Washington think tanks' engagement with advanced postindustrial democracies in Europe. While most of the think tanks have programs and staff that focus specifically on European affairs, they tend to carry out a limited number of activities on bilateral US relations with individual European countries, or even on US-EU ties. What is striking, though, is that these think tanks sponsor a wide range of activities on common challenges that involve European institutions and experts, whether on thematic issues such as environmental concerns or on individual countries such as Russia or Iran.

To take one example, while the Brookings Institution operates the Center on the United States and Europe specifically to study developments in individual European countries and at the regional level, much of the Brookings Institution's collaboration with Europe involves other programs. It works with the University of Bern in Switzerland to run the Brookings-Bern Project on Internal Displacement, its Metropolitan Policy Program has carried out a major set of case studies on urban revitalization with the London School of Economics, and the Wolfensohn Center for Development works closely with European experts and institutions on issues related to the developing world. In a sense, US-Europe—and by extension, US-UK, US-French, and US-German—relations have become fully integrated into the core functions of the institution.

This integration is best demonstrated by the fact that almost 20 of the Brookings Institution's roughly 200 experts are European or of European birth and nearly half of them are resident in Washington. Of the Brookings Institution's five core programs of study, one is headed by a European, Kemal Dervis, and 3 of its 10 study centers are directed or co-directed by experts who have come from Europe. In contrast, there is currently only one senior expert born and raised in Japan at a Washington think tank and approximately 10 short-term visiting fellows from Japan—most of whom are practitioners rather than scholars—who are based at all of the major foreign policy think tanks in the city.

### *Japan's Declining Presence in Washington*

In the assessment of one leading Japan specialist active in the DC policy community, the declining level of US-Japan dialogue and study at Washington think tanks has meant that the understanding of Japan's policy and politics in Washington has become increasingly superficial. Meanwhile, the relatively minimal integration of

Japanese perspectives and experiences into the broader activities of these think tanks has contributed to the appearance of declining Japanese involvement in debates on key global issues.

In the eyes of many US policy experts, these trends have been accompanied by a withdrawal of Japanese institutional involvement in the Washington policy community. In March 2009, Keidanren shuttered its Washington office, which had regularly organized roundtables and other policy-related dialogues for US and Japanese experts. *Japan Echo*, a magazine that provided insight into Japanese policy debates for non-Japanese readers, was regularly circulated to more than 1,500 experts in the United States, but its distribution ended in April 2010 when its government funding was cut. Meanwhile, the declining number of Japanese participants in high-level international conferences around the world has become highly noticeable over the past several years. Japanese experts taking part in policy-oriented conferences that are not directly focused on US-Japan relations often find themselves to be the only Japanese present, while participants from elsewhere in Asia take on more visible and vocal roles.

There have been some new initiatives in Washington DC over the past several years, such as the launch of the US-Japan Council, which targets primarily Americans of Japanese descent. Overall, however, recent developments have led prominent observers in Washington to increasingly express their concerns in private conversations about the impression that Japan is turning inward and that, coupled with the lack of a proactive Japanese approach to many of the key foreign policy challenges facing Asia and the world, this phenomenon is contributing to the marginalization of Japan in American discussions of foreign policy.

## DIALOGUE AND STUDY ON US-JAPAN RELATIONS IN THE JAPANESE POLICY COMMUNITY

While American and Japanese experts express considerable concern about the decline in US-Japan–related activities and analysis in US policy circles, they tend to agree that the greatest challenge to US-Japan dialogue lies in the limited capacity of the Japanese policy community. In particular, they often point to the weakness of nongovernmental institutions in the field of international affairs in Japan.

In interviews for this study, numerous experts and policymakers mentioned their sense that Japan’s presence in international dialogue has been waning. While the number of senior Japanese policy experts participating in international forums has always been circumscribed, it has noticeably declined in recent years. This has been accompanied by a growing reluctance on the part of many younger business leaders to be active on the international stage in the way that their predecessors often were.

### *Nongovernmental Institutions in Japanese Policy Circles*

Outside of government ministries and their affiliated institutes, Japanese policy dialogue tends to be facilitated by either universities or the type of free-standing policy research and exchange institutes that are generally described as think tanks, although there is some question as to whether they are truly comparable to Western think tanks in terms of capacity and function.

One bright spot has been the efforts by Japanese universities to make more substantive contributions to policy dialogue on US-Japan relations. A number of university centers have started to pursue more policy-relevant work and, with their strong resource base (at least compared with other institutions in Japan), they have managed to attract numerous skilled policy experts and ex-bureaucrats. However, it has remained clear that universities in Japan face inherent limitations on how much they can contribute to the policy debate on international affairs. By their very nature, they stand apart from the world of politicians and policymakers, and the imperatives of academia often make it difficult for them to make the types of cutting-edge and policy-relevant contributions that are needed for an active policy dialogue. Furthermore, Japanese universities are notoriously hierarchical with a stove-piped structure that inhibits the types of cross-disciplinary cooperation that is often needed to deal with many of the pressing policy issues of the day.

Compared with universities, Japan’s policy research and exchange institutes have faced an especially difficult period over the past decade. These range from organizations such as the Japan Institute of International Affairs (JIIA), the Institute for International Policy Studies (IIPS), and the Research Institute for

Peace and Security (RIPS), which were established with the backing of the foreign ministry and other government agencies, to JCIE, which operates independently from the government. During the 1980s and the 1990s, there were hopes that Japan would develop a vibrant think tank sector as part of its transition to a more decentralized system of governance. However, with the economic slump of the last two decades, these institutions have suffered deeply, giving away many of their earlier gains. Their decline is cited by a wide range of experts and policymakers in both countries as one of the core obstacles to a more productive US-Japan policy dialogue, in part because they should be the type of institutions best suited to work as counterparts to think tanks in the United States and elsewhere on policy dialogues and exchanges.

It is worth mentioning another group of nongovernmental institutions that has also been increasingly active in promoting US-Japan policy dialogue. This is the set of private Japanese foundations that are part of the Sasakawa family of foundations, such as the Sasakawa Peace Foundation, the Tokyo Foundation, and the Ocean Policy Research Foundation, that sometimes work as operating foundations, convening study groups, managing policy studies, and sponsoring conferences and lectures. They have carried out a number of important initiatives in recent years that have taken up some of the slack in US-Japan dialogue, and they are clearly playing an important and growing role in US-Japan policy dialogue and study at a time when other organizations are cutting back on activities due to their financial difficulties. However, many people in the field have voiced concerns that a tendency may emerge for their activities to reflect a similar ideological leaning and expressed the view that it thus would not be healthy if they come to be the sole or dominant voices in the nongovernmental sector.

### *The Decline of Japan's Policy Institutes*

One of the key factors contributing to Japan's weak institutional capacity in the field of international affairs has been the financial decline of Japan's policy research and exchange institutes. For example, the budget expenditures of Japan's five most active and established international affairs institutes—JCIE, JIIA, IIPS, the International House of Japan, and RIPS—fell nearly 40 percent in yen terms between 1998 and 2008, from ¥3.2 billion to ¥1.8 billion.<sup>1</sup> (By comparison, during the same 10-year period, the budgets of the five leading US think tanks active in Asian affairs jumped more than 150 percent in dollar terms, from \$79 million to almost \$200 million.)<sup>2</sup>

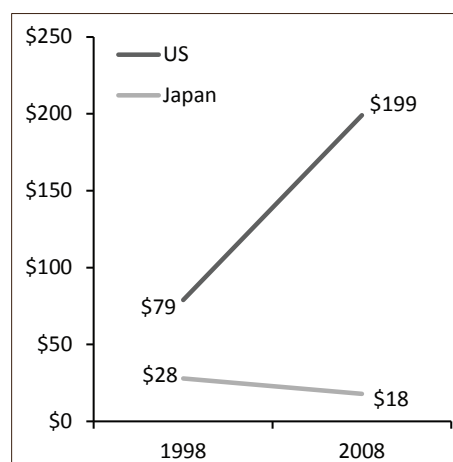
Furthermore, anecdotal evidence indicates that the decline in the budgets of the Japanese institutes has accelerated significantly in 2009 and 2010 as government funding has been cut and the weak economy has discouraged corporate giving and strained grant-making foundations. Institutions in Japan tend to

hold relatively small endowments and there has been little opportunity or even rationale to expand them in the climate of zero-interest rates and unstable stock market returns that has persisted over the past decade. As a result, as the head of one policy institute argued in an interview for this study, it is entirely possible that several of Japan's most established institutions may not survive for another decade.

An additional challenge that weighs heavily on Japanese policy institutes involves their relations with the government, both in the way it exercises oversight and in the way it provides support. The legal system governing the incorporation and operations of nonprofit organizations is in a period of transition in Japan, but inflexible government interpretation of regulations makes it extremely difficult for nonprofit organizations to obtain and retain tax deductibility for donations. Under the old system that is being phased out, organizations' tax-deductible status had to be renewed every two years through an onerous process that often required months of man-hours on the part of senior executives who are already stretched thin, and it is unclear how difficult it will be for these organizations to retain tax deductibility under the new system. Meanwhile, there is still a tendency on the part of government officials to expansively interpret regulations governing their ability to intervene into the internal workings of organizations in the field of international affairs.

