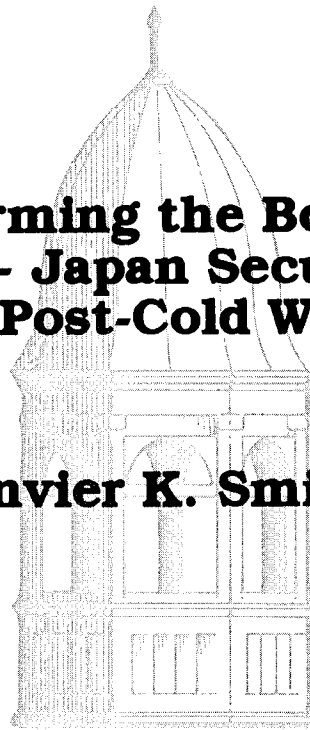


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**Affirming the Bond:
U.S. - Japan Security
in the Post-Cold War Age**

Janvier K. Smith



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This report examines the cooperative security arrangement between the United States and Japan which began following World War II. It presents a series of policy-level and working-level recommendations which will allow the U.S.-Japan partnership to remain strong by allowing for orderly change in an atmosphere of greater understanding and mutual respect. Both nations must adapt to new realities and create for themselves new and cooperative roles in the world, and must be dedicated to the idea that proceeding together is far preferable to any other alternative.

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Abstract

The United States and Japan have had a cooperative security relationship since the end of World War II. Even with the end of the Cold War, they retain common interests which clearly justify a continued American military presence in Japan and in the region, as desired by Japan, other Asian states, and by the U.S. itself. This presence has been central to regional stability and economic prosperity, and no one wants to see these deteriorate.

An increase in U.S.-Japan differences, however, has caused friction in the relationship. Areas of difficulty number seven:

- U.S. Foreign Policy
- U.S. Domestic Politics
- Japanese Foreign Policy
- Japanese Domestic Politics
- Serious Dispute Over Trade
- Alternate Regional Security Structures
- Global or Regional Contingencies

Problems in any one of these areas, or, more likely, a combination of problems arising from them, could cause the security relationship to be changed fundamentally through misunderstanding and miscalculation.

This paper presents a series of policy-level and working-level recommendations which will allow the U.S.-Japan partnership to remain strong by allowing for orderly change in an atmosphere of greater understanding and mutual respect. They revolve around the need for the United States to recognize that it is largely responsible for many of the challenges it faces with regard to its foreign policy, macroeconomic strategy, domestic spending and saving habits, industrial development, and its defense sector. Japan, though experiencing its most severe recession since World War II, faces a promising future, and will play an increasingly important role on the world stage. For the sake of its own best interests, it must come to grips with its past actions, must be more flexible in its trading practices, and must become more open to the rest of the world not only economically, but culturally and philanthropically as well. Both nations must adapt to new realities and create for themselves new and cooperative roles in the world, must be dedicated to the preservation of peace and prosperity in the Asia-Pacific region, and must hold a vision that proceeding forward together is far preferable to any other alternative.

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Introduction

Why Examine U.S.-Japan Relations?

Among national security institutions and in the public media, there has been a virtual snowstorm of papers and discussion about the future of U.S.-Japanese relations. Some would suggest that even asking the question of what could go wrong with the U.S.-Japan security relationship should be taboo. They suppose that by asking the question, we will somehow start on a path to a self-fulfilling prophecy which would be counter to U.S. interests. On the contrary, *not* examining where we are and where our path might lead us leaves us unenlightened, staring at our feet. Like the clipper ship's captain who wandered below decks occasionally to be sure that the caulking was holding the sea out, we need to check for small leaks and weak spots and take corrective actions before they develop into major problems. If we examine these weak spots, we can be better prepared to revitalize the partnership to be attuned to the realities of the 21st century, not a relic of the 20th. NATO is struggling to find a place in and a relevance to contemporary Europe; there is much reason to keep the U.S.-Japan alliance from falling subject to the same sort of struggle.

Most published material to date focuses on one or another aspect of the U.S.-Japanese relationship, but none provides a comprehensive list of the threats to the relationship. This paper attempts to compile such a list, and to offer recommendations through which we can affirm our bonds with the Japanese.

The guiding premises of this paper, developed further in the first four chapters, include the following:

Premises of this Study

1. The U.S. - Japan relationship is central to Asia-Pacific stability; the continued stability of this region is fundamental to the economic progress of the region and the well-being of the world economy.
2. The presence of U.S. forces has been and will probably continue to be an important element in regional stability.
3. It is in the best interest of the United States, Japan, and other Asia-Pacific nations that U.S. forces remain for the foreseeable future, as long as they are welcome.
4. The economic situation between Japan and the United States has been one source of tension which could affect security interests. If this and other potential tensions are not checked, the security relationship could deteriorate.

This paper is intended for serious readers with an interest in security affairs, but assumes little or no knowledge of the region. The first four chapters provide an introduction to Japan and to the political climate in Asia and the Pacific. Readers with limited time or who do not need an orientation to Japan and the region are encouraged to begin with chapter five, which outlines U.S. national interests in the Pacific and Asia, and leads into the next chapter's detailed examination of the possible threats, of varying degrees of plausibility, against which the U.S. and Japan should be on guard. The paper concludes with some concrete recommendations, both on the macro scale and at the working level, which could help to affirm the strong bonds between the U.S. and Japan, prescribing a healthy evolutionary process by which the security relationship can remain relevant to a changed world.

1. History and the Nature of the Japanese People

This chapter will come as second nature to many readers, whose familiarity with Japan obviates the need to read it. It is not an exhaustive treatment — whole books and courses of study are devoted to Japanese history, anthropology, and culture — but is intended for those with little or no knowledge of Japanese history and who know the Japanese people only through popular media.

A Brief History of Japan

The late Edwin O. Reischauer, former ambassador to Japan and distinguished Harvard Asian scholar, wrote:

Without some knowledge of their past experience, the contemporary Japanese and their potentialities cannot really be understood. And there is another reason for looking back at Japanese history. Unlike Americans but like the other peoples of East Asia, the Japanese have a strong consciousness of history. They see themselves in historical perspective. They will delve a thousand years and more into their past in analyzing their contemporary traits. To understand Japan and its problems as these appear to the Japanese themselves, we must know something of their background.¹

Let's take a brief survey of the human civilization of Japan, and look for the origins of some of the traits we notice in modern Japan.²

Pre-History

There is archaeological evidence which indicates a human presence on the Japanese islands as far as 10,000 years ago. Anthropologists tell us that Japan was inhabited by immigrants from different parts of Asia. The northern island of Hokkaido is home to the *Ainu*, a Caucasian people who once were found throughout the Japanese islands. The vast majority of Japanese, however, are of Mongolian stock who came to Japan by way of the Korean peninsula. They share physical characteristics (yellowish skin, straight black hair, eyelids with the "Mongol fold," and a blue spot at the base of the spine at birth which disappears in early childhood) with a broad segment of mankind, including Native American and Inuit peoples. Like early man in other parts of the world, the pre-historic Japanese were hunter-gatherers and fishermen. As far back as the Neolithic period, however, early Japanese artisans produced some extraordinarily elegant works of pottery, demonstrating that Japan's artistic roots are deep indeed. Stone and Bronze Age Japan gave way to a more modern way of life centered around rural agricultural settlements, in which family and lineage played important roles; the first emperor, Jimmu, ruled from 660-585 BC, and his line continues unbroken through 124 successors to the present emperor, Akihito.³ The dawn of the agriculture of rice in Japan, about 300 BC, was another event which would affect Japan's development right down to today's headlines. Rice farming and fishing changed the Japanese way of life.

