

Chapter 1

Overview

I. Realizing Japan's Potential

We Japanese have not engaged in discussion and debate on national aspirations for a long time. Over time, a sense emerged that talking about the goals or image of the nation was somehow embarrassing or old-fashioned. Apathy and ennui, mistrust of politics and the bureaucracy, were prevalent. Criticism of policies emanated from the National Diet, the media, and every other quarter, but few constructive proposals were advanced, partly because the government did not disclose sufficient information to enable people to formulate such proposals. This alienated the public from national involvement and hindered serious discussion of national goals and aspirations.

In presenting our thoughts on Japan's goals in the twenty-first century, we hope to break down this inertia. In this report we will discuss Japan's aspirations, expressing our hopes for the nation and our determination to do what needs to be done. Addressing head-on the issue of Japan's goals in the twenty-first century, we will propose a number of principles and policies.

We share a sense of urgency. We fear that as things stand Japan is heading for decline. That is how harsh the environment both surrounding Japan and within Japan itself has become.

In the 1990s many Japanese had an uneasy sense that something about their nation had undergone a major shift. They feared that the economic bubbles of the late 1980s and then the bursting of the bubbles early in the 1990s had undermined not only the economy but also the political order and society—even the value system and ethical norms at the very core of the nation.

Over a long history in a meager and harsh environment, we cultivated ethical norms extolling social and organizational harmony. Socioeconomic affluence and internationalization, however, made it difficult to sustain such ethical norms unchanged. And in the 1990s, before a national consensus on the ethical framework appropriate to an affluent society could be reached, Japan experienced a major setback and slid into the age of globalization.

There was also the shock of the January 1995 Great Hanshin-Awaji Earthquake. Government (both central and local) ineptitude at crisis management, inefficiency, and lack of accountability made the public deeply anxious about the government's ability to protect citizens' lives and property. A series of unnerving incidents followed, including the Aum Shinrikyo nerve-gas attack on Tokyo subways in March 1995 and a 14-year-old boy's murder of a younger boy and assaults on several other children (one fatal) in 1997. All this left people with the impression that core attributes of Japanese society on which they had prided themselves—family solidarity, the quality of education (especially primary and lower secondary education), and social stability and safety—were crumbling. It could be said that these episodes revealed a brittleness and inflexibility of Japan's economy and society that had been building up gradually. Perhaps all this represented the price of success.

After World War II Japan made a seemingly miraculous recovery, achieved amazing growth, quickly joined the ranks of economically developed countries, and became a member of the Western camp. Japan achieved and has maintained peace, stability, and prosperity. By and large, the Japanese remember the postwar period as a success story. The political, economic, and social systems built up then were also accepted as components of a successful model. It cannot be denied that they contributed to political and social stability. Nevertheless, this successful postwar model—or, more precisely, unquestioning belief in this model—has now leached Japan's vitality. Many of the vested

interests and social conventions that grew up over the postwar period have made Japan's economy and society rigid and stale.

This model was the "catch up and overtake" model, followed not only in the postwar period but ever since the Meiji era (1868–1912). Japan must now seek a better model. But the world no longer offers ready-made models. The time when answers could be sought from without has passed. Most societies face the same challenge. The globalization that is expected to envelop the world in the twenty-first century brings with it great benefits but also many problems, posing the same challenge to every country. No doubt countries will respond in diverse ways. The same can be said of the aging of society. Japan will face that challenge sooner than any other country in the world. The whole world is watching to see how Japan will deal with it.

No model of immediate use to Japan exists. While studying cases from around the world, we must find solutions to such problems within Japan. In so doing, it is more important than ever to bring the latent mettle, talent, and potential within Japan into the open. Doing so is the key to Japan's future.

There is one more thing we need to think about. In the world of the twenty-first century individuals will possess incomparably more power than ever before. The Internet gives ordinary citizens easy access to the world. In addition, nonprofit-organization and volunteer activities have expanded people's scope of action. Varied networks are enhancing individual power. "Empowerment" is spreading. Exercising such power to the fullest is critical. At the same time, it should be used to revitalize government and society. It is important that the synergy of networks not only expand private space but also strengthen public space.

The problem is that in Japan today a variety of regulations, barriers, and social conventions thwart talent. Many latent strengths remain untapped. We need to explore this vast frontier. In short, Japan's frontier now lies within Japan.

In exploring the twenty-first century, we must make tapping the latent strengths of Japan and the Japanese our First priority. How can we tap these strengths? How can the power of individuals be better utilized? Here we outline two essential changes. One is to change the methods and systems whereby citizens interact with society. This means defining the relationship between citizens, who entrust government with authority, and government, which is so entrusted, in the context of a new form of governance led by citizens as the chief actors. After World War II Japan established democracy in society, but although the form of society changed, not all its content did so. Notably, the traditional channels and organization of one-way (top-down, or public-sector to private-sector) transmission of decisions and demonstration of power remained embedded through force of habit. This needs to be changed to a contractual relationship between those "below" and those "above," or the private sector and the public sector, a more equal relationship. People must become more aware that government is their agent.

The other essential change is to redefine and rebuild the relationship between private and public space in civil society. This means first and foremost promoting individuality and individual initiatives: unleashing sturdy individuals who are free, self-reliant, and responsible, individuals whose ability to empathize with others makes them inclusive. These tough yet flexible individuals will participate in and expand public forums on their own initiative, creating a dynamic public space. The public space thus cultivated will provide individuals with more diverse choices and opportunities. This will lead to the emergence of individuals and a society endowed with diversity and vigor, individuals and a society that take risks more boldly, address pioneering challenges, and are more creative and imaginative. We should think, too, about developing a system to provide incentives to such individuals and a safety net for those who fail.

Building a new system of governance, empowering the individual, and creating a new public space require the fostering of a spirit of self-reliance and a spirit of tolerance, neither of which has been allowed sufficient latitude for expression in Japanese society so far. A society without a place for tough yet flexible individuals is fragile. The talent, drive, ethical mores, aesthetic sensibility, and wisdom of self-reliant individuals create the framework and dignity of a nation. They shape the future.

It is the spirit of self-reliance that enables individuals to release their latent strengths. Society must also have the tolerance and inclusiveness to acknowledge individuals' differing characteristics and talents, enable individuals to develop these, and match the right person to the right place in society as a whole in the best way possible. Otherwise society withers. It is the spirit of tolerance that enables society to tap its latent strengths.

II. Global Trends and Their Implications

As the world enters the twenty-first century, it faces a set of major challenges. Trends that will force changes of a sort not experienced during the twentieth century are now sweeping across every corner of the globe. The power and speed of the currents of change will be incomparably greater than in the century gone by.

The major trends that the world faces in the twenty-first century are (1) globalization, (2) global literacy, (3) the information-technology revolution, (4) advances in science, and (5) falling birthrates and aging populations.

1. Globalization

Globalization has progressed beyond the stage of being a "process." The markets and media of the world have become increasingly integrated, and people, goods, funds, information, and images are moving freely across national borders on a major scale. The fences between countries have become lower, and the effects of developments in one part of the world are immediately being felt elsewhere; the world is indeed becoming an ever smaller place. This trend will accelerate even further in the twenty-first century. As a result, the universality and utility of systems and standards in various fields, including the economy, science, and academic training, will be held up to global yardsticks for questioning and evaluation. Every country will have to review, reevaluate, and adjust its existing systems and practices on the basis of a global perspective. It will be an age of megacompetition in systems and standards. The effects will extend from politics and diplomacy to the economy, society, and everyday life; closed systems that are complete unto themselves within a single country will grow hollow and impoverished.