On the other hand, the ways in which the Japanese government, especially the foreign ministry, is compelled to provide funding also strains the human and financial resources of policy institutes. The requirement that many projects—even those that require specialized expertise—be put to open bidding is intended to increase transparency, but it tends to overemphasize cost instead of the quality of the end results and it often places a great burden on already fragile organizations. This is exacerbated by the tendency for this process to result in contracts that do not include sufficient funds to cover reasonable personnel and overhead costs, which are needed to maintain institutional capacity. Meanwhile, the current trend of *jigyo shiwake* budget cutting threatens to eviscerate the funding that supports many of

Figure 3: Combined budgets of leading policy institutes (US\$ millions)



Source: JCIE survey, 2010.

Note: Figures indicate the combined expenditures for the five leading US and five leading Japanese policy research and exchange institutes in 2008 dollars.

US: AEI, Brookings Institution, CFR, CSIS, and IIE.

Japan: JCIE, JIIA, RIPS, IIPS, and the International House of Japan.

the very institutions that the government wishes to have become more active as an alternative to the current bureaucracy-dominated system of policy advice.

### *Decline in Interactions between US and Japanese Institutions*

The difficulties facing Japan's policy research and exchange institutes have exacerbated their weakness in terms of their ability to attract full-time policy experts and in terms of the numbers of professional staff they have who are capable of operating programs at an international level. This has left the small numbers of talented people at these institutions spread thin, further jeopardizing their ability to contribute productively to international dialogues. It has also limited their ability to contribute financial resources to joint initiatives with overseas institutions. One apparent result has been the decline in interactions between American and Japanese institutions.

The decrease in interactions is particularly noteworthy when compared with the interactions that US think tanks have with institutions in other countries. For joint projects, US think tanks tend to partner with European institutions, or even with institutions in other Asian countries such as China or Korea. However, they tend to have difficulty in partnering with Japanese institutions, in large part because institutions in Japan tend to be weaker and have fewer financial and human resources to offer for joint initiatives. Instead, US think tanks often end up going the route of selecting a Japanese expert to participate in their project on an individual basis rather than building up an institutional relationship.

As a result, in recent years, US think tanks have organized nearly twice as many joint studies and major conferences in partnership with Chinese institutions than with Japanese institutions. This has happened despite the awareness among US think tank specialists of the limitations that Chinese institutions face in terms of freedom of expression and the recurring concerns about their ability to participate in free and frank public dialogues. While understandable, this trend runs the risk of limiting the level of Japanese input into the types of dialogues being carried out and makes US-Japan policy dialogues more dependent upon personalities rather than institutional linkages.

**Table 2: Joint projects with US think tanks and research organizations, 2005–2009**

China	Japan
46	25

Source: JCIE survey, 2010.

## US-JAPAN POLITICAL EXCHANGE

One important but often overlooked component of US-Japan policy dialogue is the level of sustained interactions between political leaders. Congressional and Diet members have considerable influence over the dynamics of US-Japan relations and they can help shape the bilateral policy agenda, especially on second-tier issues where pressure from a few individual parliamentarians can go a long way. Astute observers in Japan and the United States have long understood that increasing mutual understanding among legislators and encouraging them to frankly discuss issues of common concern can help both sides forge deeper cooperation and avoid costly missteps.

This is why Senate Majority Leader Mike Mansfield publicly called for the establishment of nongovernmental parliamentary exchange between the Congress and the Diet in 1967. In response, JCIE's US-Japan Parliamentary Exchange Program was launched the following year, in 1968, as the first nongovernmental program of its kind. Since then, numerous institutions on both sides of the Pacific have invested considerable time and energy in trying to launch and sustain US-Japan political exchanges.

Meaningful parliamentary exchange requires face-to-face interaction, and there are two main ways for Congressional and Diet members to travel to one another's countries: with public funding or with private sponsorship. For the Congress, public funds typically come out of committee chairmen's travel budgets, or in the case of one US-Japan exchange recently established by the Senate, from a special Congressional allocation. Meanwhile, in the Diet, they tend to come from taxpayer funds used at the discretion of political parties. By and large, these trips are controlled by the committee chair or senior leader who sponsors them, and meetings are arranged primarily by the respective embassies in each country. This can limit the range of people the participants interact with, often giving short shrift to opposition parties, while bringing a more formal veneer to the proceedings. With a few prominent exceptions, they also tend to be one-time affairs rather than regular, sustained programs.

The second mode of parliamentary exchange involves privately funded travel, which is typically sponsored by a nongovernmental and nonprofit organization. In principle, the nongovernmental organizations should be able to act as honest brokers, exposing political leaders to key issues that they had not been aware of, casting their net wider to include the participation of promising, junior leaders who may not have been selected by the senior figures who tend to dominate the publicly funded trips, and facilitating interactions with a broader and more representative set of political leaders than embassies tend to reach. In addition, these discussions can take on a more informal and frank nature rather than hewing close to each country's official positions. To make these exchanges successful, though, the



organizers need experienced, professional staff, who are often difficult for nongovernmental organizations to find and retain, and a solid base of funding from ethically unassailable sources. In recent years, there have been a number of scandals in the United States in which privately funded Congressional travel was egregiously exploited by lobbyists. As a result, participants in these exchanges are now more vulnerable to accusations that they are receiving perks from corporate interests, plus sponsors have a difficult time meeting increasingly stringent Congressional ethics guidelines.

### *Trends in US-Japan Parliamentary Exchange*

Regular US-Japan exchange started in earnest in 1968, in response to Mike Mansfield's appeal. As Japan's international stature rose in the 1980s, a number of other organizations launched successful exchanges, some for Congressional and Diet members and others for Congressional staff, who had begun playing increasingly influential roles in the US legislative process. These programs helped individual legislators in the two countries build close personal ties, including prominent figures such as Thomas Foley, Howard Baker, Donald Rumsfeld, Daniel Inouye, and Bill Bradley on the US side, along with Keizo Obuchi, Koichi Kato, Seiji Maehara, Shigeru Ishiba, and Motoo Shiina on the Japanese side. These participants and others have served an important stabilizing role when bilateral relations became strained over the past several decades.

It has always been difficult to encourage US Congressional members to travel to distant Japan; however, in recent years the level of interaction between the Congress and the Diet has dramatically declined. In the late 1990s, an average of 50 and as many as 80–90 Congressional members would annually visit Japan on publicly funded or privately sponsored travel. Over the past three years from 2007 to 2009, however, an average of only 14 Congressional members per year have visited Japan. Furthermore, the length of their visits has tended to be relatively short, often just two or three days, whereas weeklong trips were common in the past.

Figure 4: Congressional visits to Japan  
(average number of members and staff travelling to Japan per year)



Source: JCIE survey, 2010.

Likewise, the number of Congressional staff visiting Japan has also declined, although in less dramatic terms. Typically, in the late 1990s, 70–80 Congressional staff would visit Japan each year in connection with their official duties, but in the last several years, only half that number have traveled to Japan.

Data on the numbers of Diet members visiting the United States are harder to obtain, but the level of visitors has clearly declined. In late 2009, the spectacle of more than 140 Diet members visiting Beijing struck a nerve in Washington policy circles precisely because it stood in such stark contrast to the decline in Diet interactions with American leaders, particularly on the part of the relatively new Diet members from the Democratic Party of Japan.

There are various factors that seem to have contributed to the decline of US-Japan parliamentary exchange. In both the United States and Japan, intense electoral competition has made the legislative sessions more volatile, giving parliamentarians less time to travel and making their schedules more unpredictable. In the United States, in particular, Congressional travel scandals and heightened media scrutiny have made participating in parliamentary exchange more of a political risk for Congressional members and their staff. Meanwhile, American and Japanese parliamentarians are increasingly finding that other priorities compete for their attention. In the United States, Congressional members committed to traveling abroad face strong pressures to take at least one trip annually to Afghanistan or Iraq, where US troops are shedding blood, and there are strong incentives for new Congressional members to visit Israel. This ultimately limits the number of slots that Congressional members have for visits to other countries. Meanwhile, in Japan, it seems to have become relatively more appealing for Diet members to visit Asian countries, given that it requires less of a time commitment and that Asian political leaders tend to be more accessible than their counterparts in the United States.

