

**Vision for Japan's future: strength with compassion,
commitment to the US-Japan alliance and
peace and stability in the Asia-Pacific region
by
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The 95th Prime Minister of Japan**

October 1, 2013

(As delivered, through simultaneous translation)

Good morning. It's all full, [no] vacant seats, and I'm so glad to see all of you here. I'm Yoshihiko Noda, and I'm very grateful to come to the United States this year, and taking this opportunity, I would like to extend my sincere appreciation to Stimson Center, particularly Ms. Laipson and Ms. Tatsumi.

To me, Washington, D.C. is the place where I can truly feel the bond between Japan and the United States. When I made an official visit here in May last year as Prime Minister, I invited [those] who helped us during the Great East Japan Earthquake to the Japanese embassy in Washington. I still have a vivid memory of the Marines with smiles, who participated in Operation Tomodachi, and of the parents of Taylor Anderson, who lost her life in Ishinomaki, who held my hand tightly and told me "thank you" many times with tears in their eyes.

Last year was a milestone year when we celebrated the 100-year anniversary of cherry trees on Potomac, which were sent from Japan 100 years ago. And this year, in the 101st year, I am grateful to be able to come back here and witness the way the new seeds sown for friendship between the United States and Japan for next 100 years are growing.

I heard that Stimson Center was named after Henry Stimson, who served as Secretary of War during World War Two, because of his belief, pragmatic idealism. Late President John F. Kennedy, when asked about his political belief, said that he was an idealist without illusions. And I myself always held this as my own belief in my political life, so that [when] I heard about Henry Stimson, I felt very close to this Center.

As you know well, as a result of Lower House Elections in November last year, the Democratic Party of Japan became an opposition party, and I myself became

one of the members of the Diet, after having resigned from the office of Prime Minister. When a member of the opposition party speaks in a place like this, he or she tends to talk [about] what's wrong with the current government. However, I did not come here to talk like that today. Rather, I came here to ask you to look at Japan with a sense of comfort and sense of security.

There are two messages I would like to convey to you. First, Japan is a country where important issues can be addressed and decided on a bipartisan basis. Well, I don't mean to be cynical about what's going on in Washington now. And second, Japan is not leaning to the right. The majority of Japanese people, including myself, would like to face the past history in a humble way, and would like to actively engage in the rule-making efforts in the world as an ally of the United States and a member of the international community. The subtitle of my speech today is "Strength with Compassion." I hope you will find the reason why I chose this phrase as the subtitle of today's speech as you listen to what I am going to say from now on.

Before getting to main topics for today, I would like to share my thoughts about the situation in Syria. It became clear from the report released by the United Nations recently that it was highly likely that the chemical weapons were used against Syrian people near Damascus in August, and that it was almost certain that the chemical agent used for that purpose was sarin. The established norm of the international society is that chemical weapons should not be used in any circumstances. We cannot overlook the situation in Syria where many lives of innocent women, children, senior citizens, and other non-combatant in the nation have been lost. The agreement reached on the disposal of chemical weapons owned by the Syrian government is a welcome step forward towards finding a solution without a military strike, but what is extremely important here is to secure good faith implementation of the agreement. Having dealt with North Korea on nuclear programs and abduction issues, Japan has first-hand experience on how difficult it is to secure implementation of an agreement with an authoritarian government with very little transparency. As we coordinate closely with the countries which have seats in the UN Security Council, we should monitor the situation very carefully.

Prime Minister Abe in his address in the UN General Assembly last week announced specific measures of assistance, including an additional 60 million dollar humanitarian assistance to the neighboring countries, which are currently receiving refugees from Syria, providing of training to health care professionals and provision of medical equipments, and expressed his intentions to implement

such measures in parallel with political dialogues such as Geneva Two, with close coordination with the international community. In addition to humanitarian [assistance], we could explore participation in the reconstruction effort once peace is restored in Syria within the framework of the support to be provided by the United Nations and by other organizations.