Globalization will accelerate the process of diversification, both domestically and internationally. It will present people with a variety of options and thereby work to increase vitality, but at the same time it will bring people into direct contact with foreign elements and thereby act as a source of friction and conflict.

Globalization has raised a variety of issues for Japan, such as the need to cope with the speed of developments, to participate in rule making and to empower individuals. Japan has relied on a time-consuming process of reaching consensus through the *ringi* system (under which a circular stating the proposed decision must be approved in turn by every affected department), rules have not been made explicit, and nonverbal communication has been prized; in this context the locus of responsibility has been blurred, and the ideas and creativity of individuals have not been fully utilized.

These practices will put Japan at a disadvantage in the age to come. Japan needs to base its systems and rules on standards that are explicit and internationally acceptable. It will also be necessary to delineate accountability, make the decision-making process transparent and speedier, place greater value on the wisdom and ideas of the individual, and clarify individual authority and responsibility. We must develop a society that does not allow precedents, regulations, vested interests, and other obstacles to stand in the way of pioneering concepts and activities, a society in which people who fail can have chances to try again.

Some judge globalization to be no more than Americanization or to mean the unilateral imposition of

American standards. It is true that the United States currently enjoys an overwhelming advantage in the multiple processes of globalization. But even the United States must confront the spreading backlash and resentment resulting from the widening of income gaps, both domestically and globally, and the rise of anti-American sentiment. If drives against globalization and protectionist moves arise at home and abroad, it will become difficult to reach agreement on international rules. Japan should take careful note of the negative elements of globalization, but at the same time it should make full use of the positive elements. Our country should also participate more actively in the formation of global systems and standards and the making of rules.

2. Global literacy

Globalization also means the advent of an age in which people will not be overly concerned with established systems, customs, and vested interests. They will have broad access to opportunities for new undertakings not limited by national boundaries.

To accomplish this, however, people must possess the ability to access and converse with the rest of the world, meaning that they can freely and immediately obtain information, understand it, and express their own ideas clearly. The possession or lack of this ability, which we may call “global literacy,” will determine whether or not one will enjoy a better life in the world of the twenty-first century. And mastery of global literacy by the people of a country will determine whether that country’s power in the international politics of the twenty-first century will wax or wane—and is also likely to determine whether the country rises or falls. Countries whose standard of global literacy is low will not attract superior human resources. Meanwhile, people will flock to those countries whose standard is high; this is a phenomenon that is bound to occur.

The basic components of this new literacy are the mastery of information-technology tools, such as computers and the Internet, and the mastery of English as the international lingua franca. In addition to these basics, communication skills—encompassing the ability to express oneself in two-way exchanges, particularly debates and dialogues involving multiple participants on each side, along with clarity in the exposition of ideas, richness of content, and persuasiveness—will also be important elements.

Today’s Japanese are lacking in these basic skills. Their English-language abilities as measured by their TOEFL scores in 1998 were the lowest in Asia. The Japanese themselves are painfully aware of the inadequacy of their communication skills. Though they would like to convey their country’s good points and its real situation to the rest of the world, many of them feel unable to do so adequately.

3. The information-technology revolution

The revolution in information technology, or IT, is now exerting such a huge impact on people’s lives, social institutions, and international relations that it has been dubbed the “third industrial revolution.” The development of the Internet in particular has fundamentally transformed the flow of information, enhanced the convenience of life, and provided a revolutionary means for individuals and organizations to communicate simply, extensively, instantaneously, and cheaply. This has led to rapid progress toward decentralization or dispersal, in the process creating a world in which such traditional determinants as nationality, place of residence, and organizational affiliation are increasingly irrelevant. At the same time there has been movement toward integration driven by the emergence of English as the international lingua franca and the overwhelmingly superior position of those who control information and IT. We also see a trend toward what we might call realignment—the challenging of established industries by new industrial players, the loss of state control, and the growth of individuals’ say, accompanied by a regrouping of winners and losers based on a widening of the gap between the

information “haves” and “have-nots.” Meanwhile, the construction of multiple networks has broadened the opportunities for women and members of other traditionally disadvantaged groups to participate more fully in society and has provided a path for the sudden opening up of individual options and opportunities for self-realization.

Japan is far behind the United States and other countries in this IT revolution. There is an urgent need to establish the infrastructure that will allow every home, school, and institution to have computers hooked up to the Internet around the clock, providing low-cost, high-speed access to information. Guaranteeing ease of use and low cost is the way to both assure that the economically and socially disadvantaged will gain access to information as quickly as possible and to avoid the widening of an access gap.

Another requirement is the development of new IT, particularly software content and technology for practical use in society. It is also essential, especially in Japan’s case, to dramatically strengthen IT training so that the bulk of the population will achieve mastery in this field.

As information flows become radically bigger and faster, the shape of politics, public administration, and even criminal activity also changes greatly. We need new rules to strike the proper balance between the protection of information on the one hand and disclosure and freedom of expression on the other. There is a need to create systems under which neutral, fair actors can share responsibility with the government for the formulation and maintenance of such rules and the management of risk.

4. Advances in science

In the twenty-first century, science and technology can be expected to advance even more rapidly, grow even more mammoth, and produce even greater possibilities for changes affecting the very core of human existence. Along with these advances, civilization will also progress, and people’s lives should become richer and more convenient.

At the same time, however, in the century ahead it is likely that even greater attention will be paid to the purposes of scientific and technological development, a question that can be expected to become a major political issue as well.

For example, the new possibilities brought about by developments in the life sciences and biotechnology present humanity with new questions of ethics and values. The science and technology that are supposed to be tools for the accomplishment of human desires may themselves produce such desires; this is liable to produce a situation where people are buffeted about by their desires. If we fail to watch our step with extreme caution, we may see the emergence of medicine that dissects people and trades their body parts or of science and industry that destroys the ecosystem.

The control and safety of megatechnologies like nuclear energy will also pose a major challenge for civilized society. For Japan, which relies on nuclear power for over 40 percent of its energy consumption and which plans to increase this reliance to an even higher level, this is an issue of not just energy security but also of human security and of the security of civilization. Human existence and dignity will be tested to an even greater degree by science and technology.

The science and technology of the twenty-first century must be used not to conquer nature but to support lives that are spiritually as well as materially affluent, accompanied by a sense that human beings themselves are part of nature.

5. Falling birthrates and aging populations

The decline in the number of children being born and the rise in the proportion of elderly in the total population are issues common to many industrialized nations. The aging of populations especially is an inexorable process, acting as a brake on economic growth and pushing up social costs; it threatens to

have a major impact on sustained economic development and the distribution of wealth on a global scale. While it is conceivable that policies will be adopted to address the low birthrate, as long as the decline in births continues it will result in a relative rise in the proportion of the elderly and is thus certain to further accelerate the process of population aging.

This pair of demographic trends is progressing faster in Japan than anywhere else. It is calculated that by around 2015 one Japanese in four will be 65 or over, and by around the middle of the century the proportion will be one in three. The eyes of the world are thus on Japan's response to its aging population. The total population is expected to peak at 128 million in the year 2007, after which it is forecast to drop below 100 million in the middle of the twenty-first century and to decline by almost half by the century's end.