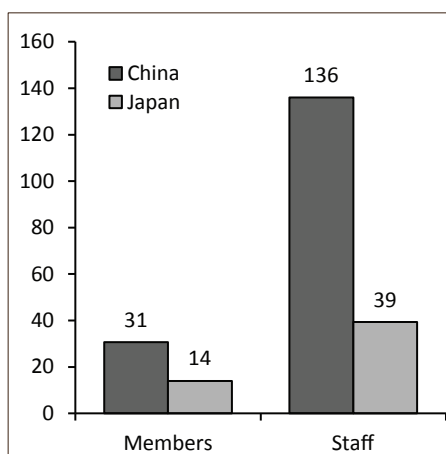
### *A Comparative Perspective*

No matter which country is the destination, political exchanges have become more difficult to operate in both countries. Nevertheless, it is instructive to contrast trends in US-Japan political exchange with those in other bilateral relationships. For example, on the US side, there has been a clear rise in attention to China, and this has been reflected in Congressional travel trends. In the late 1990s, slightly more Congressional members tended to travel to Japan each year than to China, but over the past five years, the numbers visiting China have averaged nearly twice that of the numbers traveling to Japan. These trends are even starker for Congressional staff, who have more freedom to travel than their bosses. In the late 1990s, roughly equal numbers of Congressional staff

traveled to Japan and China. However, this has dramatically shifted and now more than three times more staff annually visit China.

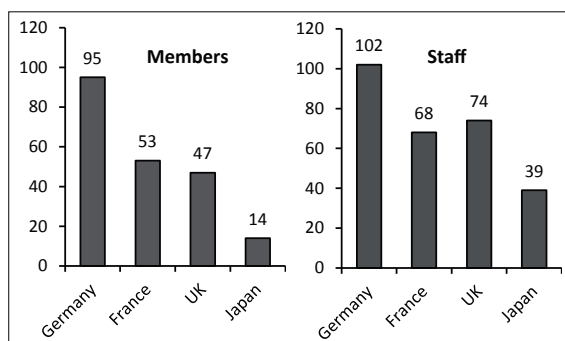
It is easy to ascribe the relative increase in Congressional exchange with China vis-à-vis Japan to a growing interest in a rising China, but Congressional interactions with America’s allies in Europe have also managed to withstand the pressures that make Congressional travel more difficult. Although they fluctuate from year to year, roughly the same numbers of Congressional members and staff annually visited countries such as France, Germany, and the United Kingdom as visited Japan in the late 1990s. Now, however, almost seven times as many Congressional members visit Germany than Japan, and more than three times as many go to France and the United Kingdom each year. Similarly, over the past three years, roughly twice as many Congressional staff visited each of America’s major European allies than went to Japan.

Figure 5: Congressional visits to China and Japan (average annual visits, 2007–2009)



Source: JCIE survey, 2010.

Figure 6: Congressional trips to US allies (average annual visits, 2007–2009)



Source: JCIE survey, 2010.

### *Factors Contributing to Successful Parliamentary Exchange*

One factor in the gradual decline in Congress-Diet interactions seems to be the weakening institutional base for US-Japan parliamentary exchange. The number of nongovernmental institutions with regular exchanges that bring Congressional members to Japan dropped from four in the mid-1990s to two currently, and overall the number of publicly supported and privately sponsored exchange programs for legislators and their staff has fallen from eight to six. Furthermore, the programs that remain have been troubled by low levels of participation and insufficient funding. These trends have been accompanied by a generational

**Table 3: Key US-Japan exchange programs for the Congress and the Diet**

1994	2010
CELI Staff Exchange	JCIE Congressional Staff Exchange
Congressional Research Service US-Japan Legislative Staff Exchange	JCIE Parliamentary Exchange
JCIE Congressional Staff Exchange	MOFA Staff Invitation Program
JCIE Parliamentary Exchange	US-Japan Interparliamentary Exchange Program (Senate/“Inouye program”)
MOFA Staff Invitation Program	US-Japan-Korea Legislative Exchange (GWU)
US-Japan Legislative Exchange (George Washington University)	US-Japan Strategic Leadership Program (CSIS)
US-Japan Legislators Committee (“Shiina program”)	
US-Japan Parliamentary Committee on Science and Technology	

Source: JCIE survey, 2010.

change that has seen many of the key figures committed to US-Japan parliamentary exchange leave the Congress and the Diet.

It is also illuminating to examine how bilateral exchanges with other countries have managed to remain active in the face of similar pressures. China’s case is difficult to compare with that of Japan since US-China relations are at a very different stage and China naturally attracts considerable attention in the United States, both as a source of dynamism that is not sufficiently understood and as a potential threat. However, there has clearly been a concerted effort in recent years by the Chinese government to support exchange programs for Congressional staff by partnering with and funding US nongovernmental organizations such as the US-Asia Institute, the US-China Policy Foundation, and the National Committee on US-China Relations. In the past decade, exchanges operated with Chinese government funding have brought roughly 500 Congressional staff to China. These exchanges vary widely in terms of the level of substantive content, and many former participants say that, when traveling in China on the government-arranged programs, they are aware that they are being presented the government perspective and shielded from other viewpoints. Nevertheless, they have considerable utility in exposing Congressional staff to China.

Germany, France, and the United Kingdom present more useful comparisons. Germany stands out in particular, since the number of Congressional members and staff visiting the country has been quite high. One reason is that a handful of annual events and programs that are backed by strong and active institutions provide an appealing opportunity for Congressional travel to the country. These include the Munich Security Conference, which annually convenes leaders and policy experts; the US Association of Former Members of Congress’s annual Congress-Bundestag Seminar; and the German Marshall Fund’s yearly Congress-Bundestag Forum.

Organizations affiliated with German political parties are also active in sponsoring exchanges, often covering the costs of American participants. In addition, one particularly noteworthy aspect of US-German parliamentary exchange is the high number of issue-oriented exchanges that attract Congressional members and staff who may not have initially had a specific interest in US-German relations. For example, a number of programs have been arranged so that Congressional staff can visit Germany to discuss environmental issues and clean energy, while other programs have been held on high-speed rail, taxation, and health care.

In contrast to Germany, Congressional travel to France and the United Kingdom has dipped in recent years, although the numbers who visit these countries remain considerably higher than those who go to Japan. In the mid-2000s, high numbers of Congressional staff traveled to France and the United Kingdom on narrowly focused trips funded by corporate interests, but these have declined rapidly as Congressional ethics regulations prohibiting these trips have been introduced. However, publicly funded travel to France and the United Kingdom has remained relatively frequent, perhaps partly reflecting the relative ease of travel to Europe, but also presumably due to a sustained interest among Congressional members and staff in discussing issues of common concern with their European counterparts.

## FUNDING FOR US-JAPAN POLICY DIALOGUE AND STUDY

Funding for US-Japan policy dialogue, study, and exchange has plummeted in the past decade, as the field has been hit by a “perfect storm” of financial crises, low interest rates, declining corporate and foundation funding, and Japanese government budget cuts.

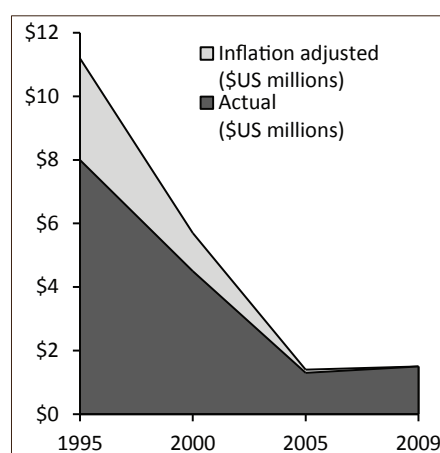
### *Three Core Funders for US-Japan Activities*

Unlike most other bilateral relationships, US-Japan relations benefit from the fact that three separate institutions have been created to provide funding for US-Japan policy dialogue and study. The Japan-US Friendship Commission (JUSFC), a US government agency, was established in 1975 with funds from the return of US facilities in Okinawa and postwar US aid to Japan; the United States-Japan Foundation (USJF) was launched in 1980 as a private US foundation with a contribution of \$45 million from Ryoichi Sasakawa’s Japan Shipbuilding Industry Foundation; and the Center for Global Partnership (CGP), part of the Japan Foundation, was established with great fanfare in 1991 after the Japanese Diet allocated ¥50 billion as an endowment.

In recent years, however, all of these funding institutions have run into financial difficulty. The budgets of JUSFC and CGP have suffered as their investments in government bonds have yielded minimal returns, while USJF faced substantial stock market losses in the early 2000s as well during the 2008–2009 financial crisis.<sup>3</sup>

As a result, by 2009, the combined program expenditures of the three institutions had fallen to less than 40 percent of the levels of the mid-1990s. The decline in CGP’s funding has been most severe, but all three of the foundations have seen their budgets fall dramatically. For example, the three foundations’ overall program expenditures for their 1995 fiscal years totaled \$25.4 million (¥2,425 million), but by 2009 this had declined to \$9.8 million (¥917 million). This funding has typically been spread out over a wide range of activities, including support for area studies and education, artistic and cultural activities, and grassroots

Figure 7: Funding for policy dialogue & study by the three major US-Japan foundations



Source: JCIE survey, 2010.

