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**Advisory Panel to Comprehensively Discuss Defense Capabilities as National Strength (Fourth Session)**

*Summary of Funabashi Statement*

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**The Minister of Finance will join the Four Ministers' Meeting of the National Security Council to form the Five Ministers' Meeting.**

In order to maintain peace, deterrence must be strengthened, and warfighting and defense capabilities must be constantly improved.

To that end, it is necessary to sustainably strengthen national power through economic revitalization and fiscal resilience as well as increase defense spending. Moreover, as the scope of defense and security expands, the whole of government and the whole of society must work together as one.

In order to meet these challenges, the government should add the Minister of Finance to the so-called four-ministerial meeting (Prime Minister, Foreign Minister, Defense Minister, and Chief Cabinet Secretary) of the National Security Council (NSC), the core body for national security policy-making, and make it a five-ministerial meeting.

Article 2 (11) of the Act for Establishment of the National Security Council stipulates that “the council shall deliberate on the following matters and, if necessary, express its opinion to the Prime Minister.” The Council shall deliberate on "the basic policies of foreign, defense, and economic policies related to national security and important matters concerning these policies.” In addition, Article 5 states that "the Minister of Foreign Affairs, the Minister of Defense, and the Chief Cabinet Secretary shall deliberate"(\*) the above eleven. I propose that the law be amended to include the Minister of Finance.

The establishment of a five-ministerial meeting would contribute to a shared sense of mission among ministries and agencies regarding foreign and defense policy issues, as well as to a deeper understanding at the center of government regarding the national security implications of government’s financial statecraft.

In the area of national security, a bipartisan and "trans-silo" approach is of the utmost importance. A nation that can make sober decisions about the budget and funding priorities for national power and defense spending based on strategy and national interest, in other words, “raison d’état”, will be able to win peace.

Defense spending is not a temporary expense but a permanent expense. In particular, under the geopolitical situation in which the strengthening of defense capabilities will inevitably become a long-term issue in the future, the government has decided to implement a three-pronged approach to “drastically strengthen defense capabilities” by focusing on “content, scale, and funding.” By showing a willingness to tackle this head on is implicative when considering the future of the national security policy-making process.

The Ministry of Finance must go beyond simply vetting and assessing requests for defense and security spending and become a stakeholder that can work with related ministries and agencies in exploring to optimize resource mobilization and spending. On

the other hand, rather than simply presenting a "shopping list," the Ministries need to constantly and critically review priorities, feasibility, cost-effectiveness, efficiency, and rationalization (scrap-and-build) for equipment, deployment and R&D, as well as work together to overcome financial vulnerabilities. This "three-pronged" approach of "content, scale, and funding" should not be a temporary or exceptional measure, but should be part of a permanent and systematic policy-making process.

However, in order for the Ministry of Finance to play a meaningful role at the core of the national security policy community, it must also further update and innovate its mission, expertise, and organizational culture. The Ministry must dramatically strengthen our expertise in economic security, including intelligence functions related to global finance and investment (“follow the money”), and nurture their professionals to be more globally competitive. There is also an urgent need to strengthen closer cooperation between the Ministry of Finance and the departments in charge of foreign affairs, defense and crisis management.

Given the aforementioned, I propose the establishment of a five-ministerial council with the Finance Minister added to the core of the National Security Council (NSC).

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Articles 2 and 5 of the National Security Council Establishment Act stipulate as follows:

Article 2 (Deliberation Matters)

11. Basic policy on foreign policy, defense policy, and economic policy related to national security, and important matters concerning these policies (excluding those listed in the preceding items)

Article 5 (Members)

2. Matters listed in Article 2, Paragraph 1, Item 11: Minister of Foreign Affairs, Minister of Defense, and Chief Cabinet Secretary