Communities formed, which evolved codes of behavior, the patterns of which are discernible today in filial piety, a respect for older citizens, and in a tightly coherent social structure. Bronze, arriving here much later than in other parts of the world, was introduced from Korea in the early centuries AD, propelling Japan further toward its present development.

Early History

Repeated armed invasions from the peninsula of Korea, the rise of a military elite, and fighting among warlords set the pattern for the next millennium. Literacy and Buddhism arrived about 500 AD, re-connecting Japan to much of Asia. Buddhism and Shinto, the indigenous religion, co-existed, though not always peacefully, and began a gradual process of merger. As Reischauer observes, "There were no ethical concepts associated with these religious ideas, except for a sense of awe and reverence before nature and a concept of ritual purity. ... Ethics may be more relativistic or situational than universal."⁴ From 645-1192 Japan became a bureaucratic state modeled on China, and disparate clan rule fit more or less into a form of imperial government. Japan's first capital was established at Nara in 710, and



Figure 1. Locations of Japan's capitals.

was moved to Heiankyo (Kyoto) in 784, where it remained until 1868. These first two periods of formal Japanese history are thus named the Nara and Heian periods. During these centuries, wave after wave of influence from the Asian mainland swept across Japan. Japan adopted the written characters of the Chinese language (*kanji*), but steadfastly maintained their own spoken language and took license in assigning Japanese meanings to Chinese *kanji*. Accordingly, today, a Japanese tourist in Beijing can read and understand

some Chinese signs, but does not understand the spoken language.

In this period some of the classics of Japanese poetry and literature flourished. *The Tale of Genji*, written by Murasaki Shikibu, a woman of the imperial nobility and one of Japan's greatest authors, is a novel of court life that is still fresh and charming today.

Middle History and Feudalism

The third period of Japanese history, the Kamakura (1185-1335), marks a turning away from central rule and the strengthening of the feudal system. One clan leader, Yoritomo, conquered his neighbors, coalesced his power, and named himself *shogun*, or head of the imperial army. He established his headquarters at Kamakura, not far from present-day Yokosuka, southwest of Tokyo. While a weakened imperial system remained intact, Yoritomo, through a widespread but thinly-distributed network of *samurai* warrior clans, wielded the real power as a military government. The *samurai* lived by *bushido*, the ethical warrior code, which even former Prime Minister Morihiro Hosokawa, himself a descendant of *samurai*, says he is "deeply proud of."⁵ This system survived an imperial revolt in 1221. The expanding Mongol empire set its sights on Japan, and might have succeeded in invading had it not been for a 1281 typhoon which destroyed many of the attacking ships. The Japanese still revere the *kamikaze*, "divine wind," which saved their homeland and kept it uniquely Japanese.

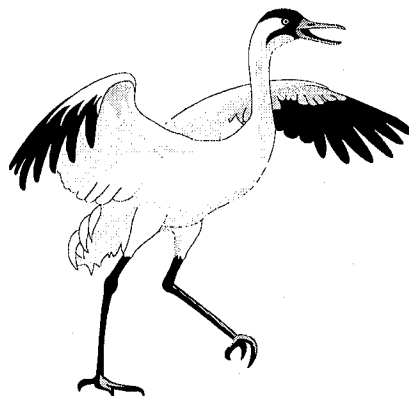


Figure 2. The Red-Crowned Crane, symbol for the Emperor or the Throne, also known as Japan's "bird of happiness."

Opposition to Kamakura rule tried repeatedly and finally succeeded in bringing down the system in 1333, and what followed were two centuries of unrest, the Ashikaga period (1333-1568), which is named for the renegade Kamakura general who proclaimed himself *shogun*. The centralized system of warrior rule was no longer in place, increasing the power of local lords, who sent their own *samurai* to battle in continual struggles with their rivals. Despite all the violence, this period was one which fostered many of the genteel arts which Japan cherishes many centuries later. These include formal Japanese gardens, scroll and ink painting, great literature, sculpture, the tea ceremony, and the *noh* drama. By contrast, this was also the era when warriors began the custom of ritual suicide, *harakiri* or *seppuku*, to demonstrate their loyalty and sense of honor. Loyalty and honor remain important virtues in modern Japanese society, and are points of commonality with Western cultures which can help to improve mutual understanding and respect.

The introduction of the Zen sect of Buddhism during the Kamakura period and its growth during the Ashikaga led to its adoption by a substantial portion of the population, and its teachings of meditation and self-denial are reflected in the stoic nature of many Japanese and in their reluctance to embrace an extravagant lifestyle. Zen also provided a strong link with China, which influenced a rapid development of Japanese technology in such areas as steel and in manufactured goods which were the foundation of the prosperity to come.

Japan had for centuries absorbed elements of other Asian cultures, and developed a talent for adapting external influences to suit Japan's own uniqueness. Shintaro Ishihara, a contemporary writer whose views will be examined later, wrote of this genius for adaptation:

"We owe this talent to our geographic location as an island cul-de-sac off the continent of Asia, the final stopping point of the religious and intellectual movements that spread across the mainland in ancient times. Energy that might have gone, for example, into transmitting the glory of Buddhist art to other lands turned inward. An accident of geography made us adept at refining, embellishing, and improving."⁶

Toward the end of the Ashikaga period, the Europeans arrived, and this event would begin a series of changes which would drastically alter Japan's course. A Portuguese ship which wrecked off Kyushu in 1543 was the ignominious beginning for Japan's exposure to Western ways. Over the ensuing decades Portuguese and Spanish merchant ships brought goods and missionaries including St. Francis Xavier to the Japanese islands, and their influence grew to the point where it began to chafe the Japanese.

Thanks to the strength of three powerful leaders, Nobunaga Oda, Hideyoshi Toyotomi, and Ieyasu Tokugawa, Japan shook off the effects of anarchy and unified the country by force in what became known as the Momoyama period (1568-1600). Japan under Hideyoshi had high ambitions to extend its power and territory as it attempted to conquer China but was stopped in Korea, creating one in a series of animosities between the two countries. After Ieyasu consolidated his hold on power, Japan was a unified whole, and was ready to continue its development in a bureaucratic peace that lasted over two centuries.