The impact of this demographic shift on Japan's society and economy will be substantial. As the percentage of seniors rises and that of young people declines, the country will be confronted by such questions as how far young people's opinions can be reflected in politics, how to reconcile the conflicting interests of different generations concerning costs, and how to maintain social vitality.

To what extent and in what way can our social security system be maintained? What can be done to make older people more self-reliant? At what level can the social safety net be maintained? Should the younger generations alone bear the burden of supporting the elderly? It will not be possible to avoid considering such questions as these. Furthermore, our resources are finite, behind growth sectors lurk declining sectors, and benefits are inevitably accompanied by costs.

Much of the current talk of Japan's decline and other pessimistic views of the country's future are based on the conjecture that declining births and an aging population will sap the vitality of Japanese society. However, our approach should be one of overcoming this situation by drawing out the latent potential of Japanese society to the greatest degree possible. For example, we should systematically promote opportunities for women to be involved in society and the workplace on a major scale. Accepting the entry of non-Japanese will also be an important option.

Aging itself is not negative. It is wrong to think of an aged society as dark, spiritless, and loaded down with baggage. We need to shift to a perspective of building a mature society, one in which everybody can live with fulfillment as befitting his or her stage in life, regardless of such distinctions as generation, gender, and nationality. The aging of the population should be taken as an issue of how to live one of the stages in life.

III. Central Elements of Reforms

Japan must meet the challenge of the upheaval brought about by these major trends. If this is to be done successfully, individual citizens' excellence underpinned by a pioneer spirit must be encouraged and their latent strengths tapped. This calls for various changes. As already mentioned, it is essential first to change the methods and systems whereby citizens interact with society and second to redefine and rebuild the relationship between private and public space in civil society.

1. From governing to governance

In Japanese society so far, opportunities for examining the question of social governance have been limited. This is because the state, the bureaucracy, and organizations have always been given precedence and society as a whole has advanced in lockstep. "Public" has been more or less synonymous with "official," and public affairs have been seen as something to be determined by the authorities. Citizens, too, have accepted this and, in fact, relied on it.

A top-down, or public-sector to private-sector, image of governance exalting the bureaucracy and looking down on citizens has long prevailed in Japan. It has been hard for the Japanese to see

governance as implying a kind of contractual relationship between the people, who entrust government with authority, and government, which is so entrusted. Nor have they ever envisioned governance in terms of individuals acting on the basis of self-responsibility and various actors jointly creating a new public space in the context of a pluralistic society led by spontaneous individuals.

Citizens, or individuals, entrust self-realization to various organizations and institutions, but are the systems so entrusted functioning adequately? Are there equal opportunities for participation? Are the rules clear? Are the rights of the entrusters adequately guaranteed? Is self-realization fully achieved? Are those entrusted truly meeting expectations, and how is this to be assessed? Is dialogue and the flow of information between the entrusters and those entrusted a two-way process? Questions like these, which address the essential nature and quality of governance, have seldom been asked, as symbolized by the fact that no apt Japanese word for *governance* has been devised.

In meeting the various challenges outlined above, Japan needs to build governance in the true (but new to Japan) sense and enable it to mature. This requires new rules and systems between individuals and organizations, whether government, companies, universities, or nongovernmental organizations. Disclosure and sharing of information, presentation of options, transparent and rational decision making, steady implementation of policy decisions, and ex post facto policy assessment and review are needed so that rules can be articulated, policy distortions caused by minority interests prevented, and fair and efficient public services provided. This means, in short, establishing governance built up through joint endeavors, governance based on rules and the principle of responsibility and grounded in two-way consensus formation, rather than governance premised on one-way rule. This new governance is not adequately expressed by the Japanese word traditionally used, *tochi*. While we do not repudiate everything about the old governance, we suggest calling the new governance *kyochi*, a word that emphasizes cooperation (*kyo*) rather than governing, rule, or control (*to*).

2. Empowerment of the individual and creation of a new public space

If the twentieth century was the century of the organization, the twenty-first century will be the century of the individual. In addition, the Japanese will be fundamentally liberated from the material scarcity that has hung heavy over its history right down to the twentieth century. Individual freedom and empowerment, so far enjoyed by only a handful of people, will be within reach of the great majority. If so, it is all the more important that each and every person firmly establish his or her individuality. If creation is to flourish, diverse individuals must exist. Vying with one another and making rules in the process, they will build society. Whatever image we envision for the future of society and the nation, individuals will and must be the main actors.

The Japanese long made the family, or *ie* (literally, “house”), the basis of their existence. Perpetuation of the family name, not blood ties, was paramount. Since human beings feel lost unless they belong to something that has continuity, the *ie* was a useful construct, but as a result individual freedom was curtailed. After World War II the power of liberalism appeared to demolish the *ie*, but without realizing it the Japanese created “proxy *ie*.” The classic example is the company. There were many other proxy *ie* as well. Belonging gave people satisfaction, they served the proxy *ie* faithfully, and belief in its continuity gave them peace of mind. This was a widely accepted pattern. Meanwhile, once one joined a proxy *ie* its overall harmony became the top priority, again curtailing individual freedom.

This tendency to regard the harmony of the institutions to which one belongs as paramount has had the merit of creating a nation with minimal disparities in wealth and a high degree of safety relative to other developed countries. This system has not functioned effectively, however, as a basis for enabling individuals to give full rein to their abilities and creativity, and has even become a drag.

In the twenty-first century, whose salient feature will be diversity in the context of the trends of

globalization and the information-technology revolution, the bedrock imperative is that the Japanese empower themselves as individuals, that they possess a robust individuality. The kind of individual needed is, above all, one who acts freely and with self-responsibility, self-reliantly supporting him- or herself. This tough yet flexible individual takes risks on his or her own responsibility and tackles the challenge of achieving personal goals with a pioneer spirit.

Engaging in free and spontaneous activities, participating in society, and building a more mature system of governance, such individuals will create a new public space. By “public space” we do not mean the traditional top-down public sphere or public interest determined and imposed by the authorities. We are referring to a new kind of public space created through the combined power of individuals who, regardless of their personal affiliations, consciously engage with one another and with society of their own freewill. It is a public space that permits diverse “others,” is considerate of others, and supports others. At the same time, once a consensus has been formed everyone should obey it.

Since this new public space is underpinned by individuals’ free and spontaneous ideas and actions, in creating it they will be able to acknowledge one another, gain recognition for personal achievement, and achieve self-realization. In other words, it is when individuals are free and self-reliant that a new public space can be created, and as a new public space is created individuals can expand the sphere of their activities and enhance their independence.

After the Great Hanshin-Awaji Earthquake large numbers of volunteers, especially young people, rushed to the scene. This was a moving phenomenon. The volunteers set aside their customary affiliations to help victims of the quake. This led to the creation of a new public space for the Japanese, and the sense of public space as an area of individual will emerged.

Empowerment of the individual will catalyze the creation of a new public space, and creation of a new public space will give individuals greater choices and opportunities. This interaction will generate a new form of governance (*kyochi*) that will elicit individuals’ latent strengths more fully and expand the frontier of self-realization.

IV. Japan’s Twenty-First-Century Frontier

Where, then, is the frontier of twenty-First-century Japan that will be opened up through change? How should we explore this inner frontier? The five subcommittees present a variety of proposals in the following chapters, and we hope that readers will peruse them. Here we will concentrate on new proposals that cut across the themes of the subcommittees.