Going back to the main theme of my speech, now I would like to share my thoughts with you on Japan-U.S. relationship. My belief has always been that the foundation of Japan's security policy is Japan-U.S. alliance, and this belief has become an unwavering conviction [since] the Great East Japan Earthquake occurred and when I witnessed Operation Tomodachi.

In August 1941 during the World War Two, President Roosevelt and Prime Minister Churchill announced Atlantic Charter for reconstruction of Europe after the war. The time has passed since then, and the engine of growth in the world now has moved to the Asia-Pacific region. My dream was to create order and rules in this region to realize prosperity and peace under the leadership of Japan and the United States. The first step towards this goal was the Japan-U.S. Joint Statement I announced with President Obama in May last year, titled, "A Shared Vision for the Future." My dream was to make this statement an overture for a Pacific charter, which would promote peace and prosperity in the Asia-Pacific region, where many opportunities exist, but not without risk. Currently, the foreign and security policies of the United States, although their center of gravity is shifting to the Asia-Pacific region on a long-term basis, still pay a great deal of attention to the Middle East, where tension and uncertainty are increasing in places like Syria and Egypt.

As the government deficit continues to grow in the United States, there is a lot of uncertainty as to how much funding can be available for the foreign policy agenda, which includes in part the defense budget. Given the circumstance the United States is in currently, Japan should seriously explore now what kind of support it can provide as the most important ally in the Asia-Pacific region to the United States, so that the United States can continue to be engaged in this region effectively. Particularly, it's indispensable for the stability of the strategic environment in the Asia-Pacific that the United States' military forces continue their presence in this region in a sustainable way. As the United States' defense budget is declining, it's urgent to consider how the United States' allies, including Japan in this region, can support in sustaining the deterrence provided by U.S. military forces. Regarding the long-standing issues of the alignment of the U.S. forces in Okinawa, in the short term, we need to continue to make efforts to

implement the agreement concluded by the two governments, without forgetting the anxiety and compliance of Okinawa people towards the U.S. bases, and their sentiment that they are unfairly shouldering an excessive burden. On a long-term basis, Japan should explore how it can play its role in the most optimal way as a key ally, as the United States goes through [its] rebalancing towards the Asia-Pacific region. For that goal, first Japan should put in place the system with which it can solidly defend its country.

When we think about the strength of Japan as a country, its defense policy has to be a very important component in it, and I would like to elaborate on this point further, later in my speech. And in order for the U.S.-Japan alliance to further function properly as a cornerstone of peace and stability in the Asia-Pacific, there are so many things Japan needs to do and can do.

Under my government, Japan made a decision to move forward in participation in TPP negotiations. It was because I thought Japan should participate together with the United States in rule-making efforts, in order to achieve the goal of creating an open trade system in the region. November last year, when I participated in ASEAN Summit meeting in Cambodia, I had a meeting with President Obama, and we agreed to accelerate the consultation process on Japan's participation, and the TPP negotiations saw that the decision could be made soon. At that time, I used an analogy of the Beatles and said, if the United States was John Lennon, Japan would be Paul McCartney. Just as the Beatles can't be a good band unless the two of them get along very well, there can't be TPP without Japan. I don't mean other countries are George and Ringo. President Obama laughed heartily, and said that he loved Paul.

It's not just TPP. In the area of security, there are many frameworks in the Asia-Pacific, such as ARF, DMM Plus, and Track 1.5 forums such as Shangri-La. But in any forum or framework, it's quite difficult to bring about concrete results, unless Japan and the United States [are] closely coordinating with each other and cooperating with other allies such as South Korea and Australia and with China, India, and ASEAN countries.

I believe Japan and the United States, by forming the partnership like the one between John Lennon and Paul McCartney, should continue to make efforts together, leading the way in [rule-making] in areas of security and economy in this region. Moreover, I believe that Japan, making use of existing various frameworks and forums, more actively should play a leading role in supporting capacity-building efforts by the countries in this region, in the areas where we

have common interests, such as maritime security and large-scale natural disaster [response]. For example, two years ago in December, Noda government made a decision to relax three principles in arms exports, first [time] in 35 years. This is the decision I made, hoping to further promote cooperation with allies like the United States and Southeast Asian countries.