The Tokugawa period (1603-1853) was a more stable age of military rule. There were four classes in society at that time: samurai, peasants, artisans, and merchants. While the imperial capital remained at Kyoto, the military capital was established at Edo, today's Tokyo. During this period Japan sought to reverse the influence of the Europeans, who had succeeded in converting half a million Japanese to both Catholic and Protestant Christianity. The country was closed to foreigners and trade was all but cut off in 1639 after the relentless persecution of Christian converts. For over 200 years, the only portal to the Europeans that remained was a Dutch settlement on an island off Nagasaki, and it proved to be a key to later Japanese contact with the West.

Undeterred by the sharp reduction of trade with the West, Japan prospered as an orderly and well-run merchant state, and its arts enjoyed renewed life. *Kabuki* theater, *haiku* poetry, the *ukiyo-e* (wood cut) art, and modern Japanese ceramics, date from this period. With much of its population moving into cities to become a part of the mercantile establishment, Japan got accustomed to the idea of crowded urban living, but with a memory spanning generations, remain attached to the virtues of agrarian life.

All through this period, the Dutch window in Nagasaki remained open, and through it came two things — Western learning in the form of books on medicine, science, technology; and Western philosophical and political influences, which spread through underground channels to the more radical thinkers of the day, who would rise to challenge traditional Japanese ways.

Japan Opens to the World

The Tokugawa period was an extraordinary age — extraordinary in its prosperity, peacefulness, and creativity. But European colonial ambitions had been realized elsewhere—the British, Spanish, Portuguese, French, Dutch, Russians, and Germans laid claim to much of what we call Southwest Asia, South Asia, and the Asia-Pacific region. Japan's serene sleep was about to end.

The United States was expanding its influence as well. Its merchant and whaling fleets operated in the region, and there was a strong sentiment, grounded firmly in the profit motive, to establish diplomatic and commercial relations with Japan. The U.S. Navy was dispatched to "show the flag" and convince the Japanese to re-open trade with the West.

The arrival of Commodore Perry's fleet of "Black Ships" was a singular turning point in the history of Japan. It sparked an opening of trade, which was concluded with a preliminary treaty in 1854 and full relations in 1858 on terms favorable to the United States. Other Western countries signed similar agreements. These actions precipitated a violent political backlash against the Tokugawa leadership. Sentiment against opening to the West was strong, but it was not enough to change the course of events. In 1867 the last Tokugawa *shogun* stepped down, and ruling power passed to 15-year old Emperor Meiji. His power was wielded by an imperial court of ex-*samurai* who transformed the country. The capital was moved from Kyoto to Edo, which was renamed Tokyo.

The Meiji Restoration, as it is known, extended from 1868-1912, and it was a time of revolutionary change. Japanese industry boomed, but the revolution in Japan was not just industrial; social and political change swept Japan into the twentieth century. The Industrial Revolution was a slower process in the Western world — it took many years to gain momentum. In Japan, it truly was a revolution, and its effects were not confined to the factory. Japan made radical and remarkable changes in its political, cultural, and social life that would set it apart from the rest of Asia. How was Japan able to make such a radical departure from its past? Reischauer suggests that it was not due to fear of Western power symbolized by Perry's flotilla; it was internally-driven by the homogeneity of the Japanese people, their strong self-identity, high literacy rate, and an eagerness to benefit from learning from abroad. The continuity of imperial rule, however artificial it might seem to us, also played an important role.⁷

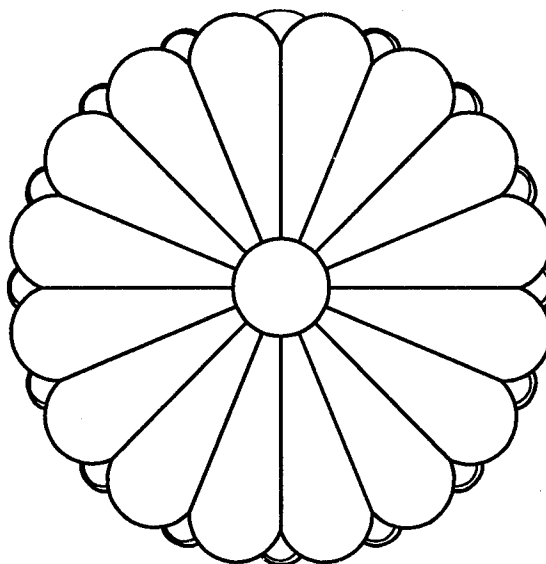


Figure 3. The Chrysanthemum, emblem of the Japanese Imperial House.

Japan formed its first parliament in 1890. Hardly a democratic body, its politics were characterized by party rivalry and influence peddling. Political power was vested in Prime Minister Hirobumi Ito, who was determined to see Japan take its place among the world's great nations. Japan's strong ambitions manifested themselves in a war with China over Korea; Japan won handily, taking the Korean peninsula, Taiwan, and a part of Manchuria, but it was forced to give back the peninsula under pressure from the international community. Not wanting to see Russia succeed in seizing Korea after it had failed, Japan fought and defeated Russia in the Russo-Japanese War of 1904-1905, reclaiming part of Manchuria and half of Sakhalin Island. Japan annexed Korea in 1910.

Largely a bystander in World War I, Japan continued to gain economic and military momentum as the Western world abandoned its Asian markets to focus on the war effort. Japan benefited from the war not only economically, but as a signatory to the Treaty of Versailles on the victorious side, gained former German possessions in the North Pacific and in mainland China.

Japan's prosperity continued into the early 1920s, when democratic influences and artistic expression and license both mimicked and paralleled Western forms. But politically and economically, Japan was entering a troubled period. One of the most devastating earthquakes in history struck Tokyo and Yokohama on September 1, 1923. The Great Kanto Earthquake, with a magnitude of at least 7.9 on the Richter scale, and its resulting fires, killed over 140,000 people and destroyed more than 560,000 homes.⁸ The financial cost was equivalent to 40% of Japan's GNP at the time.⁹ These woes were compounded manyfold by the Great Depression, which left the country vulnerable to desperate measures.

Prelude to War

The military was eager to expand, against the wishes of the cabinet. As more cabinet members came from the business-minded Diet, emphasis shifted from military adventures to a pursuit of free access to raw materials via conciliatory gestures. Japan agreed to the 5:5:3 naval ratio in exchange for American and British promises not to base ships closer than Hawaii and Singapore. Japan gave back its territories on the Chinese mainland, and withdrew from other military activities. The military budget was slashed in the belief that Japan's security could rest on economic rather than military successes.

Japan's economic suffering continued, however, and its population was expanding beyond the food supply and the depressed economy's carrying capacity. Through a series of machinations and assassinations, the military managed to take control of the government, opting to renew its military adventures to force access to food and raw materials by establishing a "Greater East Asia Co-Prosperity Sphere" which, under Japanese leadership, would rid Asia of Western colonialism. It drastically expanded its presence in Manchuria via a trumped-up incident in 1931, and created its new colony of Manchukuo. By 1937 the military was in full control, and its expansion in China led to a string of conquests throughout Southeast Asia. The West's reaction was the imposition of sanctions, and the prelude to World War II was complete. Japan's military leaders felt that they had no choice but to take the resources they needed by force.