1. Promoting a pioneer spirit

The individual, and individual excellence underpinned by a pioneer spirit, will be the driving force of the twenty-first century. The excellence of individuals abounding in ingenuity, challenging the unknown unafraid of risk, and aspiring to accomplish cutting-edge work will be of decisive importance.

To cultivate these qualities, society needs a firmly established ethos and systems that welcome and give full rein to excellence. Unfortunately, Japanese society still tends to frown on displays of individual excellence. This is closely bound up with an ingrained egalitarianism. The Japanese are preoccupied with equal outcomes, and in a vertically segmented, horizontally egalitarian society the nail that sticks out is hammered down. The relentless demand for equal outcomes has led to unequal - opportunities.

In twenty-First-century Japan, however, we would like to see people of excellence who have creative ideas assessed more fairly, since it is their enterprising spirit and their activities that will build the future. Meanwhile, it is crucial to see that the efforts of those who take risks and display excellence

underpinned by a pioneer spirit are adequately rewarded. We should bid farewell to equal outcomes and introduce a new concept of fairness, what we might call “fair disparity,” which appreciates performance and growth potential, accepting differences and disparities in individual abilities and talents as a given. We must create a reservoir of creativity, valuing the entrepreneurial spirit and the spirit of adventure, providing opportunities to self-starters, and cultivating the spirit of risk taking in both individuals and society. It is necessary to create an environment that encourages individuals to set up their own businesses.

Everyone must be guaranteed equal opportunity. At the same time, it is important to create systems that give people a chance to start over. If people believe that one failure means the rest of their life is ruined, they may not have the heart to take up challenges. On the other hand, if the outcome is the same whether or not people take up challenges, they may decide against making the extra effort. Striking the right balance is hard, but it is important to expand opportunities for individuals who have experienced failure to brush up their skills and tackle challenges again through such means as continued study and training.

(1) Transforming education

If we are to emphasize the kind of education that taps the latent strengths of individuals and society and that fosters and encourages excellence, we must break down the homogeneity and uniformity of present-day education. To achieve this, it is essential to reexamine education in the broad sense, that is, the development of human resources. The idea of leaving intact the framework of the present educational system, created in and after the Meiji era to promote modernization, and simply tinkering around the edges is not good enough.

The state has two broadly defined roles to play in education. One is to require citizens to acquire the knowledge and skills necessary to live as sovereign members of society. The other is to perform the service of helping free individuals acquire the means for self-realization. In short, the two are compulsory education and education as a service. Present-day Japanese education, however, has conflated the two. An inordinate burden is placed on children who cannot keep up with course content, while children who assimilate it easily and want to stretch their minds further are forced to mark time. In the twenty-first century the two kinds of education should be clearly distinguished; compulsory education should be rigorously implemented as the minimum required of citizens, while education as a service should be left to market mechanisms, with the state offering only indirect support.

For example, the primary and lower secondary curricula could be compressed, with three days a week devoted to carefully selected compulsory education; the other two days would be given over to review of compulsory subjects for children who were having trouble keeping up, while children who were achieving well would be allowed to choose freely among scholarship, arts, sports, and other forms of personal cultivation, and specialized vocational education. Using state-issued vouchers, these children could study either at schools or at privately run institutions outside the official school system.

Education is a joint endeavor of the home, the community, and the school. Recently, however, the educational functions of the home and the community have deteriorated markedly. It is necessary to reestablish a shared awareness of the importance of discipline and training in the home. It should be made clear that the primary responsibility for children’s education and behavior rests with parents and guardians.

In regard to higher education, in order to cultivate human resources capable of world-class work it is essential that universities and other institutions of higher education improve their international competitiveness. The establishment and administration of institutions should be made as free as possible and a competitive environment, including making educational and research facilities multinational, should be introduced as far as possible. Possible measures include abolition of controls on the establishment of universities, faculties, and so on; assessment of educational and research performance; the use of English as a language of teaching and research; and the active recruitment of

foreign faculty members. Medical schools, law schools, and other means of improving educational functions to enhance the specialized skills of doctors, lawyers, and other professionals are also necessary.

In the 1990s the increase in foreign students slowed, and there was even a tendency for numbers to dip below the previous year's. The government's goal of accepting 100,000 foreign students at the beginning of the twenty-first century became unattainable. A great deal has been said about this, and a number of measures have been taken to improve the environment for foreign students, but the basic problems are Japanese higher education's reduced international competitiveness and attractiveness. Unless radical changes are made, Japan's foreign-student policy will not bear fruit.

(2) Enhancing global literacy

The advance of globalization and the information-technology revolution call for a world-class level of excellence. Achieving world-class excellence demands that, in addition to mastering information technology, all Japanese acquire a working knowledge of English—not as simply a foreign language but as the international lingua franca. English in this sense is a prerequisite for obtaining global information, expressing intentions, and sharing values. Of course the Japanese language, our mother tongue, is the basis for perpetuating Japan's culture and traditions, and study of foreign languages other than English should be actively encouraged. Nevertheless, knowledge of English as the international lingua franca equips one with a key skill for knowing and accessing the world.

To achieve this, it is necessary first to set the concrete objective of all citizens acquiring a working knowledge of English by the time they take their place in society as adults. We should think about organizing English classes according to students' actual level of competence rather than their grade in school, improving training and objective assessment of English teachers, greatly increasing the number of foreign teachers of English, and contracting language schools to handle English classes. We should also think about requiring the central government, local governments, and other public institutions to produce their publications, and home pages, in both Japanese and English.

In the long term, it may be possible to make English an official second language, but national debate will be needed. First, though, every effort should be made to equip the population with a working knowledge of English. This is not simply a matter of foreign-language education. It should be regarded as a strategic imperative.

2. Making a strength of diversity

In the twenty-first century, thanks to the information-technology revolution, information and options will increase greatly, individuals will transmit their thoughts freely, new networks will emerge, and there will be sweeping changes in education, work, lifestyle, living space, and the use of time. Meanwhile, the falling birthrate and the aging of society mean that needs will diversify and the shape of the family and intergenerational relations will change. In addition, globalization will lead to increased mobility of people and more foreigners living in Japan, so that contact and interaction with other cultures will deepen. As a result, the shape of the state and of businesses, society, gender roles, daily life, culture, and even the sense of what makes life worth living will change. Meanwhile, spontaneous participation in nonprofit organizations and volunteer activities is sure to expand individuals' scope for self-realization.

There will be a social shift to dispersed networks. Individuals' range of choices will expand dramatically. They will seek self-realization through affiliation with diverse organizations, networks, and activities. Life will become more diverse than ever before.

Japan's present social systems were created on the presumption of homogeneity. In this age of diversification, however, social systems recognizing and actively incorporating individual differences

are essential. This means expanding freedom of choice. It means offering a range of social options and ensuring citizens in all their diversity a variety of opportunities for choice.

Valuing diversity means valuing individual freedom. Freedom entails responsibility. Democratic societies' basic principle of a balance between freedom and responsibility will be more consistently implemented.

(1) Putting individuals in control of their lives

The lives of the Japanese are divided broadly into three stages: the acquisition of knowledge through education, work and child rearing, and finally old age. To achieve self-realization, however, essentially life should be a single continuum. People should be able to choose the lifestyle that best meets their needs at every life stage, regardless of gender or age. Making this possible requires the formulation of integrated policies that address education, employment, child care, continuing education and training, social security (medical care, care services for the elderly and disabled, pensions), economic revitalization, and so on as a whole. It is natural for people to prefer high-benefit, low-burden policies, but such policies are not sustainable. Therefore the relationship between costs and benefits should be articulated and policy options presented in an easily understood manner so that individuals can plan each life stage as they wish.