Also, as I made the proposal at the Nuclear Security Summit in 2012, I think it is necessary to make efforts with cooperation with the United States to share Japan's experiences and lessons, learned from the large-scale nuclear power plant accident, such as Fukushima Daiichi accident, with the rest of the world. Two years ago, when the Great East Japan Earthquake hit Japan, the role played by the Japanese Self-Defense Forces left us with many lessons. However, their activities manifested their capabilities in relief operations, based on its rich experiences from various operations inside and outside of Japan. There are many countries in the Asia-Pacific, which are vulnerable to large-scale natural disasters such as earthquakes and tsunamis. We need to find a way to share knowledge accumulated in Japanese Self-Defense Forces on relief operations and to structure as Japan as a whole the support mechanism. Japan can provide coordination with Japan's ODA strategists.

My father was an officer of Japan Ground Self-Defense Forces. As I grew up looking at my father, I always felt how noble and how important it was to be responsible for defending the country. When I was appointed to Prime Minister, I felt that my utmost responsibility was to defend Japan's territory and defend the lives and assets of the Japanese people. Defending territorial land, sea, and air is most fundamental in the efforts to defend the country. Therefore, I always thought that the very base of security policy should be to have strong defense capability, and based on that, making a cooperative relationship with the United States stronger and broader-based. Particularly, when we think about sharing the roles in the alliance in the future, it's fundamental for Japan to have the spirit of "we defend our territory by ourselves and [with our] own sufficient capability for that." Currently in Japan, very important documents such National Defense Program [Guidelines] and Midterm Defense Programs are being reviewed, and they are very important documents, which could greatly influence Japan's defense posture in the future. I'm concerned that there is a tendency to place too much focus on island defense during the review process.

Given the fact that tension has been rising on East China Sea issues [over] the last few years, it may be natural that there is a strong interest in defending southwestern islands and thus giving utmost priority [to] them. But I am greatly

concerned about the fact that not much attention has been given to all the lessons the Japanese government, Ministry of Defense, and the Japanese Self-Defense Forces learned during the Great East Japan Earthquake relief efforts, including responding to nuclear disasters, which caused tremendous damage, securing means for transportation and communication, when conventional means were paralyzed at the time of emergency. I hope the review process of the National Defense Program [Guidelines] and the Midterm Defense Program will incorporate all the lessons learned from the earthquake relief efforts, without solely focusing on island issues.

Since the Abe government was inaugurated, a lot of interests are being given [to] the subject of collective defense rights, and how Japanese government considers it. The right to defend our own country is considered one of the fundamental rights any country has, and such a right is recognized in the United Nations Charter. And it's considered that there are two types of rights associated with the right to defend our own country. One is individual rights, which is dedicated to [defending] our own country, and the other is collective defense rights, which allows us to defend our allies, recognizing the threat to allies as one to our own, [as is the] case with NATO. Up until now, Japanese government has taken the position that the Japanese constitution does not allow Japan to exercise collective defense rights. However, as the time has changed and so has the security environment, particularly after the end of the Cold War, we have experienced the situation where such restrictions caused some inconveniences with allies like the United States and other nations. I believe it's extremely important to debate this issue of collective defense rights, from the perspective of what Japan needs to do to defend its interests.

My personal position on this is that Japan should be able to exercise collective defense rights when it's determined to be necessary in the following two cases. One, adherence to Japan-U.S. alliance; two, active participation [in] peace-building efforts in the international community. However, I believe that a cautious approach should be taken in the discussion of whether to revise Article 9 of the Japanese Constitution, because this is an extremely important matter and the outcome of such discussion might have the possibility of changing the foundation of Japan's security policy, which has been implemented since the end of the war. The consensus needs to be reached on a bipartisan basis and a convincing explanation needs to be given to the public.