Japan's actions, the American and Allied response, and the outcome of World War II are undoubtedly well known to the reader and are far too complex to elaborate on here. But such a momentous period of history deserves more than passing comment. Of Japan's 9.7 million men under arms, nearly 1.3 million were killed and 140,000 were wounded; some 668,000 Japanese civilians died.¹⁰ The United States had 16 million troops, lost over 291,000 in battle and 671,000 wounded (all theaters).¹¹ Although there is still some controversy on this point, the casualties might well have been higher had the United States elected to invade the home islands rather than use atomic weapons at Hiroshima and Nagasaki on August 6 and 9, 1945, respectively. The war put an end to Japan's effort to force access to raw materials and markets by military means, and it resulted in a form of government, foreign policy, a new industrial base, and later a defense posture which were on terms dictated by the United States and its Allies.

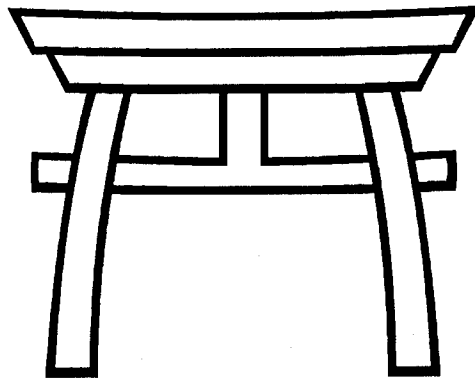
We will examine Japan's security relationship with the United States since World War II in the next chapter; we will end this review with a series of observations on what Japan's lengthy history teaches us about the Japanese people.

Summary of Historical Observations

As Reischauer suggests, the Japanese people are very much products of their past, to a greater degree than many other cultures. While one should not generalize too much, they are characterized by:

- ⊙ A view of their actions and effects over the long term
- ⊙ A reverence for nature
- ⊙ A strong aesthetic tradition
- ⊙ Respect for family, particularly the elderly¹²
- ⊙ Loyalty and honor, and a sense of the warrior ethic *bushido*, but ethical conduct which may be more situational than Westerners are accustomed to
- ⊙ A cohesiveness which engenders a remarkable ability to adapt to radical change, but which also has caused them to be led in a disastrous direction, as in World War II
- ⊙ Self-denial and stoicism
- ⊙ A deep sense of Japan's uniqueness, and of the superiority of the Japanese way of life (not an uncommon nationalistic trait shared by many countries in the world). This mixes with a distinct insularity and a view that outsiders consider themselves superior to Japanese. This fuels a drive to compete, to succeed, and to prove themselves through sacrifice and hard work.
- ⊙ Uncommon courtesy and diligence in personal relationships

This chapter has outlined Japanese history from its earliest days through World War II. Every era of this history has added something to what Japan is today, and to the character and nature of its people. The Japanese people today are also very much influenced by what has happened in Japan between World War II and the present, and the next chapter will condense this period and will address its effect on contemporary Japan.



2. The Evolution of U.S. - Japan Relations Since World War II

Modern Japan is a product not only of its proud history dating back thousands of years; its nature today was shaped most definitely by its relationship with the United States since 1945. In this chapter we will look at some aspects of the U.S.-Japan relationship which have helped to define the Japanese people.

MacArthur's Legacy

Douglas MacArthur's impact on contemporary Japan is deep and lasting. In this section we will look at specific actions which MacArthur took, and at their effect on contemporary Japan. The "American Caesar" adapted existing Japanese institutions and established new ones which fundamentally changed the history and nature of Japan. Following the surrender in Tokyo Bay on September 2, 1945, MacArthur while still aboard *USS Missouri* broadcast the following to a U.S. radio audience:

Today the guns are silent. A great tragedy has ended. A great victory has been won. The skies no longer rain death — the seas bear only commerce — men everywhere walk upright in the sunlight. The entire world is quietly at peace. The holy mission has been completed. ...

A new era is upon us. Even the lesson of victory itself brings with it profound concern, both for our future security, and the survival of civilization. ... Military alliances, balances of power, leagues of nations, all in turn failed, leaving the only path to be by way of the crucible of war. ...

The utter destructiveness of war now blots out this alternative. We have had our last chance. If we do not devise some greater and more equitable system, Armageddon will be at our door.¹³

John Toland, in his book *The Rising Sun*, observed that in this address, MacArthur was making a pledge to treat Japan with "understanding and compassion."¹⁴ Japan, in turn, looked to the future. The *Nippon Times* urged its readers:

If we allow the pain and humility to breed within us the dark thoughts of future revenge, our spirit will be warped and perverted into a morbidly base design. ... But if we use this pain and this humiliation as a spur to self-reflection and reform, and if we make this self-reflection and reform the motive force for a great constructive effort, there is nothing to stop us from building, out of the ashes of our defeat, a magnificent new Japan free from the dross of the old which is now gone, a new Japan which will vindicate our pride by winning the respect of the world.¹⁵

MacArthur set about the massive task of restoring and reforming Japan's institutions. He wisely left the imperial tradition alone, and provided strong leadership to a beleaguered Japan. The Japanese responded to MacArthur's paternalism, and eagerly sought to rebuild their country.

A Pacifist Constitution

MacArthur's own staff drafted Japan's new constitution in a matter of days, taking elements of Japan's 1889 constitution and artfully blending in a parliamentary structure modeled on the British system. Women got the vote, and the Diet became the principal holder of power, to be exercised through a prime minister. The emperor held a purely ceremonial and symbolic office. The *zaibatsu* corporate alliances were disbanded (later to appear in different form as *keiretsu*, to be discussed later), and labor and land reform were promoted. MacArthur's dream was to make Japan "the Switzerland of Asia,"¹⁶ but unlike Switzerland, Japan was to be totally demilitarized. Japan's history of militarism was on his mind when he said, "For centuries the Japanese people, unlike their neighbors in the Pacific Basin — the Chinese, the Malaysians, the Indians, and the Whites — have been students and idolaters of the art of war and the warrior caste."¹⁷ Article 9 of the Constitution of Japan, shown below in its entirety, states:

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes.

In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

In negotiations between MacArthur's staff and the Japanese civilian leadership, a decision was made to *imply*, but not express, Japan's inherent right of self-defense. Article 66 states that "the Prime Minister and other Ministers of State must be civilians," suggesting that a military would still exist in some form under civilian control.

The growing influence of Communism, the Korean Conflict, the Cold War, the Gulf War, and the desire to participate more fully in United Nations peacekeeping operations (with the encouragement of the United States) have all, over the years, caused Japan to "reinterpret" this article time and again to allow the maintenance of self-defense forces and to expand their role, though constituted for self-defense. These forces today are one of the most powerful militaries in the world, and their evolution will be further examined later in this paper.