The minimum necessary social security must be guaranteed by the state and public institutions. Over and above that, however, individuals should choose from among diverse options on their own initiative to support a self-reliant way of life. The systems of long-term employment and seniority-based pay and promotion have fallen apart, companies' life spans have shrunk, and the age when employment was synonymous with joining a company is coming to an end. The new requirements are fair assessment of one's skills, the ability to engage in satisfying work, the ability to choose from among a number of employment formats, and the provision of opportunities to develop skills and start over throughout life even if one changes jobs.

The idea of individuals choosing the kinds of pensions that suit their own life plans, paying in for a period so that they can receive benefits later in life, will be important. It will also be necessary to increase options with regard to elderly care services, preventive medicine, and public health services.

Society will never be free of uncertainty, nor will individual anxieties disappear. What is needed is not the eradication of uncertainty and anxiety but the resolve to coexist with uncertainty and anxiety, using them as a springboard to explore new horizons.

(2) Regional autonomy and self-reliance

The relationship between the center and the regions so far has been one in which power is concentrated in the hands of the national government, which parcels out resources "with total fairness" to the regions. National land development and infrastructure improvement projects, while serving as a sort of income guarantee for the regions, have ended up producing regions without individuality and cities without strength. Under the existing system, whereby the center transfers funds to the regions to make up the difference between their income and expenditures, the regions cannot achieve fiscal soundness or self-reliance.

For people to experience the realization of diverse values in the century ahead, it is essential for the regions that are the stages for their lives also to be rich in diversity. What is required is not an approach by which authority is "decentralized" through the devolution of powers from the national government to local governors and mayors, but rather the building of a system under which local residents can themselves determine the shape of their own regional government.

What this means First of all is a leveling of the relationship between the center and the regions. We need to achieve local autonomy in the true sense of the term, meaning that local residents can themselves decide what sorts of services they desire and how much of a burden they will bear in

connection with their region's own issues. Regional governments should be set up on a scale that allows them to exercise self-responsibility and self-reliance, and with respect to regional revenue sources we should go beyond the idea of having the national government transfer control of existing sources of tax revenues to the regions and allow regions themselves to decide on the taxes and local bond issues that they wish to use to cover their expenditures. At the same time, it will be necessary to create rules for the rehabilitation and possible merger of regional governments. The setup for public administration within the regions should secure the maximum possible degree of citizen participation, limit the scope of administrative discretion, and allow prompt implementation of policies.

The role of the national government should be limited to areas where action needs to be carried out from a truly national perspective, such as ensuring that the "national minimum" is provided, and systems should be established that will allow it to implement these policies on its own.

(3) Energizing the nonprofit sector

With the diversification of society's needs in the twenty-first century, there will also be a demand for diversity both in the actors responding to these needs and in their activities. Given the assumption that there are limits on the scope of public-interest activities that can be conducted by national or local governments or by businesses, it will be indispensable to build up public-interest activities based on spontaneous involvement by citizens and to strengthen society's self-help systems. The actors that will support such activities are those of the nonprofit sector.

Here we would like to focus in particular on public-interest corporations (incorporated associations and incorporated foundations) established under the Civil Code and nonprofit organizations, or NPOs, incorporated under the March 1998 Law to Promote Specified Nonprofit Activities (commonly called the NPO Law), because these types of organizations have the objective of realizing the interests of the general public. Under the present system as stipulated in the Civil Code, approval from the competent authorities is required for the establishment of a public-interest corporation, and certification from the competent authorities is required to enable it to have preferential tax treatment provided for the donations that it receives. In other words, the administrative authorities have the discretionary power to decide what is to be treated as the "public interest." It is possible to set up an incorporated nonprofit organization under the NPO Law provided only that it meets the necessary formal requirements, but the law does not provide tax deductibility for donations to such organizations.

In the century ahead we should shift to a system under which the realization of the public interest will reflect the will of the people involved, with society evaluating the results, so that the nonprofit sector can grow through its own efforts.

To achieve this, First of all it is essential to unify the system for establishment of incorporated nonprofit organizations, with registration being sufficient, and to establish a transparent system whereby eligibility for tax deductibility of donations is judged on a uniform basis by a neutral, fair, and democratic third-party institution. This will free the determination of what is the public interest from administrative discretion and will make it necessary for incorporated nonprofit organizations to display accountability and independent efforts to conduct activities suited to winning recognition as being in the public interest. In addition, it will be necessary to open up ways for people to become actively involved in support of the public interest by greatly expanding the scope of tax deductibility for donations and by allowing both individuals and businesses the option of using a portion of their income either to pay taxes or to decide themselves how the money is going to be used by making donations.

(4) Establishing immigration policy

The proportion of non-Japanese in Japan's total resident population has topped 1.2 percent, and a full 65 percent of these are First-generation arrivals, that is, people who have come to Japan for their own purposes. Even so, the ratio of foreigners to the total population is by no means high compared with

that in other industrialized nations, and while the government has given some consideration to policies toward foreigners taking up residence as part of its overall immigration policy, Japan has not developed a comprehensively designed set of policies to deal with foreigners covering such matters as legal status, living conditions, human rights, and housing assistance.

To respond positively to globalization and maintain Japan's vitality in the twenty-first century, we cannot avoid the task of creating an environment that will allow foreigners to live normally and comfortably in this country. In short, this means coming up with an immigration policy that will make foreigners want to live and work in Japan. Achieving greater ethnic diversity within Japan has the potential of broadening the scope of the country's intellectual creativity and enhancing its social vitality and international competitiveness.

It would not be desirable, however, simply to throw open the gates and let foreigners move in freely. First of all we should set up a more explicit immigration and permanent residence system so as to encourage foreigners who can be expected to contribute to the development of Japanese society to move in and possibly take up permanent residence here. We should also consider preferential treatment for foreigners who study or conduct research in Japan—such as allowing them automatically to acquire permanent residence status when they complete their academic work at a Japanese high school, university, or graduate school.

3. Strengthening the underpinnings of good governance

With the progress of globalization, computerization, and diversification, policy issues will become increasingly varied and complex, and it will become more difficult to find the optimal policies to implement. It will also become easier for people's interests to come into conflict, making it hard to form a consensus concerning the public interest. To overcome these difficulties, draw out the latent strengths of individuals, and work together in managing public affairs, we will need rules suited to the times and systems that are open. It will be essential to have a new system of governance.

To achieve rules, open systems, and governance of this sort, we cannot avoid the task of reviewing our present systems of politics, public administration, and justice.

First of all, we need to energize our system of politics. And to do so, we must energize our politicians. We should expect politicians to display conceptual power and power of expression, and also the ability to engage in international dialogue. They should be able to consider a variety of policy options and discern which of them are actually possible; they should then plunge enthusiastically toward implementation. They should also have talent as communicators who can speak movingly in words of their own, along with the ability to communicate fully and build relationships of trust with foreign leaders. Naturally, they must also display the mettle, ethics, and sense of responsibility befitting those involved in the conduct of public affairs. Good governance cannot take root without trust in and efforts by politicians.