**Table 4: Expenditures of foundations specializing in US-Japan relation**

	Overall program expenditures			Grant making specifically for policy dialogue and study		
	US\$ (current)	Inflation-adjusted (2009 US\$)	Yen (current)	US\$ (current)	Inflation-adjusted (2009 US\$)	Yen (current)
FY1985	\$5,602,144	\$11,148,266	¥1,350,951,785	\$1,798,042	\$3,578,103	¥420,600,892
FY1990	\$8,599,421	\$14,103,050	¥1,217,354,697	\$2,820,144	\$4,625,035	¥404,943,722
FY1995	\$25,363,374	\$35,762,358	¥2,424,630,587	\$7,970,744	\$11,238,748	¥763,739,799
FY2000	\$16,948,819	\$21,186,024	¥1,846,450,875	\$4,545,058	\$5,681,322	¥305,110,011
FY2005	\$8,640,727	\$9,504,800	¥966,413,812	\$1,300,882	\$1,430,970	¥145,704,171
FY2009	\$9,812,649	\$9,812,649	¥917,223,871	\$1,549,154	\$1,549,154	¥144,641,209

Source: JCIE survey, 2010.

Note: The figures reflect expenditures by CGP, JUSFC, and USJF. The 1985 and 1990 figures do not include CGP, which was founded in 1991. "Overall Program Budgets" refers to the budgets for grants and self-initiated projects, but excludes administrative expenses and other expenses for operating the foundations.

exchange.

The three foundations' grant making specifically for US-Japan policy dialogue and study fell even more dramatically than overall program expenditures, plummeting to a fraction of the amounts that were standard in the early and mid-1990s. For instance, while the foundations made \$8 million (¥764 million) in grants in this area in FY1995, they were only providing a mere \$1.5 million (¥145 million) by FY2009—a drop of more than 80 percent. If these figures are adjusted for inflation, the purchasing power in the United States of their 2009 grants for policy dialogue and study was barely 13 percent of the 1995 levels.

In fact, the amount that the three foundations could muster for policy dialogue and study in 2009 was even less than 25 years earlier in 1985, before the creation of CGP, when only USJF and JUSFC were active. Moreover, if the figures are adjusted for inflation, 2009 funding was a mere 43 percent of the 1985 levels in dollar terms and less than 30 percent in yen terms.<sup>4</sup>

Some of the decline in funding for US-Japan policy projects may be related to a sense by foundation officials that the grant proposals that they receive for policy projects are now less compelling, but much of this is clearly due to a difficult external financial environment and a lack of additional private and governmental contributions to the foundations to help them sustain and expand their asset base. Given how their budgets have shrunk, even if the three major US-Japan foundations diverted 100 percent of their funding from grassroots exchanges, arts and culture, university and high school education, and so on in order to dedicate their support solely to policy dialogue and study, they would still not be able get back to the levels of the early 1990s.

*General Trends in Government, Foundation, and Corporate Support*

On the Japanese side, this decline has coincided with a long-term slump in private funding for international affairs. Japan's economic troubles have made it difficult for foundations to sustain their asset base over the past decade—the benchmark 10-year Japanese government bonds have yielded less than 2 percent in interest since 1999 and the Japanese stock market remains lower than it was two decades earlier. As a result, grant making by the major private Japanese foundations has fallen by roughly half since the early 1990s, a trend that has clearly affected the field of US-Japan policy dialogue and study.<sup>5</sup> This has been exacerbated by the growing tendency of Japanese foundations involved in foreign policy to conserve resources by carrying out research initiatives internally instead of making grants, which further diminishes the pool of resources available to grant seekers. Moreover, unlike in the United States, where nongovernmental contributions to international affairs have been energized over the last decade by the emergence of powerful new funding sources like the Bill & Melinda Gates Foundation, there are few new foundations being established in Japan. In FY2008, only 5 new grant-making foundations were established in Japan, and just 17 were established in the five-year period from FY2004 to FY2008.<sup>6</sup>

At the same time, other sources of funding in Japan have remained limited. Individual contributions for policy-related activities remain negligible, and foreign ministry funding for intellectual exchange and policy studies has been steadily declining for the past decade. This downward trend seems to have become much steeper with the *jigyo shiwake* budget review process, which singled out key institutions such as the Japan Institute for International Affairs, the Japan Foundation, and the *Gaiko Forum* journal for potentially drastic budget cuts. Meanwhile, corporate funding has also been in a long-term decline—cash donations from the largest Japanese companies in 2008 were nearly 22 percent less than in 1990, averaging just \$2.8 million (¥286 million) per company.<sup>7</sup> Plus, these corporate donations have historically tended to go for activities in areas such as arts, culture, and education, while the amounts used to support policy-related activities are very limited.

Meanwhile, in the United States, with a few exceptions, the broadly gauged foundations that focus on international relations such as the Ford Foundation and the Rockefeller Foundation are no longer interested in US-Japan policy dialogue and study and have shifted their funding away from this area. They occasionally fund projects carried out by Japanese institutions on thematic issues of global concern such as health and development, but there are few Japanese institutions with the capacity and necessary connections to work with US counterparts on such issues.

A few US foundations specialize in US-Asia relations and thus fund US-Japan projects, but by and large they have suffered disproportionately as a result of the recent financial crisis. The two largest US foundations providing funding for



US-Asia affairs, the Starr Foundation and the Freeman Foundation, were both established with money from American International Group (AIG) and both were heavily invested in AIG stock, which lost 97 percent of its value in 2008. As a result, the Starr Foundation's assets tumbled from \$3.4 billion in 1998 to \$1.3 billion in 2009. Meanwhile, the book value of the Freeman Foundation's assets nosedived 73 percent from \$1 billion to \$276 million between December 2007 and December 2008. AIG itself had also been making charitable contributions to support US-Japan policy dialogue, but it has had to curtail these due to its financial problems.

Even the foundations that were not associated with companies deeply affected by the financial crisis have been cutting back their giving due to the financial crisis. The Henry Luce Foundation, for example, was forced to decrease its overall grant making by 40 percent in 2009. Perhaps the only bright spot has been that the MacArthur Foundation launched a new "Asia Security Initiative" in late 2008 that is funding a handful of US, Japanese, and other institutions to look at regional security issues.

With the decline in the budgets of the three major foundations funding US-Japan relations, the slide in support from other sectors of society in Japan for policy dialogue and study, and the migration of the more broadly gauged US foundations to other areas, funding for US-Japan policy dialogue and study has now dipped below the levels of the mid-1980s. Despite concerted efforts on both sides of the Pacific to strengthen the financial underpinnings of the field after the trade battles of the 1980s—most notably including the successful push to establish CGP—we have not managed to move forward in a sustainable manner and have, in fact, ended up slipping backwards.

### *III. Conclusion*

By almost every measure, the level and intensity of US-Japan policy dialogue and study has declined, leaving both countries less equipped to deal constructively with one another. Proponents of strong US-Japan relations can take some comfort in the knowledge that the temptation in both countries—and especially on the part of the United States—to look at the other side as a potential adversary has largely dissipated, making it less pressing in the short term to utilize policy dialogues to head off potential confrontations. However, the deterioration of nongovernmental policy channels presents very real long-term risks.

On the one hand, without sustained policy dialogue outside of official government channels, each side tends to forget how things look from the other's vantage point. Also, the personal networks that play such a central role in building mutual trust tend to wither away without regular cultivation. This leaves both sides less equipped to anticipate and react to developments with important implications for bilateral relations. The mutual misunderstandings and miscalculations that have cropped up in US-Japan relations in the past several years give a taste of what is liable to happen when policy dialogue channels become too weak and narrow.

On the other hand, there is also a price to be paid in terms of missed opportunities. The most pressing regional and global challenges facing both countries increasingly require deeper international cooperation, and American and Japanese interests are remarkably well aligned on most key issues. However, the less that Japanese and American policy experts talk to each other, the less likely they are to discover innovative ways that the two countries can effectively work together and the less capable they are of helping to build the political momentum needed to make bilateral cooperation successful.

## KEY FINDINGS

- **US-Japan dialogue and study has declined significantly in the past decade.**

Outside of official government channels, the level of substantive interactions between policy experts and political leaders from the two countries has deteriorated significantly from what it was a decade ago, or even two decades earlier. US think tanks carry out considerably fewer Japan-related activities than before, and Japanese perspectives are less integrated into US policy debates than those of other US allies, or even other Asian countries such as China or Korea. The situation is even direr on the Japanese side, where the capacity of nongovernmental policy circles to engage in substantive dialogue with overseas counterparts is in decline. These trends in the think tank world have been accompanied by a steep drop in the level and intensity of US-Japan political exchange.