A Self-Propelled Recovery

Another of MacArthur's tasks was to find a way to restore Japan to economic independence. Japan did not benefit from a Marshall Plan; it struggled along on limited American aid. Its recovery was mostly self-propelled and grew out of MacArthur's economic restructuring, hard work, and production to support the Korean war effort, which began a close and cooperative relationship with the United States as an Asian bulwark against Communism. Although it took 15 years to achieve success, the Japanese economy showed early signs of growth in the first half of the fifties.

The Korean Conflict

In the meantime, MacArthur and the United States began to realize that the hoped-for harmony among the Allies would not last, and that confrontation with Communism was inevitable. On

June 25, 1950, the uneasy partition of Korea (a vestige of World War II), broke down as the Communist north invaded the democratic south. Japan served as a prime staging area for U.S. and other United Nations forces, and strengthened its economy as a supplier of a great deal of war materiel. Politically, Japan and the United States were forced to rely on each other, and the foundation of trust which MacArthur had laid down was further reinforced.

The Security Relationship

From this beginning, a security relationship was formed, and it strengthened as it developed to counter the Communist threat. Japan agreed to provide bases and political support in exchange for the United States' protection and its resultant stability, a fertile ground in which Japan's economy could recover and later flourish. The Treaty of Peace with Japan, dated September 8, 1951, clearly reflected a new reality and marked a shift from a demilitarized policy:

The Allied Powers for their part recognize that Japan as a sovereign nation possesses the inherent right of self-defense referred to in Article 51 of the Charter of the United Nations and that Japan may voluntarily enter into collective security arrangements.

The treaty also provided for the long-term stationing of U.S. forces in Japan, which was codified in 1952 and 1960 security treaties and other diplomatic instruments. In essence, Japan renounced offensive forces in exchange for a place under the U.S. security umbrella. Despite some unrest in 1960 and during the Vietnam Conflict, most Japanese have been and remain comfortable with the security relationship. Japan's responsibility for its own defense out to 1000 nautical miles was fixed in a May 4, 1981, meeting between Prime Minister Suzuki and President Reagan, but it still does not have the means (AWACS aircraft, ships, and refueling capability) to accomplish this mission fully and effectively.

Japan's military forces have evolved to complement U.S. forces. Japan underwent four defense buildups from 1958 to 1976. In 1976, Japan issued its first National Defense Program Outline (NDPO) which, through a series of five-year plans, would begin to shape the Japan Self-Defense Forces (JSDF). Japan's ground forces are probably not, by themselves, capable of protecting against a large invasion force; its air forces rely on U.S. coordination and cooperation to accomplish their mission; and its navy is well-equipped but lacks power projection elements such as aircraft carriers and modern amphibious lift. If Japan were to seek an independent path and fill out its forces to be fully self-sufficient, the cost would be enormous. One estimate put the price tag of such an endeavor at \$150 to \$200 billion per year for ten years,¹⁸ and would require a drastic shift in the public appetite for military service. The military is not an attractive profession to most Japanese, and conscription will be highly unpopular for the foreseeable future.

Japan's public is content to tolerate a continued American military presence in Japan, and to provide "burden sharing" host nation support of about \$3 billion currently, and somewhat more in the years to come. This represents about nine percent of the FY1993 Japan Defense Agency (JDA) budget, and by 1995, host nation support (HNS) will reach a "practical maximum" of about 13 percent of JDA's budget. The "practical maximum" roughly defines the point where the host

nation ceases to fund support and begins to pay for the U.S. forces themselves, making them mercenaries in some eyes.¹⁹ HNS is restricted by the 1954 Agreement Regarding the Status of United Nations Forces in Japan, whose Article XV states:

The United Nations forces shall bear for the duration of this Agreement without cost to Japan all expenditures incident to the maintenance of such forces in Japan except that facilities, owned by the Government of Japan, the use of which is made available to such forces by the Government of Japan, shall be furnished by Japan free from rentals and other such charges.

This Article has been liberally interpreted to allow for more than just free rent. By 1995, Japan will be providing \$3.8 billion worth of support to U.S. forces.²⁰

Japan's entire defense budget has been less than or equal to about one percent of GNP, an artificial figure determined by the political leadership of Japan. Even at this level, considering Japan's GNP, this is no small expenditure. Japan ranks among the world's top ten countries in defense spending, and owing to what has been until recently a growing GNP, this spending has increased substantially each year:

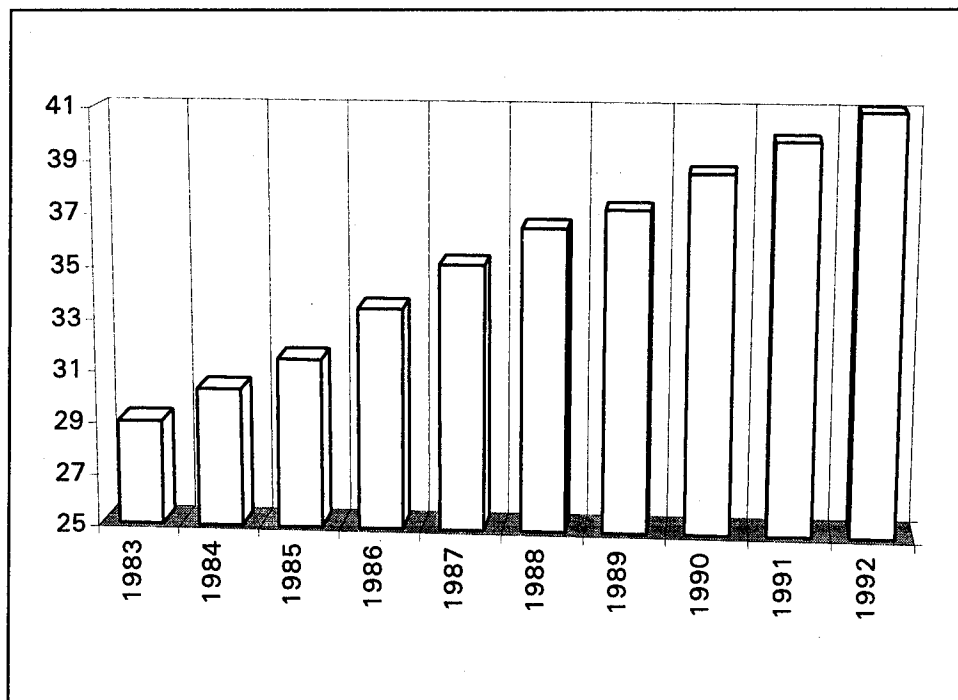


Figure 4. Japan's Defense Expenditure 1983-1992. (In hundreds of billions of 1985 yen). Source: IISS, *The Military Balance 1992-1993*, London: Brassey's, 1992, p. 217.

Japan also pays huge sums of Overseas Development Assistance (ODA) to help stabilize and develop poorer nations in the Asia-Pacific region, and it has extended this aid to such recipients as Egypt and Pakistan.

MacArthur's legacy included important political and economic elements. From its economic rebirth under MacArthur, Japan forged ahead under its own power, and in the next section we will take up the development of the U.S.-Japan economic relationship since the occupation.