It's also important to think about how the rest of the world would respond to the discussion, including the possibility of revising Article 9, which has been

considered a symbol of [Japan as a] peaceful nation. Regardless of the outcome, if the decision were to make changes to the current situation, it's necessary for Japan to give detailed explanations to the United States, South Korea, China, and all the other countries which may have concern [for] such policy change. Of course, we shouldn't allow foreign countries to have veto rights on our own security policy, a basic policies of any country. But Japan is expected to make persistent efforts in providing explanations in good faith, when asked why it needs to change the current situation, what would be Japan's defense policy once such changes are made.

What's important to Japan when it wants to play an important role in the international community is to have a stable relationship with our neighbors, China and South Korea. Of course, it's vital for Japan to deepen its relationship with Europe, Middle East, Africa, and Southeast Asia as the Abe government has been actively doing, but I'm convinced that we are only able to promote a wide-ranged cooperative relationship with the United States in the Asia-Pacific and on a global basis if we can build a solid base in East Asia. Therefore, how to improve Japan-China and Japan-ROK relationship in the future is vital, not only for Japan itself, but also for the Japan-U.S. alliance.

First, Japan-China relations. This relationship has changed drastically since the diplomatic relationship was established in 1972. During the first few decades after the normalization of the relationship, Japan made efforts under the banner of Japan-China friendship in areas where results could be easily obtained, such as grassroots-level exchanges and provision of ODA. During this time period, the relationship was between an industrialized country, Japan, and a developing country, China. This relationship began to change rapidly as China grew its economy. Now China's GNP exceeds that of Japan and it has become the largest trading partner of Japan. At the same time, as China became more confident, backed by remarkable economic growth, it began to assert its national interest more strongly than ever, not only to Japan but also to other neighboring countries. The visible example of this is the rising tension in the South China Sea and East China Sea, towards Japan and its neighboring countries.

As the Japan-China relations we have heard, [inaudible] the criticism that the decision made by my administration to purchase three islands within Senkaku triggered today's tension. Today, on this occasion, I would like to explain my view directly to you in making that decision with my own words.

Although Japan ranks 31st in the world by land area—Japan is a small country in that sense—but with 6,800 islands, large and small, Japan becomes the sixth largest country in terms of ocean that Japan manages, after United States, Russia, Australia, Indonesia, and Canada. Japan ranks fourth in water volume, and Japan ranks first in terms of volume of water deeper than 5,000 meters. In deep sea, there are rare metals, rare earths, and methane hydrate, which will give Japan an opportunity to shift away from being a resource-poor country. Therefore, Japan, as a maritime nation, has to pursue security and economic policies based on its national interests and standing, and secure territorial land and sea actively and strategically. The purchase of the Senkakus by the government was my political decision, based on the strategy that I have just described.

No doubt the Senkaku islands are inherently the part of Japan's territory, in light of history and international law. But as was the case in the collision of the Chinese fishing vessel against the Japanese Coast Guard ship, Chinese vessels have become more aggressive around the Senkakus. In April 2012, when then-governor Ishihara of Tokyo made an announcement that the Tokyo metropolitan government would purchase Senkakus, Chinese activity had become even more aggressive. On August 15, 2012, on the anniversary of the war ending, activists of Hong Kong carried out a landing on Senkakus.

My central concern was consistently how to peacefully and stably maintain and manage the Senkakus. Few days later, on August 19, after I met the governor Ishihara in my residence, I made up—well this is a very delicate thing, so I just [urge] you to imagine what happened—and so based on the contents of the discussion with him, in order for Japan to maintain and manage the Senkakus, peacefully and stably, there was no way but the government to purchase islands instead of Tokyo metropolitan government. I made up my mind. So it was not my hope at all that Japan-China relations deteriorate over the Senkakus—since other people were involved, I cannot reveal the details—but I made sincere efforts to communicate my intention to Chinese leaders through various different channels.

Furthermore, currently, in Japan-China relations, even if there is disagreement on one simple issue, exchanges cannot or should not be unilaterally blocked, or communication between the leaders cannot be rejected either. Likewise, in U.S.-China relations, China is the largest holder of U.S. treasury bonds, and China is the country with which the United States has the largest trade deficit. And between U.S. and China, which make diplomatic deals constantly, even though

there is one conflict in the area, they cannot afford to block bilateral relations immediately. And [how to use] soft power strategically in addition to hard power—how to [influence] China—discussions have been held constantly. Likewise, in Japan, we have come to the point where we have to consider seriously how to build the relation with China by asserting what ought to [be asserted] and [cooperating on] what ought to [be cooperated].