- **Mutual frustrations have accumulated in US-Japan policy circles.**

Both Americans and Japanese who interact regularly on policy affairs often express concerns that existing policy dialogue does not sufficiently deal with the most important long-term issues facing the two countries. Many Americans remark that they are weary of US-Japan discussions that tend to be inconclusive and repetitive without yielding concrete results as readily as similar talks with other countries. Meanwhile, Japanese policy specialists are concerned that the United States has been taking Japan for granted in recent years and that many US institutions and experts can be fickle, reluctant to do the hard work of sustaining dialogue and easily switching their attention to countries or issues that are momentarily trendy. These accumulated frustrations have added to the sense of stagnation in US-Japan policy dialogue and study.

- **The institutional base for US-Japan policy dialogue and study has been eroding since the late 1990s.**

Japanese and Americans have expended considerable time and effort over the last 50–60 years in building up institutions that can facilitate US-Japan policy interactions, but many of these institutions and their networks are now growing weaker. Over the past decade, financial difficulties have forced nongovernmental policy institutes in Japan to scale back their activities. There is a serious risk that some, if not many, of the key institutions in the field on the Japanese side will not survive another decade. Meanwhile, on the US side, many of the think tanks that operated Japan programs in the 1980s and 1990s have now ended them, and numerous Japanese organizations that were active in the policy field in Washington—such as the Japan Economic Institute of America and Keidanren's Keizai Koho Center—have shut their doors. In addition, the aggregate size

and relative clout of the three major foundations funding US-Japan policy dialogue—CGP, JUSFC, and USJF—have declined over the past decade, even as the demands on them have increased.

- **Weak funding is likely to further accelerate the decline of dialogue and study.**

Perhaps the most decisive factor in the deterioration of US-Japan policy dialogue and study has been the decline in funding for the sector. Foundation grant making for US-Japan policy-related activities is now a mere fraction of what it was in the mid-1990s, and corporate and government support for the field has steadily declined. If drastic action is not taken, the funding situation will remain dire in the short term, further undermining the institutional basis of US-Japan policy dialogue and study. The budgets of many American foundations such as USJF are based on a three-year average of investment returns, so it will take a number of years for their funding to recover from the financial crisis. Meanwhile, there is little hope for a major rebound on the part of the larger, broadly gauged US foundations that had been involved in Asia-related funding. Furthermore, there is little indication that Japanese or American corporations are interested in expanding their funding. And perhaps most damaging in the short term, the Japanese government is drastically cutting its support for international affairs organizations, and the impact of this is only starting to be felt.

- **Paradoxically, there is a deep reservoir of human resources that can be leveraged and a strong latent interest in deeper US-Japan cooperation in both countries.**

There is a strong latent interest in deeper US-Japan collaboration in both countries and a deep pool of potential human resources, but few opportunities to translate these into deeper institutional ties or greater engagement on policy issues.

A surprising number of senior leaders in policy circles in each country have considerable experience with and affinity for the other country, but outside of a small handful of US-Japan experts they tend to lack opportunities to refresh their base of knowledge and put it to use by working together on concrete, meaningful initiatives.

Moreover, there are many promising young professionals in each country with extensive experience operating in one another's societies, but there is often no place for them in the shrinking US-Japan policy world. Jobs that would allow enterprising young Japanese to work at nongovernmental institutions on substantive policy issues are rare. Meanwhile, there are only a handful of professional opportunities in the policy field for Americans who have gained valuable experience in Japan through the JET Program, university studies, or other work in Japan, so many of them eventually drift away from the field of US-Japan affairs.

- **There is fertile ground for greater US-Japan policy dialogue and study on a host of new policy issues.**

Policy experts in Japan and the United States agree that changes in the regional and global context provide numerous opportunities for expanded US-Japan dialogue and collaboration. Globalization and the ongoing shifts in the balance of power at the global and regional levels are raising the profile of nontraditional and transnational issues, and in many of these areas Japan and the United States share interests and capabilities that complement each other well.

Leaders on both sides often give lip service to the need to deepen US-Japan cooperation in areas such as climate change and clean energy, nontraditional security, global health, and development assistance. Nevertheless, there are still only a limited number of genuinely collaborative initiatives in these areas. One factor seems to be that the level of policy dialogue on these issues has remained relatively low, and thus there have been limited feasible proposals for cooperative initiatives that benefit both sides and minimal efforts to build the political momentum needed to actually implement them.

In addition, there seems to be considerable room for Japan and the United States to expand discussions on how to better coordinate their approaches to other countries, including policy toward China, Russia, and Iran. Plus, there is considerable potential for greater US-Japan dialogue on regional and global governance issues, ranging from their visions for regional community building in Asia to discussions on how the two countries can work more closely together in making global institutions more representative and effective.

## PRIORITIES FOR REINVIGORATING US-JAPAN POLICY DIALOGUE AND STUDY

In light of the critical role of the US-Japan alliance, there is much to gain from strengthening bilateral relations and expanding US-Japan coordination and cooperation on regional and global issues. Among other things, this requires bolstering the underpinnings of the bilateral relationship by undertaking a concerted joint effort to reinvigorate US-Japan policy dialogue.

Any successful effort will require the active participation of a wide range of players in the policy field from both countries, starting with both governments and including philanthropic institutions, private think tanks and other nongovernmental organizations, academia, and business. There are a number of priorities that should be kept in mind in devising a viable and effective strategy.

- ♦ **Strengthen institutions**

The general consensus among Japanese and Americans involved in US-Japan relations is that the top priority needs to be strengthening the nongovernmental institutions that support policy dialogue and study and making them sustainable over the long term. Significant investments should be made on the US side in strategically strengthening Japan studies at think tanks and other institutions, but there needs to be special focus on the institutions on the Japanese side.

In particular, nongovernmental policy research and exchange institutes that are not affiliated with universities have a unique role to play in Japan. They also face the greatest need. Many of those involved in US-Japan policy dialogue and study have been scaling down their operations and are now struggling to survive year-to-year with little assurance of their long-term financial stability. It is imperative that this sector be strengthened, and efforts to do this should be designed while keeping in mind the following needs: (1) ensure that there is a diversity of institutions, enabling numerous major institutions to thrive and making sure that most of them are not dependent on a single funding source or clustered at one point on the ideological spectrum; (2) expand their financial stability by encouraging a move away from an overwhelming reliance on year-to-year project funding; and (3) help make them into a sustainable career option for younger professional staff.

- ♦ **Increase funding**

It seems clear that at the current levels of government, foundation, and corporate funding, the institutional infrastructure of US-Japan policy dialogue and study will continue to erode, especially in Japan. Some Japanese institutions can be creative in finding alternative funding, for example applying to American foundations that usually do not support US-Japan activities for grants to explore

bilateral cooperation on functional issues such as climate change or global health. Nonetheless, while such approaches can be helpful for individual institutions, this will only work in some limited cases and there are still many dialogue and study activities that are central to the management of the US-Japan alliance that cannot be supported this way. While it is an especially difficult time to expand funding, there is no ignoring the fact that significant new financial support for US-Japan initiatives has to be mobilized if we are to shore up the underpinnings of bilateral relations.

- **Limit government control and the potential politicization of funding**

Both governments, particularly the Japanese foreign ministry, are working to support US-Japan policy dialogue, and even more US and Japanese government funding is needed. At the same time, however, it is also important to explore ways of better insulating government funding from politicization and ensuring that it focuses more on the long-term goals of bolstering the institutional underpinnings of the field rather than on more short-term goals of promoting individual policy objectives or political viewpoints.

Following various instances in which organizations have become the target of criticism by Japanese politicians because the findings of their research diverge from government positions, a number of institutions in the United States have become reluctant to accept Japanese government money. A farsighted approach will trust that more active US-Japan policy dialogue serves the broader public good, even if the results of individual projects may not accord precisely with the specific government policies of the moment, and it would thus ensure that measures are put into place to insulate any new pools of funding from retroactive government intervention. It would also ensure that existing funding agencies such as CGP retain some degree of autonomy over their assets.

Furthermore, while there is clearly a need for accountability and transparency when dealing with taxpayers' funds, the simplistic open bidding process required for many government grants in Japan is incompatible with the long-term objective of strengthening the institutional infrastructure of US-Japan policy dialogue and study and, instead, plays a destabilizing role.

- **Nurture the next generation**

A generational change is underway in US-Japan policy circles, which makes it even more imperative to ensure a smooth transition of leadership to the new generation. At a time when the career options in the US-Japan field have been shrinking, it is important to encourage promising, younger professionals to stay in the field. In addition, the trend in academia in the United States has been away from regional and policy expertise, which makes it increasingly vital to help ensure that future intellectual leaders in US-Japan relations have sufficient

exposure to the policy process and personal networks in broader policy circles that will enable them to operate effectively.

- **Broaden the range of dialogue**

There is a clear need to continue broadening the range of issues covered by US-Japan policy dialogue and study beyond traditional bilateral approaches, for example to areas where Japan and the United States can work together to make regional and global contributions, to joint approaches to other countries and regions, and to global and regional governance.