The Economic Relationship

Japan's GNP grew slowly at first, but through careful improvement in industrial processes, and with the dedicated Japanese work ethic, Japan's economy grew to be the envy of the world. Economic development headed Japan's foreign policy considerations; Professor Kenneth Pyle writes that Japan intentionally pursued a "passive, reactive" policy, "maintaining good relations and preserving its global access to markets and raw materials."²¹

Ironically, Japan's push to restore its industrial base and to overcome a postwar reputation for shoddy products was helped by an American, the late W. Edwards Deming, whose theories were spurned by smug American industries. Only in the last decade, when Japan's success and America's shortcomings become so starkly contrasted, did his "Total Quality" revolution take hold in U.S. industry. Fully established as a major economic power by the end of the 1960s, and helped by an open and compliant U.S. market, Japan's success continues, despite a severe recession in the 1990s:

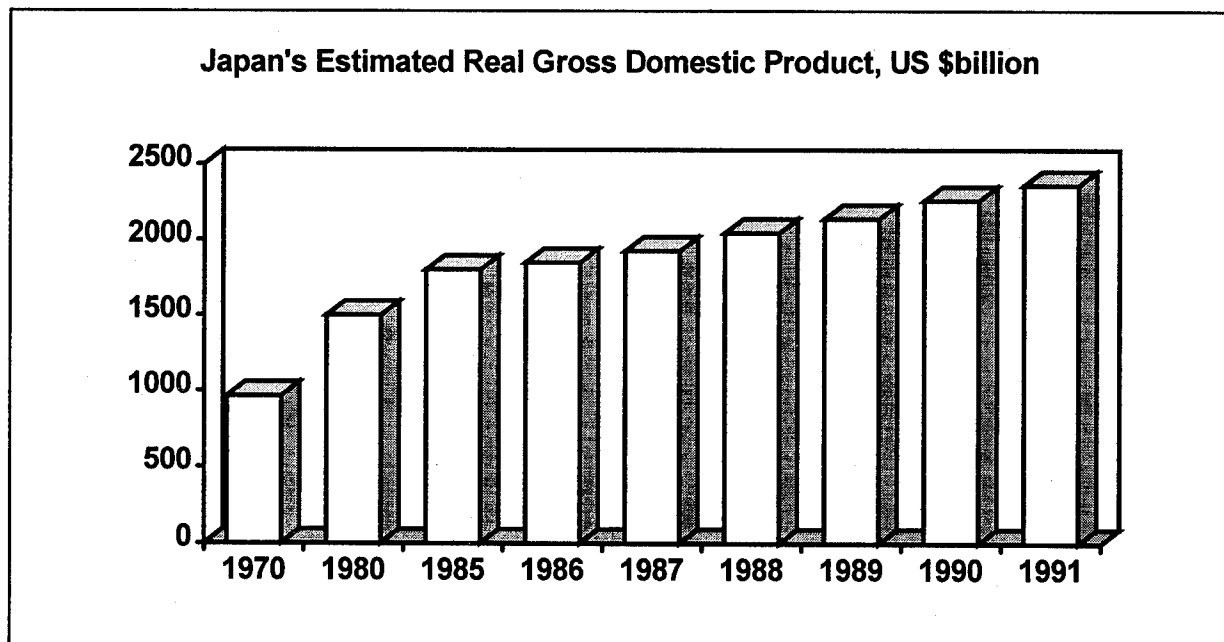


Figure 5. Japan's Economic Growth 1970-1991. Source: Central Intelligence Agency, *Handbook of International Economic Statistics 1992*, Washington: Superintendent of Documents, September, 1992, p. 24.

While Japan's economy boomed, fueled by world-wide demand for Japan's high-quality, low-cost goods, the American economy lagged toward the end of this period, and the 1980s saw Japan replace the United States as the world's largest creditor nation:

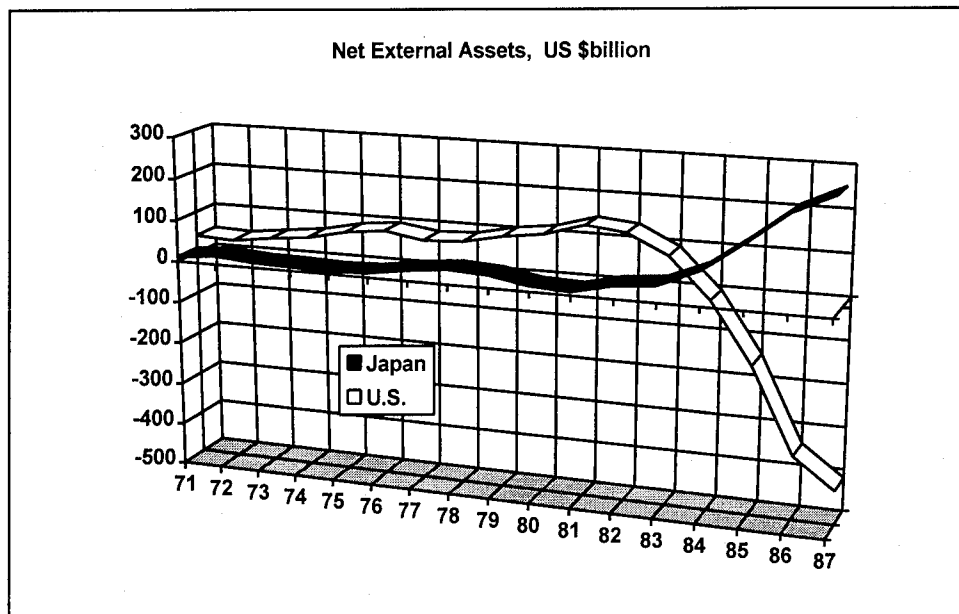


Figure 6. Net creditor/debtor history of Japan and the United States, 1971-1987.
Source: Daniel Burstein, *Yen!*, New York: Simon & Schuster, 1988, p. 125.

The United States undertook a massive military buildup in the early 1980s, which some credit as pushing the former Soviet Union over the edge and bringing about an end to the Cold War. But this was costly, coming at a time when American civilian industries, one by one, failed to compete successfully with their Japanese counterparts. The process began by allowing the Japanese to outsell us on low-end products, while our companies retained the high-ticket, high-profit items. But as Japanese companies grew in market share, they produced high-quality, high-priced goods which succeeded in sending many U.S. industries into bankruptcy, into other product lines, or into cooperative production efforts with the Japanese. Henry Kissinger characterized Japan's economic and geopolitical decisions as "the most farsighted and intelligent of any major nation of the postwar era."²²

Japan has recently gone into a deep recession, the worst since World War II. Its annual GDP growth dropped to a sickly 0.5% (compared to the U.S.'s merely modest 2.8%). The picture is not all grim, however. Japan has no fiscal deficit, its inflation rate is 1%, and its unemployment stands at 2.5%.²³ According to economist Daniel Burstein, Japan is regrouping, and is poised to take advantage of the expected world-wide recovery and Asian economic boom around the corner. In the meantime, Burstein argues that the United States, if it is skillful, can take advantage of this window of opportunity and "leverage Japan's strengths and gain the most advantage from our increasingly symbiotic relationship."²⁴

The Fairness Debate

Have Japan's practices been unfair? Or did the U.S. simply fail to compete? Burstein says:

The reason the Japanese have appeared to be passing us by is *not* primarily that they have treated us unfairly and gotten away with it. Rather, it is because they have continued to do what we once did very well in America — work hard, invest hard, invent hard, and do it all as a cohesive society pulling together. My guess is that 90 percent of Japanese success is attributable to exemplary economic and social values within their society, and only about 10 percent to practices that might be legitimately classed as “unfair.”²⁵

In any case, Japan's overwhelming success and the United States' economic woes worked together to produce an atmosphere of distrust. Coming as it did as the Cold War ended and a new era of uncertainty began, the economic conundrum compounded the debate over how the security relationship should evolve.

