RESOLVED
Japan Should Spend 2 Percent of GDP on Defense

From the Editor

On December 18, 2018, Japan’s cabinet adopted a new defense strategy, the National Defense Program Guidelines (NDPG), and a new procurement plan, the Mid-Term Defense Program (MTDP), to upgrade defense capabilities in the face of an increasingly complex security environment in the Indo-Pacific region. Based on these new programs, the Japanese government requested a record high ¥5.26 trillion defense budget for the 2019 fiscal year to develop and invest in new capabilities and equipment, including the purchase of Aegis Ashore, F-35s, and cyber and space capabilities. Despite efforts by the Abe government to increase defense spending, recent outlays have more or less adhered to the unofficial ceiling of 1 percent of Japan’s GDP, which was established by former Prime Minister Takeo Miki in 1976 and has constrained defense spending for more than four decades.

In this third issue of the Debating Japan newsletter series, the CSIS Japan Chair invited Mr. Paul Giarra and Dr. Michael O’Hanlon to assess whether Japan should spend 2 percent of GDP on defense in response to security challenges in the region.
Should Japan spend 2 percent of GDP on defense? The answer depends upon what Japan is trying to do with its defense budget. The Japan Self-Defense Forces (JSDF) and all supporting infrastructure represent the military that Japan wants and are outcomes of a distinctly national political process and the result of explicit civilian control of the military. However, Japan should want—and is going to need—more. Whether even a doubling of Japan’s defense expenditures would be sufficient as strategic circumstances worsen in the Indo-Asia-Pacific is a key strategic planning question for alliance managers and national leaders.

Since the signing of the U.S.-Japan Treaty of Mutual Cooperation and Security, Japan and the United States have agreed on a grand security bargain. There are many codicils and excursions from the treaty language, some written and others understood, but at its most simple, Japan agrees to provide bases for American use so that the United States can ensure regional security, and the United States will defend Japan when Japan’s own defenses are no longer capable. This has allowed Japan to suppress its defense budgets and minimize its security and defense strategies. For some time, the Japanese defense budget has stabilized at 1 percent of GDP. There are some exceptions, but generally, this accommodation with the United States has effectively taken Japan off the board of the international security game. Tokyo has maintained a minimalist, defensive national security posture, manifest in the 1 percent budget limit and the general foreswearing of any war other than the defense of the Japanese homeland. This has suited almost everyone up to now.

This arrangement worked during the Cold War and in the post-Cold War security environment but is no longer practicable now that China has decided to challenge the status quo. Chinese coercion has obviated Japan’s minimalist approach. Japan, the hinge of the First Island Chain, is now a frontline state in a long-term strategic competition with China and can’t avoid the consequences. China will vie to attack and break Japan, strategic competition with China and can’t avoid the

Should Japan, like many other U.S. allies, aim to spend 2 percent of its GDP on its military? That number is most clearly associated with the North Atlantic Treaty Organization (NATO), since the organization of 29 states has officially adopted the 2 percent goal as the correct minimum for all of its members (though at present only five reach that level, and NATO’s average is about 1.5 percent). Already in the Asia-Pacific region, South Korea exceeds this 2 percent figure, and Taiwan and Australia reach or approach it. Among major U.S. allies, Japan would, therefore, seem the outlier at roughly 1 percent of GDP. The 1 percent figure has for decades been seen as the right “Goldilocks” standard for Japan Self-Defense Forces (JSDF)—large enough to provide real capability in defending the Japanese islands and surrounding seas but small enough not to provoke fears among the neighbors about the possible remilitarization of Japan. Even though Prime Minister Shinzo Abe has a hawkish reputation, Japanese military policy on his watch has in fact NOT taken the country’s military spending above that 1 percent threshold.

In my view, endorsing the 2 percent of GDP goal would be too much and too abrupt, even if Japan only sought to reach such a figure over a 5- to 10-year time horizon. Yes, Japan needs to spend more on various elements of its defense plan—unmanned aerial vehicles (UAVs), hypersonic weapons, advanced anti-submarine warfare (ASW) capabilities, better surveillance of western Pacific waterways, more resilient communications, and so on. And, as George Washington professor Mike Mochizuki and I have argued before, Japan can and should do more with the “soft power” elements of its military—especially those relevant to multilateral humanitarian relief, peace operations, counterpiracy patrols, and the like. Relevant capabilities might include transport jets and roll-on/roll-off ships (to move Japanese forces and those of other nations), mobile logistics assets for modest numbers of fielded forces, and well-trained deployable infantry units. These kinds of expansions and improvements of capability might well require increases in Japanese military spending faster than...
and the United States will defend and hold. For deterrence to be credible, the Japanese contribution will have to be active and robust, not passive and minimalist.