Between Japan and China, just like U.S.-China, on concrete issues such as economy, environment, energy, the framework of international relations in the Asia-Pacific, and the way to deal with the nuclear issues in North Korea, if bilateral relations become dysfunctional, there is too much to lose on both sides. Japan and China are geographically very close; therefore, impact would be even more direct. Between Japan and China, we have either win-win relations or lose-lose relations. Therefore the two countries must aim at win-win relations. That constitutes the essence of what the Japanese government advocates: the mutually beneficial relations based on common strategic interests. I hope that the Chinese government will return to this basic principle.

Now I would like to state my view on Japan-Korea relations. Japan-Korea relations, due to its past history, has different types of difficulties than Japan-China relations. However, regarding Japan-Korea relations, ever since the establishment of diplomatic relations by concluding the Japan-ROK Basic Treaty and normalizing the diplomatic relations in 1965, we have steadily built relations with our closest neighbor. In 1998, then-President Kim Dae-jung came to Japan to meet with Prime Minister Obuchi. They agreed to build future-oriented relations and the Japan-ROK Joint Statement was announced. This was a truly meaningful agreement.

However, over the last ten years, Japan-Korea relations have changed. Korea has advanced in its globalization very rapidly and it is a [possibility] that Korea has deepened their confidence about their own economy. As I mentioned during the dinner, when I stayed in Blair House, I watched a TV that was made by Samsung—I was shocked and I thought, “Korea has been doing quite well too.” And their confidence in their national strength led to the landing of Takeshima by the former President Lee Myung-bak, and decisions contrary to the 1965 Basic Treaty have been granted by the judiciary branches. Those acts certainly erode efforts to build future-oriented Japan-Korea relations. Particularly, under the DPJ government, in order to further develop Japan-ROK relations, we worked on the return of cultural property and royal protocol documents of the Joseon dynasty. So we feel very frustrated.

We need to remember that Japan and Korea currently have more commonalities than differences, and in coping with the nuclear issue of North Korea, it is extremely important that Japan and Korea should cooperate closely with the United States. Particularly, in order to cope with provocative action by North Korea and for Japan-U.S.-Korea to be united to cope with that, Japan-Korea defense cooperation needs to be enlarged and deepened.

Under the Noda cabinet, GSOMIA was almost concluded. And ACSA, for which [the announcement] was underway, and Japan-Korea EPA, for which [the negotiation] is currently almost suspended. It is quite regrettable that those agreements were not concluded, and I sincerely hope that those agreements be concluded as soon as possible.

For Japan's position in East Asia, especially when we consider Japan-China, Japan-Korea relations, what constitutes as the impediment is the history issue. In April this year, Deputy Prime Minister Aso and many Diet members visited Yasukuni Shrine, and in April and May, with the Prime Minister's remarks on the understanding of history to the Diet, made people in Korea and China, and even Japan hands in the United States, worried about Japan's course, that Japan does not embrace its prewar history or move towards radical exclusivism. I'm also concerned about this trend.

However, I should be clear that the vast majority of Japanese have a deep sense of remorse about the fact that Japan inflicted upon [other] people in Asia tremendous damage and suffering. The majority of Japanese, including myself, is proud of the path of Japan as a peace-loving nation after the war. A desire to love our nation and protect the safety of our nation can be defined as patriotism, but this patriotism is by no means the same as the glorification of the militarism during the pre-war period. We are proud of the path of Japan as a peace-loving nation for sixty years after the war, and the sound patriotism to protect the territory and life property of Japan should not be mixed with the right-wing drift.