It is also important to enliven the electoral process and draw in young people. We need to lower the voting age to increase opportunities for young people's opinions to be reflected in politics; we also need to enhance policy options, improve legislative functioning, increase the transparency of the political process and political parties, and halt the trend toward political apathy among the public.

In the area of public administration, it is essential to carry out fundamental reform of management, the thrust being to establish such fundamental principles as the strict limitation of the roles to be played by the government, disclosure of information, accountability, transparency in policy decision making and implementation, and ex post facto review of policies. There is also a need to establish systems for regular coordination among various actors, especially in connection with crisis management. And civil servants must punctiliously perform their proper roles within the system of governance.

The functioning of the judicial system in providing arbitration and settlement of disputes must be strengthened. The agenda should include moves to upgrade the functioning of this system both

qualitatively and quantitatively, to speed up its handling of cases, and to turn it into a service that is open and readily accessible to the public.

The basic requirements for building good governance apply also to the private sector. For example, accountability must be required of physicians, attorneys, asset managers, and others providing specialized information and services. This is particularly true of the provision of services affecting individuals' lives and property. It will also be essential for society to have systems that allow for proper assessment of these specialists, for example through the strengthening of the principle of third-party review.

In the context of the "formation overload" of the age of globalization, the roles and responsibilities of journalism will be even more important and weightier than before. In addition to its existing functions of educating the public, acting as a watchdog over those in power, and offering criticism of government policy, the world of journalism will be expected to play new roles in such areas as sifting and prioritizing information, protecting human rights, proposing policies, expanding international networks, and transmitting information from Japan to the rest of the world. Journalists should themselves be key actors supporting the system of governance; to this end they should abandon their reliance on closed arrangements like the exclusive press clubs set up to cover particular government departments and should establish their own systems of independent review and mutual criticism.

(1) Diversity and transparency in policy choices

A fundamental requirement for achieving greater diversity of policy options is to strengthen the ability of legislators to propose policies and draft legislation without depending on the bureaucracy. To achieve this it will be necessary to diversify and strengthen the policy-proposing actors that back up this process. This means, for example, beefing up the policy staff working for legislators, enlarging the research organs attached to the National Diet, enhancing the "think tank" functions of political parties, and building up the policy-proposing and policy-research functions of universities, private-sector think tanks, nonprofit organizations, and other bodies, and having these different actors work together. Since the policy-research capabilities of Japan's universities and nonprofit sector think tanks are puny by comparison with their international counterparts, sweeping measures to strengthen them should be undertaken. Private-sector individuals should be employed as policy drafters and staff members in the Diet, the organs of the cabinet, the bureaucracy, and international institutions, and lively exchanges of personnel should be conducted between the public and private sectors.

It is a positive development that elected politicians have recently been taking more initiative in the processes of formulating and deciding on policies. We should emphasize that this taking of initiative is accompanied by a special degree of accountability. The accountability of politicians for their policy initiatives is of course subject to the appraisal of the voters at election time, but it will also be necessary to establish systems to prevent politicians from serving special interests and to ensure information disclosure by and systematic oversight of political parties. Ensuring transparency is a constant issue for politics as a whole, for political parties, and for individual politicians.

With respect to issues that involve the shifting of burdens to future generations, it is difficult to formulate the optimal policy choices with only the representatives of the current generation. Therefore, in addressing such issues as the management of government debt, it will be necessary to establish a system that will provide for neutral policy planning and legislative actions independent of political interests through a transparent process based on a medium- to long-term perspective, mobilizing experts drawn from a wide range of backgrounds.

(2) Lowering the voting age to 18

It is necessary to find ways to ensure that the people's policy choices are fairly reflected in election results and to halt the trend toward political apathy. The First step toward restoring public trust in the

political system is to set up explicit rules in advance to deal with the always contentious issue of reapportionment of the number of Diet seats, so that imbalances will be automatically adjusted according to a regular schedule. As a medium- to long-term issue, it would also be good to start debating the merits of shifting to direct election of the prime minister.

We propose that the voting age be lowered from the present 20 to 18. This is because we believe that the age of 18 is sufficient to be considered the point of reaching adulthood. The voting age is already 18 or lower in 156 countries, or 92 percent of the world's 170 countries. Japan is the only industrialized nation that maintains a voting age of 20. Meanwhile, over 20 percent of high school graduates go on to take jobs, and 18 is the age at which people can join the Self-Defense Forces.

In this age of a falling birthrate and an aging population, the share of elderly voters will greatly exceed that of younger voters. Furthermore, intergenerational conflicts of interest over such matters as pensions will become more intense. We will need to listen more attentively to young people's opinions and make additional efforts to see that these opinions are reflected in politics. Expanding the electorate to include those aged 18 and up will mean welcoming about 3.5 million new young voters into the political process. This will energize not only these young people but older people as well, and will raise the public's sense of involvement in politics. It will naturally be necessary when lowering the voting age to also consider lowering the minimum age of eligibility for election, as well as making the new voting age consistent with relevant statutes, such as the Civil Code and the Juvenile Law.

(3) Strictly limiting the government's role

Making individual responsibility the operating principle and diversifying the range of individual options also means changing the role of government, which will have to be strictly limited. This must be more than a matter of streamlining; the aim must be to improve the efficiency of government and thereby raise the level of services provided to the public. The fundamental principle should be that the government will handle only those areas that the private sector is incapable of handling.

To raise the level of services provided by the government to the public, effectiveness must be achieved in such areas as information disclosure, accountability, and policy review. The central element of the review of government operations should be a fundamental reform of the management of public administration.

The main priority should be examining the extent to which public administration has made efficient use of the budget and other administrative resources to achieve policy objectives; for this purpose it is proposed that a public accounting system revealing the state of government expenditures be established, that budget allocations be made on the basis of policy objectives, and that a system enabling the results of policy evaluation to be flexibly reflected in budget expenditures be introduced.

Even as the role of the government is strictly limited, domestic functions involving the protection of people's lives from disasters, accidents, and environmental degradation will always remain. But we are entering an age when even these functions cannot be performed exclusively by the government. However we may try, we cannot achieve absolute safety. And as we have learned from the experience of the Great Hanshin-Awaji Earthquake, in a highly developed society like ours it is impossible for the government to provide all the necessary services across the board in an emergency. Naturally, the government must establish the appropriate legislation and necessary procedures for crisis management, but the key to a successful response is adequate advance disclosure of information concerning dangers, a joint crisis-management setup, and a strong cooperative relationship among the national government, local governments, businesses, local communities, civil society organizations, and others with regard to both preparatory measures and postemergency countermeasures.

(4) Promoting rule-based governance

In the twenty-first century, which will be a time of international openness and of making maximum use

of the vitality of diverse individuals, it will be important to make rules explicit and to find answers to conflicts of interest. We should no longer rely on the ad hoc reconciliation of interests by the administrative authorities or the operation of closed and opaque rules among private-sector actors. It is essential to make the functioning of the judicial system accessible to the people and easy for them to use, and also acceptable by international standards. With the progress of globalization, the competitiveness of legal services has an important bearing on national vitality.

What we require are judicial functions and services at an incomparably higher level than we have had so far. To deal with the needs of the new century, we should First of all dramatically increase the number of people in the legal professions. Instead of setting a cap on the number of people admitted to the bar, we should relax the regulations, promote competition among lawyers, allow people other than lawyers to undertake activities like the provision of legal consultation, and make it easy for people who have left school and are already working in other professions to obtain legal qualifications. There is also a need to diversify dispute-settlement procedures to make it possible to settle disputes conveniently, quickly, and cheaply. It is also to be hoped that the time it takes to reach formal settlement will be greatly shortened through the introduction of a system of lay judges, including outside experts, and the streamlining of court operations.