Japan’s cap on defense expenditures has greatly curtailed defense capabilities and severely constrained JSDF force structure, sustainability, and modernization. And since the budget cap is politically charged, not all costs of breaking through the 1 percent cap on defense in Japan are strictly financial. To break through the 1 percent cap substantially, let alone to double the defense budget, would represent a decision to rationalize Japanese defense planning and respond coherently to China’s military, economic, and political challenges. This would entail moving away from Japan’s peace constitution, with all of the attendant implications for Japanese politics.

There is a debate over whether Japan could transform its defense posture without increasing its defense budget, and to a limited degree Japan has achieved some improvements without doing so. The apparent recent decision of the new Midterm Defense Program (MTDP) to procure almost 150 F-35 aircrafts from the United States, and to put four dozen or so of these aircraft to sea in converted Izumo-class helicopter destroyers, is emblematic of what can be done on a limited budget. However, the opportunity costs of these and other enhancements with the 1 percent cap in place are going to be immense, and ultimately self-defeating.

By comparison, in 2016 and 2017, China commissioned 32 major warships, with another 18 or so to be commissioned in 2019 or 2020—the equivalent of more than one entire JMSDF Fleet Escort Force in four years. This type of disparity applies across the JSDF. Taking into account U.S. difficulties with planning, budgeting, and operating a global military, the trends are alarming.

The argument to be made in favor of breaking the 1 percent cap on defense spending will have to depend upon rational planning and deriving realistic military requirements, in the context of serious military-technical challenges such as hypersonic weapons, maneuverable ballistic missiles, and the weaponization of space and cyberspace. The dual implications of realistic assessments of Chinese, Russian, and North Korean capabilities and intentions what might happen naturally through economic growth (while holding true to the 1 percent of GDP standard). Thus, I do not suggest that Japan’s military budget need always fall below exactly 1.000 percent of GDP. In fact, it might usefully grow over time to something closer to China’s level, and NATO’s average level, of 1.5 percent or so.

But 2 percent is too much. Even those of us who are huge admirers of the JSDF and of the Japanese polity more generally—and who have absolutely no fear of some purported Japanese militarism, always just below the horizon waiting to resurface at a moment’s notice—need to bear in mind regional realities. I do not think there is any serious worry that Japanese militarism might return. In fact, based on dozens of trips to the country and hundreds of meetings with Japanese friends, scholars, and officials over the years, I am persuaded that Japan is one of the most peace-loving (and casualty-averse) nations on the planet.

Unfortunately, others do not see it that way. In particular, South Korea and most of all China would see a doubling of Japanese military spending as highly worrisome. Especially in Beijing, it would be seen as proof that Japan, teaming with the United States, was moving to a hostile policy of containment. Historically, a country doubling the fraction of its economy devoted to military spending tends to be evidence of imperialistic ambition, or the onset of a major strategic shift like the beginning of the Cold War, or the rapid emergence of a major and unmistakable new threat. Americans might see any such new policy by Tokyo as evidence of the last possible motivation on this list and blame China for it. Koreans and Chinese would be much more likely to see it as the result of one of the former explanations. China could well use such an increase to justify its own proportionate response—which could wind up being much larger in effect, since the Chinese economy is more than twice as big.

Southeast Asia may have moved a long way beyond World War II in its thinking about Japan. Countries in that region are further away, with many other more immediate problems and challenges on their policy horizons. Moreover, most of them suffered much less at the hands of Japanese militarism in the early decades of the twentieth century than did China or Korea. But things are different closer to Japan.
are that national and U.S.-Japan alliance requirements planning and defense acquisition will have to be rationalized; and that alliance roles, missions, and capabilities will have to be established in a new, comprehensive—and more expensive—integrated framework.

What might be necessary in order to move forward, and where might Japan’s defense budget increases be applied?

• Defense increases and new strategic deployments and regional operations should be construed as defensive, and Japanese and U.S. strategies and policies should emphasize the economics of deterrence: an ounce of prevention being worth a pound of cure.

• But this means accepting the costs of being reliably capable and ready to fight in order to have a chance of avoiding war. A credible operational posture is the key to deterrence: ready, deployed, capable, and sustainable.

• Correlating the JSDF with the United States’ own military transformation will be essential.

• Investing in the fundamentals of coherent planning, defense industrial infrastructure, resilient basing, and sufficient force levels of modern equipment are going to be the component parts of any defense buildup. Doing so will be expensive but fundamentally necessary.

• Geography is a key variable: where to defend (e.g., point defense, area and regional defense, theater-wide at the operational level, or beyond) is a first order military decision.