## POTENTIAL COMPONENTS OF A NEW STRATEGY

Any successful effort to revitalize US-Japan policy dialogue and study will require the active involvement of diverse sectors of society in both countries. There are a number of concrete steps that would be useful for these different sectors to consider as part of such an initiative.

### *General*

#### **(1) Raise awareness of the importance of maintaining a healthy institutional infrastructure to support US-Japan policy dialogue and study**

It is important for political leaders, government officials, business leaders, the media, and the general public to better understand the importance of maintaining a vibrant nongovernmental base for US-Japan policy dialogue and study. This is particularly true in Japan, where nongovernmental institutions tend to be weaker. Greater respect for the autonomy of nongovernmental policy institutes by government officials as well as political leaders is needed. Efforts by policy institutes to reach out to other societal leaders who are not normally engaged in US-Japan policy dialogue and study can also be beneficial. In addition, one initiative that can be helpful is a “wisemen’s group” on US-Japan affairs, provided it is operated in a focused manner with sufficient political backing in both countries.

### *Government and Business Leaders*

#### **(1) Increase funding for US-Japan policy dialogue and study**

A rough estimate is that, at a minimum, an additional \$5–\$10 million annually in funding is needed to return the level of funding for US-Japan policy dialogue and study to the levels of the 1990s, or at least to make significant progress in that direction. The three foundations dedicated to US-Japan affairs cannot fill this gap on their own; rather, this can only be done by mobilizing new resources from governments, the private sector, and elsewhere.

#### **(2) In the short term, make a special effort to stabilize Japan’s policy institutes**

Japan’s nongovernmental (and quasigovernmental) policy research and exchange institutes have been especially hard hit by declines in government, business, and foundation funding, and some have also have been hurt by the *jigyo shiwake* budget-cutting process. Once institutional capacity is destroyed, it takes years

of work to rebuild. From a long-term perspective, it is important for Japan to maintain a diverse base of vibrant, independent institutions engaged in policy dialogue and study; therefore, special effort should be made to ensure that these organizations survive the current difficulties and retain the institutional capacity to contribute to US-Japan relations.

**(3) Over the long term, explore new or expanded funding mechanisms**

Grant making by the three major foundations dedicated to US-Japan affairs has declined dramatically and external factors are likely to prevent it from recovering significantly in the short to medium term. Meanwhile, the trend of declining funding from other foundations is likely to continue. Therefore, the best option to ensure sufficient funding to maintain nongovernmental US-Japan policy dialogue and study over the long term is for governments, businesses, and others to mobilize new resources to permanently expand the assets of current funders or establish new funding mechanisms that are sufficiently insulated from political or government interference. It would be wise for the top leaders of both countries to seriously explore this as part of their efforts to strengthen the underpinnings of bilateral relations.

**(4) Encourage a more farsighted approach to government budget cutting**

Governments in both countries are coming under growing pressure to reduce budget deficits, and in Japan, foreign ministry funding for international exchange, dialogue, and study has come under particular scrutiny. In general, the amount of money that can be saved by cutting support for policy dialogue and study is comparatively small, especially when weighed against the potential long-term benefits that this can yield for international relations. Therefore, it is important for political leaders to find ways to take more farsighted approaches to budget cutting that take into account the qualitative contributions of policy dialogue and study rather than just simplistic, quantitative measures of its efficacy.

**(5) Provide greater incentives for charitable giving and improve the process of obtaining tax benefits for Japanese institutions engaged in policy dialogue and study**

There are two areas where improvements in Japanese government regulation of the nonprofit sector could be particularly constructive. First, philanthropy remains underdeveloped in Japan, and changes in regulations to encourage greater giving would be beneficial. Second, as part of the historic reform of public interest corporations, most of the international affairs organizations in Japan, including those engaged in US-Japan relations, are required to change their legal status and reapply for tax deductibility by 2013. While the scope of tax deductibility has been expanded, in reality this is putting an additional burden

on institutions that already are grappling with severe financial challenges and, depending on how high the bar is set to obtain tax benefits and how the application process is managed, it may result in the loss of or temporary lapses in tax deductibility for these institutions. Political and government leaders should place special priority on making sure that the transition process goes as smoothly as possible for institutions engaged in international affairs.

**(6) Explore ways to improve the provision of Japanese government funding**

Japan's current *nyusatsu* system of open bidding for government-funded projects encourages competition primarily on the basis of short-term costs without sufficient consideration of the long-term outcomes of individual initiatives. Pressures to reduce costs cause nongovernmental institutions to continually undercharge for personnel and administrative expenses, saving the government small amounts in the short term, but undermining efforts to establish the kind of vibrant institutional base for policy dialogue and study that is in the public interest over the long term. Also, the standard practice of waiting until the end of the fiscal year to reimburse nongovernmental institutions for commissioned activities compels them to dig into their own meager resources to cover expenses carried out for the government, in essence forcing nongovernmental institutions with limited resources to lend money to the government for up to a year. A serious exploration of ways to improve the current system of government funding for international policy dialogue and study should be undertaken, involving both Japan's governmental and the nongovernmental sectors.

**(7) Reexamine travel regulations for the US Congress**

US-Japan parliamentary exchange programs sponsored by nongovernmental organizations can play an important role in bilateral relations. However, new Congressional ethics rules introduced after a series of scandals have been applied in such an onerous manner and have created such a backlog of work for ethics committee staff that they have had a deeply chilling effect on the willingness and ability of Congressional members to take part in even the most substantive, high-level exchanges. It would be advisable for Congressional members to explore how to strike a better balance in terms of ensuring integrity while encouraging the types of parliamentary interactions that further the broader national interest.

### *Foundations and Funders*

#### **(1) Help strengthen the institutional capacity of Japan's policy institutes**

The top priority in building a long-term base for vibrant US-Japan policy dialogue should be to strengthen Japan's policy research and exchange institutes. They tend to be financially unstable in part because, unlike their American counterparts, they draw little support from endowments and often depend heavily on unstable project-based funding. They also have limited professional staff and face other administrative challenges, many of which are interconnected with their financial weakness. Funders, especially those with more extensive resources than the three main US-Japan foundations, can make a great contribution by working with Japanese institutions to find ways to make them more financially sustainable and also by directly helping them in building up pools of assets that can provide some long-term financial stability. Also, funders, especially in Japan, can contribute significantly by ensuring that project grants sufficiently cover personnel and overhead costs.

#### **(2) Promote greater US-Japan dialogue at US think tanks**

There is less immediate need at US think tanks than at their Japanese counterparts, but continuing efforts should be made to shore up the institutional base for Japan studies and encourage the greater integration of Japanese perspectives into general policy discussions. One measure to consider is the endowment of one or two chairs or fellowship programs at key US think tanks for resident Japanese scholars—not specifically on US-Japan relations, but rather to work on thematic or global issues such as energy, health, or global governance that have relevance for US-Japan bilateral relations.

#### **(3) Encourage the development of a new generation of leaders in US-Japan relations**

A generational shift is underway in the field of US-Japan affairs, and it is important to encourage the most promising young experts to stay in the field and develop their leadership skills, especially as less attention and fewer resources are showered on the field. A number of institutions—including USJF, CGP, and the Maureen and Mike Mansfield Foundation—have begun sponsoring “young leaders programs” that are making important contributions. These organizers should be encouraged to continue and further institutionalize their programs, while leaders from other sectors of society should be urged to support their efforts as well. Also, foundations can help by placing special priority on funding projects that provide opportunities for younger experts to interact more with senior figures in the field and play more prominent roles in US-Japan affairs.

**(4) Expand support for US-Japan parliamentary exchange**

The current interpretation of new Congressional ethics rules makes it extremely difficult for Congressional members and their staff to travel on nongovernmental exchange programs that are funded by businesses, foreign governments, or foreign foundations. US foundations are now practically the only acceptable source of funding, and they can make a major difference by expanding their support for a handful of exchange programs.

*Think Tanks and Policy Research and Exchange Institutes***(1) Focus more on US-Japan cooperation on thematic issues and in a broader context**

Institutions in both countries have made efforts to promote US-Japan policy dialogue and study on issues that are broader than just bilateral relations, but there is a need for more of this. There is considerable potential for more active policy dialogues and studies on the role of the US-Japan relationship vis-à-vis third countries, in the regional context, and on the global level. Also, there is a need for more trilateral and multilateral dialogues that have US-Japan relations at their core. Additionally, there would be significant benefits from deepening US-Japan policy dialogue and study on thematic issues such as energy, official development assistance, human security, and global health, and this should include efforts to engage policy experts in both countries who are not normally involved in US-Japan policy dialogue and study.