It is also important to shift the government's regulatory posture from one of applying detailed regulations in advance to one of setting down clear rules and letting the private sector act freely, with measures taken after the fact if the rules are violated. In order to apply after-the-fact regulatory measures effectively, it will be necessary to strengthen the administrative functions of quasi-judicial organs (such as the Fair Trade Commission and the Securities and Exchange Surveillance Commission) and provide explicit information to allow people to predict what sorts of cases will lead to the imposition of after-the-fact regulation. In addition, systemic safeguards will be needed to make sure that policies adopted through transparent procedures are not subsequently distorted or gutted by people connected to special interests.

4. In pursuit of enlightened national interest

The rapid progress of globalization and of the information-technology revolution in the twenty-first century will cause the earth to become an even smaller place, making the rest of the world feel closer and more familiar. International communication by individuals using the Internet will grow constantly, serving as the basis for new networks that will cover the globe like a fine mesh. The movement of people, goods, and funds will be ceaseless. The ties of international interdependence will become even closer, and the international and domestic spheres will become so seamlessly linked that it will be unclear where one stops and the other begins. Many people will have a direct sense of living in the world even while living in Japan.

Meanwhile, however, the relationships among different international interests will grow more intertwined and complex, making it more difficult to achieve international agreements and reconciliations. As interdependence deepens, it will become that much easier for conflicts to arise. At the same time, ethnic, religious, and other conflicts and the resulting exercise of military force are liable to continue, even if their scale is limited. Such conflicts are far more troublesome to resolve than differences over economic interests, and they undermine the foundations of peace in the depths of people's hearts. There is also a growing danger that societies left behind by the currents of globalization in the century ahead will be the site of backlashes that will emerge in the form of various conflicts.

Under these conditions, Japan's international involvement—its engagement with the rest of the world—will become an even more difficult task than it has been so far. It will not be easy to determine what sort of engagement is in line with Japan's national interest and what is not. It will not be sufficient merely to apply our existing standards; rather, in each case we will have to assess the implications and

potential repercussions of engagement with reference to the broad context of the international environment, and make a decision on that basis.

What we can say with certainty is that the age ahead will be one in which the whole range of issues like trade, finance, population growth, poverty, food, and environmental protection will transcend the level of single nations or regions and will demand world-scale attention and responses. It will not be possible to handle such issues with the resources of a single country or at the level of the state.

In such an age, it will not be sufficient for the state and its bureaucratic apparatus alone to handle international relations; broader involvement of the general public will be required. This should primarily be civilian in nature, and we should fully bring the private sector, both organizations and individuals, into play. This means providing active support for international governance and getting people actively involved in the global “public space”—in other words, in the creation of global public goods.

It will of course continue to be important for the state to play its proper roles, such as conducting diplomatic negotiations and providing for national security. But even in connection with its fulfillment of these roles, the state will require an even greater degree of public support than before. And given the interplay of diverse interests crossing the line between the domestic and the international, the general public will need to develop a deeper awareness of what Japan’s own national interest is. We must develop our sense of enlightened national interest, defined and built on a long-term, systematic basis, with reference to the proper shape of our nation-building efforts. This enlightened national interest must be based on the recognition that the pursuit of Japan’s interests will resonate with the pursuit of global public interests and that the achievement of global public interests will overlap with the achievement of Japan’s interests. To achieve this, we should foster a lively debate about the national interest, backed by a healthy realism. We must not be afraid of debating the merits of policies openly in terms of national interest. We should develop the people’s ability to participate in such policy deliberations, make policy proposals, present these policies to the rest of the world, and engage in international dialogue on them.

(1) Global civilian power

In the twenty-first century the use of military might to secure national development and settle disputes will increasingly lose legitimacy. We cannot yet foresee a situation in which individual countries will be exempt from the need to provide for their own security, but the international community will become even less willing to tolerate countries’ use of military means to further their own ambitions and development. It will be necessary to focus on human security and the international public interest, pursuing the principle of maintaining and promoting them equitably by civilian, not military, means.

In this vein, Japan has already contributed toward the creation of international public goods, such as stabilization of the global economic system, correction of the gap between rich and poor, environmental preservation, human security, and peacekeeping activities, through civilian rather than military means. Doing so has served Japan’s own enlightened national interest. Over the decades since the end of World War II Japan may be said to have gradually traveled a course that has taken it through the stage of being a great economic power without military might to becoming the prototype of a “global civilian power.” In the twenty-first century Japan should aim even more consciously to exercise power in this manner, which matches its actual abilities, and it should strive to win acceptance for its role as a global civilian power within the international community.

Japan should continue its involvement in building a well-functioning international economic order and actively implementing official development assistance. It should also devote augmented efforts to international cooperation and the use of multilateral institutions to preserve values that the present market system cannot readily evaluate, involving areas like culture, the environment, and human rights.

Civilian power refers to the collective strength of the people of the nation, centering on its “soft” intellectual and cultural strengths, including the ability to define issues, articulate hypotheses, transmit

information, conduct multilateral discussions, display cultural attractiveness, and deliver messages. In order to tap this power fully, we need to have systems that will get a wide range of people involved in Japan's dealings with the world, deliberating policy, interacting with other countries, and forming domestic public opinion. It is important to strengthen and support the activities of nongovernmental organizations (NGOs), promote a variety of dialogue and policy deliberation through NGO-centered "track two" diplomacy, and raise the interest of the public in international issues. We must also boldly supplement the ranks of the bureaucracy, including senior-level positions, with people from the private sector who have international perspectives and the ability to deliver Japan's message to other countries.

(2) A comprehensive, multilayered security framework

National security will continue to be the most fundamental concern of the state in the twenty-first century. It will require preparedness against potential dangers, efforts to create an environment in which such dangers will not occur, and efforts to restore and maintain peace within the international community.

The core element of Japan's preparedness will be the stability and preservation of the Japan-U.S. alliance. While our country should of course make its own efforts, a shift to a posture of achieving national security on a completely unilateral basis would entail large costs without producing a corresponding increase in our country's security; in fact, it would be liable to destabilize the global security system and to produce needless friction and tension in relations with other countries in the region. The core of Japan's national security policy should continue to be use of the authority and functional strength of the Japan-U.S. alliance as an economic and political foundation to support the stability of the Asia-Pacific region. For this purpose we should move forward with the enactment of necessary legislation and also encourage public debate concerning such matters as the exercise of the right of collective self-defense.

Regarding efforts to prevent the occurrence of conflicts that directly affect Japan, the central elements should include diplomatic efforts to increase the number of countries with which Japan has friendly relations and to raise the level of international trust, preventive diplomacy aimed at stopping conflicts from occurring, efforts to strengthen the international security order, such as arms control and reduction, multilateral cooperation aimed at confidence building, and active involvement in international organizations. Efforts to achieve economic security are also important. If resource supplies and markets were to be disrupted and the international economic order destroyed, the foundations of the Japanese economy and the livelihoods of the Japanese people would be jeopardized. Another major objective is "human security," involving such concerns as the protection of the global environment, the eradication of poverty and hunger, the protection of human dignity and maintenance of health, and education and development of human resources.