I define myself as a conservative politician, but I staunchly oppose the political view that glorifies the past, and I have no intention to make Japan lean in the right. I do not want to join that discussion. On August 15th last year when I was Prime Minister and attended the anniversary ceremony of the end of the war, I expressed my deep regret and remorse for the tremendous damage and suffering Japan inflicted on people in Asia during the war. Over the sixty years after the war, our grandparents and parents have fostered policies to seek

international collaboration, and trust built through that process as a peace-loving nation should not be undermined. No responsible political leader [should] allow this to happen.

Japan is at a very important crossroads. Japan either goes with the trend of aging without taking any steps and ends up [as an] insignificant island country in the Far East where there are many old people without any dynamism, or even [though] we have a declining population issue, we overcome that challenge and everybody, young and old, men and women, comes to believe that tomorrow is better than today. And so we are at a crossroads.

For which way to go, the most important key is the Japanese economy. Particularly, Abenomics, promoted by the current government, whether that turns out to be a success or a failure, there's a tremendous impact on the Japanese economy going forward. On October 1st, Japanese local time, Prime Minister Abe made the announcement to raise consumption tax to 8% and he also announced a package of economic majors pertaining to that. I highly [appreciate] the economic policy of the Abe government to show the goal of growth together with the world. However, the pursuit of short-term growth alone cannot resolve the fundamental issues facing the Japanese economy. The ultimate goal of economic growth is to enrich the people's lives and everybody feels the society is created when his or her hard work is well-rewarded. In order to do so, the first two arrows of the three arrows of Abenomics, monetary easing and government fiscal package, should have an exit plan at a certain time point. However, such an exit strategy is not well-defined, and I am worried about that.

I did not come here to criticize the current government, so I will not mention any further about that. Currently, the social security expenditure accounts is more than 50% of the general expenditure accounts for the government, and the social security expenditure is expected to increase naturally by 1 trillion yen. So when we consider this fiscal standing of Japan, in order to ensure the stable funding of social security expenditure, rise of consumption tax is really necessary. But if you look at the part of economic majors, which were announced today, it only worries about the current generation who have voting rights now, and fundamental issues facing the national finance of Japan seems to be deferred to our children's generation and future generations.

Before I became the Prime Minister in 2011, I acted as Senior Vice Minister of Finance under the Hatoyama government and Finance Minister under Kan cabinet. I put together the fiscal management strategy to aim at changing the

primary balance of the government into a surplus by 2020. I struggled to formulate the budget for that goal, and based on that experience, I have a strong belief that we have to pursue spending cuts and tax revenue based on economic growth, and the revenue reform must be carried out simultaneously in order to overcome the current unhealthy, crisis mode fiscal situation, where the percentage of the government bond against the GDP is the highest in the world.

In particular, in order to ensure the civil funding for social security, together with the rise of the consumption tax for the social security system, we have to review the system to address the needs of all generations, in light of the demographic change of Japan. Also, we have to ensure intergenerational equity, in terms of burden. Therefore in other words, we have to carry out those comprehensive reforms and also the system in order to bring about real turnaround of the Japanese economy. Comprehensive reform of [inaudible] tax was the domestic political agenda on which I staked my political career, and I think I was almost ready to resign, not only as Prime Minister but as Diet Member [also], if that bill did not pass the Diet. However, there was strong intra-Party division and I could not overcome this, and as a result, the former President of DPJ Mr. Ozawa and others left the party, and that led to the break-up of the party and in November last year for the Lower House election, and in July for the Upper House election, the DPJ was devastated in the election defeat. So I feel very sorry for them.

However, I have no regret that I gave priority to the next generation rather than the next election, and gave priority to the nation interest rather than partisan interest. Japan, which have witnessed the fastest pace aging in Asia, in order to maintain high economic competitiveness for the future, the fiscal consolidation and economic growth must be pursued simultaneously and comprehensive reform of social security and tax must be achieved for that reason.

Last year, when I made the United Nations General Assembly address for the second time as Prime Minister, I talked about the three pearls of wisdom for mankind. The first of the wisdom that I talked about is the power to give adequate thought to not only the current generation now but also to the future generation and emerging society in which the future generation will live. It is necessary to ensure a better life for them be done now.