**(2) Better integrate US-Japan relations into broader foreign policy debates**

Both countries would benefit from greater Japanese involvement in US foreign policy circles and, similarly, from deeper American understanding of Japanese foreign policy debates. US think tanks should explore ways to engage Japanese experts in discussions in Washington on global and regional issues that are not specifically on bilateral relations, for example by creating short-term fellowship posts for Japanese and by working to involve a broader range of Japanese experts in conferences and dialogues. It would also be useful to have more programs such as CFR's Hitachi Fellowship that allow scholars from US think tanks to be based at Japanese institutions for periods of a year or two.

**(3) Explore innovative steps to engage experts who are not US-Japan specialists**

Japanese policy institutes might explore ways to bring American leaders and foreign policy analysts who are not Japan specialists to Japan on a regular basis. One possible model is Germany's Munich Security Conference, which annually

convenes influential international affairs experts and parliamentarians from Europe, the United States, and elsewhere. Holding a similar high-level dialogue with international appeal in Japan on a pressing topic of broad interest—for example, on the strategic future of Asia—might play a catalytic role in encouraging additional US-Japan interaction on a wide range of issues.

**(4) Redouble efforts to reenergize parliamentary exchange**

Parliamentary exchanges that focus solely on bilateral relations have become less appealing for parliamentarians, particularly on the American side. However, innovative approaches, such as issue-oriented exchanges on key challenges such as energy technology, healthcare, and global financial imbalances, may appeal to a broad range of US and Japanese parliamentarians and help encourage them to focus more on US-Japan relations.

**(5) Prioritize the greater professionalization of staff**

For a variety of reasons, including the hierarchical nature of Japanese organizations and the limited size of institutions engaged in US-Japan affairs, it is difficult for younger staff at policy institutes in Japan to distinguish themselves professionally and develop their ability to effectively engage in international forums in a substantive manner. It would be useful for these policy institutes to explore ways to encourage younger staff to work on more substantive issues, take on more responsibility internally, and be more visible in public settings that are usually reserved for senior figures. Also, it would be easier to develop promising, young Japanese policy experts and retain them in the field if they could more readily move to government posts on a short-term basis and if policy institutes could provide compensation in a manner that is competitive with universities and the business sector.

## *IV. Appendices*

- 1. Alternative Models of Policy Dialogue and Study**
  - 2. Findings from US Think Tank Survey**
  - 3. Findings from US Congressional Travel Survey**
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### ALTERNATIVE MODELS OF POLICY DIALOGUE AND STUDY

#### *A. Germany: Issue-Oriented Approaches to Policy Dialogue and Study*

Although smaller than in the United States, Germany's extensive think tank sector is estimated to include at least 70 to 90 policy research institutes. Many of these are active in foreign affairs, the most prominent being the Berlin-based German Council on Foreign Relations (DGAP), which operates with 20–30 researchers, and the German Institute for International and Security Affairs (SWP), with more than 130 staff. Germany's think tanks have increasingly been criticized for their heavy reliance on government funding, and the country's rigid system that makes it difficult for personnel to move between the government and think tanks has limited their impact to some degree. However, they operate a number of regular exchanges with US institutions, and these have had particular success in bringing German and American policy experts to one another's countries on a regular basis.

On the other side of the Atlantic, US think tanks tend to run few programs specifically on US-German relations, but they engage extensively with German policy experts and institutions on a variety of initiatives that deal with common interests, ranging from democratization in Eastern Europe to climate change and energy security. Their interactions are reinforced by forums such as the Munich Security Conference, which regularly bring them together to discuss thematic issues of global importance.

One US institution in particular plays a central role in advancing US-German policy dialogue and study—the German Marshall Fund in Washington DC. An independent US nonprofit organization, the German Marshall Fund was established in 1972, when Chancellor Willy Brandt announced a \$47 million contribution from the

German government to create the institution as a memorial to America's postwar Marshall Plan. The German government subsequently made a series of additional contributions, altogether giving a total of roughly \$150 million (€128 million) in the organization's first 20 years. With an annual budget of nearly \$40 million, the German Marshall Fund operates wholly independently of the German government with an American board and staff, and it sponsors a wide range of activities that benefit both countries. These include policy dialogues and studies that convene experts from the United States, Germany, and elsewhere to study regional and global issues that are important for both countries. It also makes grants to American and European organizations, many of which are for projects that include a component of US-German policy dialogue and study. In 2009, the German Marshall Fund's grant making reached \$11.8 million, more than the total combined grants of the three major US-Japan foundations, CGP, JUSFC, and USJF.

Another important element of US-German policy dialogue is the high level of parliamentary exchange that has historically taken place. In the 2007–2009 period, an average of nearly 100 Congressional members and more than 100 Congressional staff visited Germany each year. These figures are likely boosted by the number of Congressional members who use Ramstein Air Base as a jumping off point for visits to Iraq and Afghanistan, but even if these were excluded, the level of Congressional travel to Germany would still be high. One reason is that a number of annual events are convened each year that attract Congressional members to Germany, including the Munich Security Conference, the US Association of Former Members of Congress's annual Congress-Bundestag Seminar, and the German Marshall Fund's Congress-Bundestag Forum. In addition, there have been a number of efforts to bring Congressional members and staff to Germany on issue-oriented exchanges, for example to study high-speed Maglev train systems and to discuss energy efficient technology.

### *B. Korea: Expanding and Institutionalizing Korea Policy Studies in the United States*

In contrast to US-German ties, US-Korea policy dialogue and study does not have deep roots; however, Korea has made a major push in the last several years to encourage American institutions to focus more on relations with Korea. This has coincided with the debate in Washington about whether to ratify the Korea-US Free Trade Agreement, but much of this initiative has focused on building up the institutional capacity for greater US-Korea policy dialogue and study in the field of security.

One key factor in the growth of Korea-related activities in Washington has been a strategic initiative by the Korea Foundation to strengthen the institutional



underpinnings of US-Korea policy dialogue and study. Although the Korea Foundation has long focused much of its funding on programs in the United States, it began to expand its American presence in 2005 when it opened a small Washington office. Soon afterward, it began to systematically reach out to Washington's key foreign policy think tanks, and it now funds dialogues and studies at all of the top think tanks with Asia programs: AEI, the Brookings Institution, CSIS, CFR, and IIE.

In 2009, the Korea Foundation started providing funding to institutionalize Korea studies inside US think tanks, underwriting new research posts on US-Korea policy at two US think tanks, a Korea Policy Chair at RAND that was established with \$1 million in matching funds and a Korea Chair at CSIS, which is held by Bush administration veteran Victor Cha. Prior to this, there had never been a Korea policy research chair at a think tank outside of Korea.

Following Japan's example from the 1970s, the Korea Foundation had already been endowing chairs at a range of universities around the United States, and it has continued doing this with a particular focus on universities that are active in Washington policy circles. In recent years it has provided institutional support for new posts at a number of universities in the Washington area such as American University, George Washington University, and the Johns Hopkins School for Advanced International Studies.

The flurry of attention to Korea in Washington was further heightened by the 2009 creation of a new Center for US-Korea Policy at the Asia Foundation's Washington Office, which is headed by Scott Snyder, and the growing activities of the Korea Economic Institute (KEI). Based in Washington, KEI is funded indirectly by the Korean government through the Korea Institute for International Economic Policy but is led by a prominent US policy expert, Charles Pritchard, who was a senior figure in the Clinton administration.

The Korea Foundation and KEI have also become increasingly active in reaching out to Congressional members and staff. KEI holds a series of roundtables for Congressional staff on issues related to US-Korea affairs. Meanwhile, the Korea Foundation has dramatically expanded its exchange programs for Congressional staff, hosting three annual visit programs for an average of 30 Congressional staff per year in 2008 and 2009. As a result, the total number of Congressional staff visiting Korea climbed from an annual average of 28 people in the 1997–1999 period to 51 per year in the 2007–2009 period, even as the numbers visiting Japan dropped from 50 staff per year to 39.

## FINDINGS FROM US THINK TANK SURVEY

The following data were compiled from annual reports, records of foundation grant making, and organizations' study reports and event listings. To supplement these data, nearly 50 interviews were carried out with Americans and Japanese involved in US-Japan policy dialogue and study. Due to difficulties in gathering accurate information, it is inevitable that some activities may have been omitted; however, this gives a fairly accurate representation of the level of activity related to Asia studies at major US foreign policy think tanks active in the Washington DC policy community.