Japan and the United States: Friends and Rivals

The period since World War II has seen remarkably close cooperation develop between Japan and the United States, and the Japanese, while still true to their ancient roots, embraced and embellished many Western ways, lending their particular competitiveness to business and industry. From the beginning of this period, when Japan followed MacArthur's strong lead and began its rebuilding, it has been committed to economic achievement. Warfare, and in particular nuclear warfare, have been at the bottom of Japan's priorities, and hold little interest for the Japanese people today. The relationship has evolved as the Cold War progressed, and with its end, we are left with a Japan of unprecedented economic might and a poorer United States looking to reduce the enormous cost of maintaining a worldwide vigil. We have a Japan financially capable of becoming a major military power, but which has little desire to do so. The United States wants Japan to pay more but does not want to see Japan as an independent military power, and many of Japan's neighbors feel the same way. Resentment and animosity over economic issues have clouded an otherwise successful partnership. Although the two nations share interchanges on many levels, it is in economics and security that the most common interests are found today. The next chapter will look at other dimensions of Japanese society, and will complete the background against which the remainder of the study will be drawn.

3. The Japanese Today

This chapter will look at contemporary Japan, first examining some factors beyond the historical background discussed so far which help to make up the character of contemporary Japanese people. We will then look at some harmonious and discordant views from both sides of the Pacific — how the United States and Japan regard each other is an important key to future cooperation.

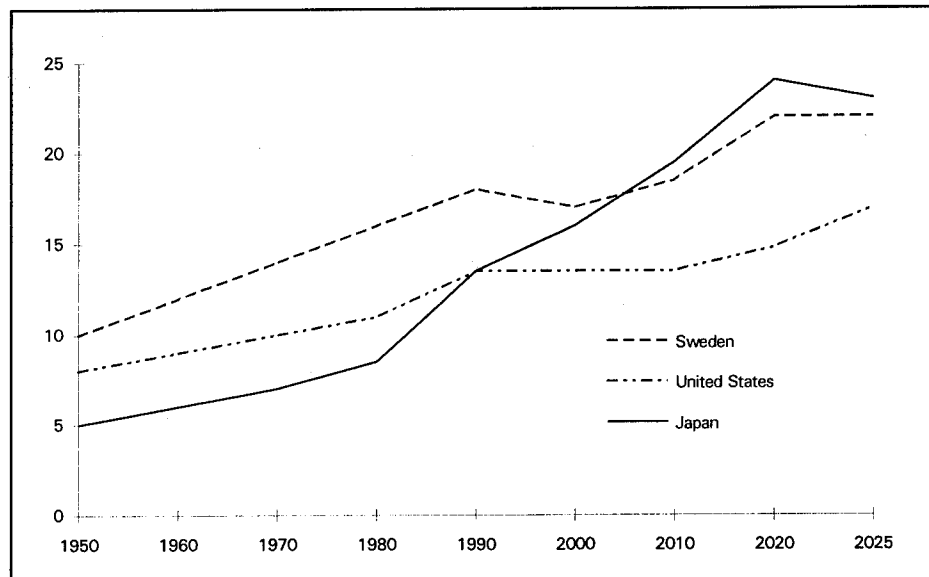
Other Shaping Factors

As we have seen, Japan's history, both ancient and modern, played a very large role in shaping the Japanese people we know today. There are other factors which also contribute to their makeup. In this section we shall examine several of these factors, including the aging of Japanese society, Japan's population density, its dependence on imports, and so on. While these topics do not necessarily relate to each other, each has an important bearing on the Japanese character, and is responsible in some way for explaining Japanese behavior.

The "Graying of Japan"

Relations with the United States are an important concern for the Japanese, but there are internal factors which influence their behavior. A growing concern is the fact that Japan's population is aging. Politically potent today, Japan's seniors will become more so in the decades to come. Japan has a very modest population growth rate, 0.4%, which coupled with increased longevity (Japanese live longer on average than any other society in the world and have the lowest infant mortality), have caused the population's average age to increase.²⁶ The following graph illustrates Japan's "graying." After the year 2010, the over-65 component (and, incidentally, the Japanese population as a whole) will actually decline.

Figure 7.
Percentage of
Population Over
65 Years of Age.
Source: Linda G.
Martin, *The*
Graying of Japan,
Washington:
Population
Reference Bureau,
1989, p. 6.



As the author of *The Graying of Japan* points out, "Japanese prime ministers have regularly referred to aging as they have set the policy agenda, recognizing that population aging affects many aspects of society and the economy. ... Perhaps the greatest challenge facing Japan is how to provide for the increasing numbers of elderly in the 21st century when close to one-quarter of the population will be over 65."²⁷ Former Prime Minister Hosokawa, while proposing political and economic reforms, was particularly reluctant to stimulate the economy by cutting taxes in any major way, a move that would undoubtedly be popular, with this monumental task looming ahead. Japan's future international behavior may be based in part on matters in which "graying" issues are impacted, including the increasing diversion of resources to care for a growing elderly component.

A Large Population in a Small Land

Japan's population density is among the highest in the world at 858 per square mile.²⁸ Japan's 125 million people — half the population of the United States — live in a land the size of California. By comparison, the average population density of the United States is 71 per square mile. The population density of Japan's largest cities exceeds 25,000 per square mile. New York City, America's most densely populated city, has a density of 11,500 per square mile.²⁹ These facts dictate that Japan's people must behave in an orderly manner, lest chaos ensue. Crime is not unknown, but occurs far less than in other countries. Having visible police forces with offices in almost every block helps to encourage orderliness. Because of crowding and owing to their ascetic heritage, Japanese people live modestly. While many enjoy consumer electronics and other goods as much as Americans do, they have limited space in which to put things, and so their appetite for "more" is tempered by distinct physical limits. Population density has an effect on national character, and Japan is a good example of this; it is a successful society which has learned to live, even thrive, in close company.

A Land Poor in Resources

Only 13% of Japan is arable.³⁰ Japan consists entirely of volcanic material, but this small arable fraction produces rich soil for agriculture and is the basis for Japan's staple rice crop. Japan's geologic makeup is devoid of precious metals, ores, fuels (other than some coal in Hokkaido, the northernmost island), and other raw materials.