In 2020, the Olympics will be held in Tokyo, and much as we discussed on special demand pertaining to Olympics, what is needed for the Japanese economy is not the immediate, short-term economic majors to boost the economy. Under the low-fertility aging trend, how to maintain sustainable

economic growth, how to change the economic structure of Japan—that long-term perspective is needed in order to formulate policies. Seventeen years from now, when the Olympic games is held in Japan, whether Japan can present the mature and dignified state to the world by overcoming the anxiety of aging and declining population, I think there are so many things we have to do now.

Lastly, I would like to talk about my posture with which I pursue my goal as a politician. At the time I was conscious of politics, maybe you won't believe, but it was 1960, when I was still three and a half years old. That is true—I was really conscious about politics, because in October of that year, then-leader of the Socialist Party, Inajiro Asanuma, was stabbed to death by a young right-winger. In the monochrome TV, that was broadcasted over and over, so even as a young boy, I remember that scene very well. The next time was three years later, in 1963, when President John F. Kennedy was assassinated. [Because] my TV [was no longer] black and white but a color TV, when the news came in, that was really shocking to me. So when I was a child, politics [seemed to be] a life-risking exercise. However, when I grew older, [I realized that] there are very few politicians who risked their lives. So I wanted to find out, break through that situation, and after having graduated from the university, I decided to enter the political world.

It is often said that there are two types of people in the political world: politicians who represent parochial interests, and statesmen who always take into account national interest. I, based on my political activities, always wished to be a political reformer who view the national interest and think about the people and create the political system to be conducive to that. I have believed that it is very important to become the political reformer; I have always aspired of being the political reformer. So about the decision to serve the course of the next generation, rather than the next election, we should never defer that sort of decision. So to make efforts to implement that sort of decision, I think that is the most important political reform for Japan.

Two years ago, in the summer, in *The Economist* magazine of Britain, there was an article about the absence of leadership in the West turning Japanese: on the cover page, the very impactful one, Chancellor Merkel of Germany and President Obama in kimono and kanzashi, even sword, against backdrop of Mt. Fuji, was quite an impactful image. What this article described was that in Europe, even though there was this crisis, there was no leadership to handle that. And in the United States, well I think this is extremely good timing, there was in those days the issue pertaining to the debt ceiling, but those issues were deferred and no

solutions were found. In other words, without leadership in the West, the West was almost turned Japanese. In Japan, there was the lost two decades, and many things which needed to be decided were deferred. So the major point of the article was whether the West was allowed to turn Japanese. So by reading that, I thought about what kind of political reforms are needed. In other words, we have to carry out decisive politics without deferring the important agenda. We have to decide what needs to be decided. That was the greatest political reform, in my view.

Under an extremely difficult political environment, we carried out decisive politics: for instance, participation in TPP; and the introduction of comprehensive tax reform and social security; rise of consumption tax rate; Senkaku Islands issue; restart of nuclear power; and above all, the recovery of the trust in the U.S.-Japan alliance. It is my pride that the late Senator Daniel Inouye whom I greatly respected nicknamed me Prime Minister Kennedy.

Under very intensified partisan confrontation, it is extremely difficult to work on issues by giving priority to national interests, where political party interests seem to prevail. I think you know this very well. But under the divided Diet, with resolve as Prime Minister, I believe that I showed the example that Japan can make decisions. Currently, Prime Minister Abe is in a situation where he's able to implement decisive politics more easily.

In order for Japan to survive in the international community, strength is really needed, such as a resilient defense community and an economy that maintains sustainable growth. However, strength alone is not sufficient. That may just lead to a narrow-minded and self-centered country, without the compassion to consider others or think about future generations. In order for Japan to continue to be a trustworthy partner for the United States and the international community, while we maintain solid strength to assert what we ought to assert, we also give thought to others.

So Japan should be a country with sensitivity and compassion. Idealism, the abstract argument alone, cannot be at the head. With idealism in my mind, I would like to steadily work hard for the good cause of my country. With such mind I would like to continue for Japan.

Thank you very much for listening.