	Japan	China	Korea
<b>Institutions (2009)</b>			
With major activities specifically on a single country or bilateral relationship	10	22	7
With major activities that include some focus on individual countries or bilateral relations	14	23	14
<b>Major projects focusing primarily on a single country or a bilateral relationship</b>			
2009 projects	20	55	16
2008 projects	13	57	8
<b>Major projects including some significant focus on a country or bilateral relationship</b>			
2009 projects	39	75	34
2008 projects	31	74	20
<b>Joint projects (2005–2009)</b>	25	46	--
<b>Senior researchers (2009)</b>	4	42	7
<hr/>			
	<b>1988</b>	<b>1998</b>	<b>2009</b>
Institutions with major activities specifically on Japan or US-Japan relations	16	20	10

**INSTITUTIONS:** The survey focused on American institutions based in Washington DC or with an active presence in Washington DC that carry out policy dialogue and study. These include the following 29 organizations:

American Enterprise Institute	Hudson Institute Washington DC Office
Asia Foundation Washington DC Office	Mike & Maureen Mansfield Foundation
Asia Society Washington DC Office	(1998 & 2009)
Aspen Institute	National Bureau of Asian Research
Atlantic Council of the United States	Washington DC Office (2009 only)
Brookings Institution	National Committee on US-China
Carnegie Endowment for International	Relations
Peace	The Nixon Center (1998 & 2009)
Cato Institute	Overseas Development Council (1988
Center for American Progress (2009 only)	only)
Center for New American Security (2009	Peterson Institute for International
only)	Economics
Center for Strategic & International	RAND Corporation Washington DC
Studies	Office
CNA Corporation	Henry L. Stimson Center (1998 & 2009)
Council on Foreign Relations	Urban Institute
East-West Center Washington DC Office	US Institute of Peace
Economic Strategy Institute (1998 only)	Woodrow Wilson Center
Heritage Foundation	World Security Institute (2009 only)

**PROJECTS:** This includes only policy-oriented projects that were aimed at the US-Japan policy community and considered to be significant undertakings. Long-term policy studies and exchange programs that involved substantive policy discussion were considered to be significant activities. One-time lectures and roundtables were not counted, but full-day conferences requiring significant preparation were considered to be significant undertakings.

**JOINT PROJECTS:** These are substantive dialogues and studies that US think tanks co-organized in the five-year period from 2005 to 2009 and that involved substantive contributions (not solely funding) from both sides. Since the intent is to assess the capacity of nongovernmental organizations to partner with US institutions, projects that were carried out in conjunction with government agencies were not counted.

**SENIOR RESEARCHERS:** These were considered to be policy analysts with regional expertise who spend more than half of their time undertaking policy work related to a single country or with that country at the core of their studies.

## FINDINGS FROM US CONGRESSIONAL TRAVEL SURVEY

The following data were compiled from an extensive analysis of 9,659 travel records for US Congressional members and staff for travel related to their official duties. This tallies estimates of Congressional travel via all of the possible avenues for work-related travel: (1) trips funded by Congressional committees and US government agencies; (2) travel sponsored by private institutions such as nongovernmental exchange organizations; and (3) trips sponsored by foreign governments under the Mutual Educational and Cultural Exchange Act (MECEA).

**Overseas Trips by Members of Congress**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
China	76	15	33	11	18	42	36	32	77	26	46	19	27
Germany	30	36	57	60	67	69	117	108	105	55	158	70	57
France	39	31	62	33	97	52	33	103	85	49	60	58	40
Japan	84	26	40	8	24	24	26	5	41	8	5	14	23
Korea	27	20	30	9	33	35	28	7	21	16	7	13	19
UK	51	83	65	55	52	106	95	91	79	68	51	61	28

**Overseas Trips by Congressional Staff**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
China	90	36	21	79	51	105	59	145	199	160	201	114	93
France	54	48	61	70	113	107	63	120	141	61	79	77	47
Germany	47	78	82	133	107	107	153	163	120	66	145	98	64
Japan	102	55	60	55	53	94	51	37	46	44	31	63	24
Korea	30	22	37	56	69	62	40	41	24	38	50	62	41
UK	63	85	77	85	80	131	138	172	129	126	65	111	47

**Notes:**

- 1) Data were compiled from expense report filings for Congressionally funded travel, which are periodically published in the Congressional Record, and ethics reports for privately sponsored travel, which are available to the public. This was supplemented by a survey of organizations that sponsor Congressional exchanges or facilitate MECEA travel for foreign governments, as well as interviews and media reports about Congressional delegation visits.
- 2) Congressional travel tends to fluctuate considerably from year to year due to the electoral cycle, current events, and the level of political and Congressional scrutiny of overseas travel. In some cases, one large delegation visit to a country for a single day can cause the annual travel figures to balloon, so it is important to look at long-term trends rather than numbers for individual years in evaluating the level of interaction among political leaders.

- 3) Data for privately sponsored travel for the years 1997 to 1999 are incomplete, so the numbers for those years are likely to slightly underestimate the actual level of travel.
- 4) Congressional staff indicates staff in Congressional members' Washington DC offices as well as staff in Congressional leadership offices and affiliated with Congressional committees. The data exclude travel for employees of the Congressional Research Service and for the district office staff of Congressional members, who are unlikely to be involved in foreign policy issues.
- 5) Congressional staff participating in MECEA trips do not have to file disclosure forms, so it is difficult to track this category of travel. A survey of exchange programs that are covered by MECEA's exemption from disclosure requirements was carried out to fill in the gap in public information. We have high level of confidence that the figures for travel to Japan are generally accurate due the researchers' familiarity with the field. However, the figures for travel to other countries, particularly European countries, may be slight underestimates.
- 6) Data for China include travel to Hong Kong as well for all years. Travel to Taiwan is not included.

## Notes

1. Estimates of the combined budgets for Japanese policy institutes include expenditures for program and administrative costs. However, they exclude financial transactions that appeared on Japanese organizations' balance sheets prior to recent accounting changes but that do not reflect the level of programmatic activity.
2. These five organizations are AEI, the Brookings Institution, CFR, CSIS, and IIE.
3. JUSFC is required by government statute to keep its assets in US Treasury bonds. CGP also used to be required to keep its assets in Japanese government bonds and, although its investment restrictions have been loosened, it still faces pressures to invest in securities that are as close to risk-free as possible.
4. Inflation is adjusted based on CPI calculators. Dollar amounts were estimated using a calculator provided by the US Department of Labor, and yen amounts from [www.measuringworth.org/japancompare](http://www.measuringworth.org/japancompare). Accordingly, US\$1.99 in 1985 was equivalent to US\$1 in 2009, while 100 yen in 1985 was equivalent to 115 yen in 2009.
5. Japan Foundation Center, *Nihon no josei zaidan no genjo* (The current state of Japanese grant-making foundations), April 2010, [www.jfc.or.jp](http://www.jfc.or.jp).
6. Ibid.
7. Nippon Keidanren, *2008 nendo shakai koken katsudo jisseki chosa kekka* (Results of survey of corporate philanthropic activities in FY2008), [www.keidanren.or.jp/japanese/policy/2009/106/index.html](http://www.keidanren.or.jp/japanese/policy/2009/106/index.html).

## *About this Study*

In January 2009, the Japan Center for International Exchange (JCIE) launched a study on “Reinvigorating US-Japan Policy Dialogue and Discussion in a Time of Political Change,” and this report is based on the findings of that study. The project was made possible by a generous grant from the United States–Japan Foundation, as well as by the advice, support, and encouragement of numerous people in the United States and Japan who have years of experience in US-Japan relations and a deep desire to ensure that they remain vibrant and meaningful.

Over an 18-month period, members of the project team conducted interviews with nearly 50 American and Japanese policymakers and policy analysts with backgrounds in government, politics, business, academia, and the nonprofit sector. As an initial step to prepare for these discussions, one roundtable was carried out with Congressional members on Capitol Hill and a second was held at the Brookings Institution.

The project was led by Tadashi Yamamoto, and the report was drafted by James Gannon. Lilian Haney, Atsuko Geiger, Mio Uchida, David Monico, Maya Wedemeyer, Patrick Ishiyama, and Kim Ashizawa played invaluable roles in gathering data for the report and preparing it for publication. In addition, we are especially grateful for the contributions of the numerous Japanese and American leaders and experts who agreed to share their candid views on the state of US-Japan policy dialogue and what might be done to ensure it is more sustainable and effective.

## ABOUT THE JAPAN CENTER FOR INTERNATIONAL EXCHANGE (JCIE)

Founded in 1970, JCIE is one of the few independent, nongovernmental organizations in the field of international affairs in Japan. A nonprofit and nonpartisan organization, it conducts programs of exchange, research, and dialogue that bring together key figures from diverse sectors of society in Japan and overseas.

JCIE's activities are carried out in collaboration with organizations around the world, and it operates many of its programs in cooperation with its American affiliate, JCIE/USA, which is based in New York. JCIE creates opportunities for informed policy discussions; it does not take policy positions. It receives no government subsidies; rather, funding comes from private foundation grants, corporate contributions, individual donations, and contracts.

### **JCIE/Japan**

4-9-17 Minami Azabu, Minato-ku  
Tokyo, Japan 106-0047  
Tel: (03) 3446-7781  
Fax: (03) 3443-7580  
[www.jcie.or.jp](http://www.jcie.or.jp)

### **JCIE/USA**

274 Madison Avenue, Suite 1102  
New York NY 10016  
Tel: 212-679-4130  
Fax: 212-679-8410  
[www.jcie.org](http://www.jcie.org)