We need to recognize that efforts to restore and maintain the peace of the international community, such as international peacekeeping and peace-building operations, are not just an international contribution but are intrinsically a contribution to Japan. This is because they ultimately help enhance Japan's national security by improving the security environment within which our country operates. Japan should not content itself with a course of unilateral pacifism; it is only natural to respond actively to international peacekeeping and peace-building operations. While maintaining the principle of lending support to legitimate joint security activities, Japan will need to conduct its own deliberations, accompanied by public debate, concerning the appropriateness and nature of its participation.

Security in the twenty-first century will need to be a comprehensive concept, encompassing economic, social, environmental, human-rights, and other elements. And it will need to be pursued cooperatively by the public and private sectors on the multiple levels of individuals, states, regions, and the entire globe.

(3) Neighborly relations (*rinko*)

The firmest foundation of Japan's foreign relations will continue to be its alliance with the United States and the trilateral cooperative relationship including strong ties with an increasingly integrated Europe. Even with the end of the cold war and of the twentieth century, Japan should maintain these diplomatic assets, which have contributed greatly to its national interest and security; it should in fact reinvest wisely in these assets and draw additional "peace dividends" from them.

In the twenty-first century, however, we should further strengthen cooperative relations within East Asia, a region of great potential for the future and one with which we have geographical proximity and deep historical and cultural ties.

Japan's relations with the Republic of Korea and China in particular are not adequately covered by the term "foreign relations." They are too deep to be described by this term, but even so they cannot be said to be deep enough. We need to develop relationships of greater depth, picking up on elements that diplomatic efforts alone cannot grasp. We would like to refer to this process as *rinko*, or "neighborly relations."

In order to develop relationships of long-term stability and trust with China and Korea, the ordinary diplomatic efforts that we have conducted to date are not sufficient, and we cannot get by with understanding based on tourism, surface appearances, or fads. We need a national commitment. This is the nature of the "neighborly relations" we are proposing.

To embark on the development of such relations, it is essential for the Japanese to have a full understanding of the histories, traditions, languages, and cultures of the peoples of its neighbor countries. To achieve this, we should increase the amount of school time devoted to the study of Korean and Chinese history and the history of these countries' relations with Japan, particularly in modern times, and dramatically expand our programs of Korean and Chinese language instruction. In addition, we should develop a sense of neighborliness by providing multilingual information displays at major locations throughout Japan that include Korean and Chinese alongside English.

We should also expand the scope of our bilateral and trilateral "track two" diplomacy and multilevel dialogue and exchange with these neighboring countries, including intellectual exchange, cultural exchange, regional exchange, and youth exchange programs.

A vast frontier beckons in the realm of economic cooperation among Japan, China, and Korea. While developing the Asia-Pacific Economic Cooperation (APEC) framework, we should work to achieve additional progress in our relations with these neighbors within the overall context of this APEC framework, moving forward in such areas as the possible creation of a Northeast Asian free trade area, joint energy development, and the construction of a system of monetary coordination. Such efforts should develop eventually into a form that can complement the Association of Southeast Asian Nations (ASEAN), thereby promoting development of a pan-Asian community.

V. Japan's Aspirations, Individual Aspirations

This report attempts to delineate Japan's long-term national objectives and their policy principles as we enter the twenty-first century. This is a grand theme, one normally too sweeping to contemplate. We are happy to have been able to address such a theme, with the turn of the century as catalyst, and to report the results of our deliberations to the people in this fashion.

Some of the report's proposals are principles, while others go as far as presenting concrete policies, and others simply seek to raise issues. All, however, are offered in the hope of stimulating national debate.

A century ago, the Japanese were not as sensitive to the concept of the century as a unit as they are today, since the Western calendar was not yet in everyday use. Even so, many Japanese articulated twentieth-century goals for the nation. The so-called Iwakura mission of 1871–1873, which toured

Western nations under the leadership of the senior minister Tomomi Iwakura, was one such pioneering endeavor. The mission's report, *A True Account of the Tour in America and Europe of the Special Embassy*, assessed the relative status of the world's developed countries from the viewpoint of Japan's strategic needs. It reveals the independent-minded stance of learning what there was to be learned and introducing what was worth introducing. The average age of the mission's members was 31. They exemplified a Japan brimming with youthful energy.

Today, the Japanese accept the concept of the millennium, not to mention the century, with little or no resistance. In a sense, we are obliged to. Aside from anything else, the so-called Y2K problem has made us acutely aware of it. As shown by the fact that all countries have had to address the Y2K problem, the world is becoming one.

Present-day Japan is affluent, and its citizens enjoy a high standard of living. In terms of age, Japan is also a mature nation. It is deeply engaged with the world as a major power. Japan is well known in the world and has garnered a measure of respect. Things are very different from a century ago, when almost no one knew where Japan was and even the international community was forced to compete for sheer survival. One after another of our Asian neighbors has achieved takeoff to modernization, and intimations of a regional community can be sensed. Japan's environment is much more clement than it was 100 years ago.

Modern Japan has made some serious mistakes and has experienced some failures. We must never forget this. Still, as we look back over the past century, it is also important to bear in mind the many achievements of Japan and the Japanese. We must be aware of the assets we have to hand on to the twenty-first century.

Freedom and democracy are probably the most important legacies of the postwar period. We believe that the essence of the system of governance and the empowerment of the individual and creation of a new public space discussed in this report will be accepted by many Japanese, will become new common principles, and will become a firmly rooted part of life. We are convinced that in this way we can lay the groundwork for strengthening, augmenting, and enriching the inadequately developed areas of postwar freedom and democracy.

In this introductory chapter we have discussed Japan's situation at this historical turning point and the challenges of globalization and other major world trends in an unsparing tone. But we are not in the least pessimistic over Japan's future. Recently pessimism over the nation's future has spread in Japan. Some have even indulged in self-flagellating proclamations of Japan's decline. But there are no grounds for this kind of pessimism. Rather than being locked into viewing the falling birthrate and aging society in terms of a shrinking working population supporting a swelling elderly population, for example, we should try looking at this phenomenon from a dynamic perspective as something that could happen to any nation and think about ways to divide the risks and burdens appropriately.

We should guard against taking a fixed, fatalistic view of things. What is needed is a "resilient optimism." The main actors are individuals; individuals will change society and the world. From this will emerge a new society and a new Japan. By resolutely tapping the latent strengths of Japan and the Japanese, we will discover a bright outlook as we explore the frontier within Japan. This is altogether feasible.

Our Meiji-era forebears greeted the twentieth century with that kind of resilient optimism. The most impressive aspect of the report of the Iwakura mission is its "can do" approach to Japan's future, its optimism in the best sense. Though the mission's members saw firsthand the breathtaking political, economic, and social disparities between Western countries and Japan, they had the "practical imagination" to believe that Japan could achieve modernization in its own way. We need to bring the same resilient optimism and practical imagination to the twenty-first century.

What we hope for is an expansive field of vision that encompasses the next century—a temporal rather than a spatial Field of vision.

There is no need to rush to accomplish everything in a single generation. Instead, everyone should share the aspiration to persevere for as long as it takes—"our children's generation, their children's

generation, or even longer” and be prepared to devote three generations to accomplishing something. Three generations amount to 80 years. It does not matter if not all our aspirations are fulfilled. The important thing is to pursue great aspirations. It does not matter if not all our goals prove attainable. What matters is that we try. These are the aspirations we envision for Japan and every Japanese.