A rational Japanese response to China’s buildup will also require a transformation of defense politics in both Japan and the United States, but the alternatives implied by keeping Japan’s defense budget cap at 1 percent of GDP would be much costlier. To remind, the United States spent on average 5 percent and more of GDP on defense during the Cold War, and much more during the years of war in Korea and Vietnam. It might be of some solace to consider that alliance defense is going to be less expensive than individual efforts, and that deterrence postures are strategically much more affordable in the long run. In any case, increasing

As Jennifer Lind explains in her masterful book, Sorry States, Japanese apologies about the past have generally not worked in Northeast Asia the way, for example, that German apologies did in Europe—partly because the Japanese polity has always had elements that sounded unapologetic about the past, and even proud of the country’s military conquests of days gone by. For many Chinese and Koreans, to quote Faulkner, “The past is never dead. It’s not even past.” Again, I am persuaded otherwise, but in my entire adult life, Japan has been a trusted ally of the United States, and my friends and family generally did not experience wartime Japanese debauchery or cruelty the way many Koreans and Chinese did. Building true trust may, alas, take a few more decades.

None of this is to give Beijing or even Seoul a veto over future Japanese national security decisionmaking. In fact, I believe that Koreans and Chinese should be challenged when expressing views about latent Japanese aggressiveness because I think those views are wrong. Indeed, if we assume that any country previously guilty of war crimes has some innate proclivity to return to such behavior in the future, we are all condemned to a future that will likely resemble the past of human history. And as noted, I do favor an increase in Japanese military spending that would break through the previous 1 percent ceiling.

But the pace of change matters. Ask most U.S. strategists why we tend to worry a lot more about China than we used to, when China still only spends 1.5 percent to 1.75 percent of GDP on its military, and when we all have known for years that it could become a superpower someday. The answer is often about the rapidity of China’s rise, and what that signals about China’s intentions.

Of course, this argument can be used to explain why Japan should dramatically increase its military spending—as a direct, proportionate, justifiable response to China’s rise. But that logic seems more compelling for a moderate buildup—say, to something between 1.25 percent and 1.5 percent of GDP within a decade—than for an outright doubling.

Moreover, given trends in technology, and given the tectonic significance of China’s rise, a hypothetical Japanese doubling of defense expenditure will not be enough to restore the kind of U.S.-Japan technological dominance of earlier decades in the western Pacific. We are condemned to a period of
Japan’s defense budget to 2 percent of GDP will be a necessary, albeit only first, step to confront an increasingly complex array of security challenges.

greater complexity in the region; the Pacific will never again become an American-Japanese “lake.” We need a smarter strategy more than a doubling of anyone’s defense budget or capabilities.

ABOUT THE AUTHORS

Paul Giarra is the President of Global Strategies & Transformation, a professional services firm and strategic planning consultancy providing national security strategic analysis, defense concept development, military transformation expertise, defense industry strategic planning, and applied history as a planning tool.

Mr. Giarra is a strategic planner and national security analyst for Japan, China, East Asia, and NATO futures. He is a frequent contributor to and commentator on China military futures, the U.S. Navy’s maritime strategy, and the U.S.-Japan alliance, and taught net assessment best practices to international students at the U.S. Naval Postgraduate School.

During his Naval career, Mr. Giarra was a Naval aviator, a naval strategic planner, a political-military strategic planner for Far East, South Asia, and Pacific issues, and managed the U.S.-Japan alliance in the Office of the Secretary of Defense.

He is a graduate of Harvard College, the U.S. Naval War College with Highest Distinction, and the National War College-equivalent National Institute for Defense Studies in Tokyo.

Michael O’Hanlon is a senior fellow, and director of research, in Foreign Policy at the Brookings Institution, where he specializes in U.S. defense strategy, the use of military force, and U.S. national security policy. He co-directs the Security and Strategy team, the Defense Industrial Base working group, and the Africa Security Initiative within the Foreign Policy program as well. He is an adjunct professor at Columbia, Georgetown, and Syracuse universities, and a member of the International Institute for Strategic Studies. O’Hanlon was also a member of the external advisory board at the Central Intelligence Agency from 2011-12.


O’Hanlon has written several hundred op-eds in newspapers including the Washington Post, the New York Times, the Los Angeles Times, the Washington Times, the Financial Times, the Wall Street Journal, the Japan Times, USA Today, and Pakistan’s Dawn. His articles have appeared in Foreign Affairs, the National Interest, Survival, Washington Quarterly, Joint Forces Quarterly, and International Security, among other publications. O’Hanlon has appeared on television or spoken on the radio some 4,000 times since September 11, 2001.
O’Hanlon previously worked at Congressional Budget Office and the Institute for Defense Analyses and served as a Peace Corps volunteer. He has a PhD in public and international affairs and have a BA and an MS in the physical sciences from Princeton.

RELATED RESOURCES

Japan Ministry of Defense’s new National Defense Program Guidelines (NDPG) and Mid-Term Defense Program (MTDP) (in Japanese); previous NDPG and MTDP (in English); and resources on previous defense budgets and White Papers.


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