Rice occupies a special place in Japanese culture. The term "food security" has become a label for Japan's historically-based perceived need to be self-sufficient in its staple crop. Says Hosokawa: "The history of rice is the history of Japan. A patch full of water and abundant, ripening ears of rice have been the symbol of the Japanese archipelago since ancient times, like the cherry blossom. It has a very special position in people's minds."³¹ Japan over the centuries has been self-sufficient in rice, but 1993's poor rice harvest coupled with international pressure to ratify the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) caused it to import foreign rice and to agree to continue to do so, albeit on a limited basis. Overall, Japan now imports 71% of its foodstuffs, up from 38% in 1960.³² Although Japanese predominantly eat traditional foods, more and more foreign and fast foods are the busy urban dwellers' choice. Japan's economic success is built on maintaining

productive trading relationships with nations that provide the raw materials necessary for its prolific industrial machine. Japan's dependence on external sources of raw materials, and its increasing dependence on external food supplies, sharpens its innate feeling of vulnerability and desire for stability.

A Nation of Savers

With small households and a conservative financial bent, Japanese save over 15% of their personal incomes (estimated at 16.6% in 1993, a bad economic year³³), compared to the American rate of about 6%; Japan's gross national savings rate, counting personal, corporate, and government savings, is 30%, twice the American figure. Their postal savings plan, available through 22,000 local post offices and paying higher interest than banks, is the largest financial institution in the world outside of central banks.³⁴ This high savings rate explains Japan's far-reaching external investments — they have a lot of money, but limited domestic investment opportunities.

Japan's Educational System

The Japanese are products of an educational system which, for all its excellent reputation and 99% literacy rate, relies heavily on rote learning (effective in achieving the world's highest scores on standardized mathematics tests). This method of learning is driven, at least in part, by a terribly complex written language which takes years to master. A typical Japanese laborer has command of about 2000 *kanji* characters; a university-educated professional might know about 3500; counting the most obscure characters, there are over 20,000 *kanji*. Young Japanese students are also required to memorize the names of all 125 emperors, in the order that they reigned.

While there are exceptions, and while the Japanese student is easily as capable of sophisticated academic development as any other nation's, Japan's educational system does not encourage independent thought based on critical analysis. A recent article in *The Economist* said rather bluntly, "Japan's schools turn out wonderfully literate and numerate children, but obedience gets the better of free thought."³⁵ One's career path, the very center of one's life, is driven by sets of highly competitive multiple-choice examinations, which while totally quantifiable, give no measure of ability to reason in the abstract. Many students, overwhelmed by the volume of material they must memorize, attend *juku*, or "cram schools" to prepare for these exams. Although the Japanese education ministry has taken steps to promote analytic thought, progress will be gradual. On the positive side, nearly all of Japan's high school graduates (dropouts are all but unknown) are assisted in matriculating to a university, apprenticeship training, or are placed in jobs. Rigid though it may seem to outsiders, Japan's educational system is well-suited to preparing individuals for a productive place in a highly structured but flourishing economy.

Marrying the Business World

An employee of a Japanese business devotes his or her life to it; joining a business is akin to marrying into a family, right down to a ceremony in which the new employee pledges his or her loyalty in exchange for lifetime employment.³⁶ Loyalty is inculcated and expected;

employees are loyal to each other, and businesses are grouped into tight cooperative clusters — *keiretsu*, which operate closely together, protecting each other from slack markets while shifting resources to active ones. A 1991 *Fortune* magazine article describes how they work:

Pretend that Teddy Roosevelt and the trustbusters never existed. Imagine that General Motors held stakes in all its parts makers, plus stakes in Bethlehem Steel, its biggest distributors, Prudential Life Insurance, Chase Manhattan, and Merrill Lynch. Imagine that it told all those companies that it would never sell the shares as long as they gave preferential treatment to GM wherever possible. Imagine the meeting GM would hold once a month with the CEOs of all those companies. Now you are getting the idea of a Japanese *keiretsu*, or industrial group.³⁷

Such arrangements would obviously violate anti-trust laws if they were in the United States, but they form an important part of an economic structure that works well in Japan. Every activity of an employee, including golf with colleagues, dinner and evening entertainment, is focused on business. Pressure to conform is strong — businessmen even shift from long- to short-sleeved shirts on the same day each spring, and shift back in unison in the fall. The typical work week is 6 days long, and while salaried professionals, “salarymen,” profess to have an eight-hour work day, in reality many work twelve or more hours.

Bureaucratic Government

Dutch scholar and journalist Karel van Wolferen, a critic, writes that the Japanese system produces many contradictions and that different parts of the bureaucratic whole are frequently at odds with each other. He cites the confusion, finger pointing, and incompetence which characterized the handling of the crash of a Japan Air Lines jumbo jet in 1985, as evidence of institutional paralysis which is rampant in Japan.³⁸ Japan's troubles are compounded, van Wolferen says, by a failure to come to grips with “the undigested past,” referring to the need for a frank self-appraisal of its slide into militarism that began in the first decade of this century and the appetite for territory and treasure which followed, of the shortcomings of its bureaucratic system of government, of corruption in business and political affairs, and of making their American-drafted constitution a document that is the foundation for a truly democratic society rather than one which falls short of the goal.

Politics and government in Japan have been tainted by corruption. Former Prime Minister Hosokawa and the cabinet that survived him wanted to bring about reforms to clean up the system, but reform in Japan faces an entrenched bureaucracy, a powerful business sector, and a political tightrope act in effecting change.

The Carnegie Endowment for International Peace, in a study entitled *Rethinking Japan Policy: A Report of the U.S.-Japan Study Group*, assessed the impact of the recent developments on Japanese government bureaucracy, and takes an optimistic view:

The political shakeout will take time — how much time no one knows. The bureaucracy is good at running things, not at changing them. The Agriculture and Construction Ministries have functioned as architects of immobility in

recent trade disputes. Public opinion helped bring down the Miyazawa government and force general elections. For the time being, the Japanese public, more than politicians or the bureaucracy, may be the major force in setting the pace of Japan's market openings. The Japanese consumer may get a better day in the sun.³⁹

The report concludes that the United States should tap into Japanese consumerism and encourage market openings; a more pliable bureaucracy, under public pressure for change, would be a significant step in the right direction.

In the meantime, the Japanese people must live with the ossified system which has been in place for decades, and it remains both an impediment to change and a reflection of the Confucian cautiousness which is characteristic of the society.

A Self-Censoring Press

Japan's media are nominally independent, but seldom engage in meaningful criticism of the government bureaucracy. Until recently, much of the news coming out of the government came via carefully controlled "Press Club" briefings which were only open to Japanese journalists, and only to those who reported what the government wanted the people to hear. Although there has been some liberalization of this practice (some foreign journalists are now allowed into these briefings), the Japanese press cooperates closely with the government.

All of these factors, to a greater or lesser degree, have affected the Japanese people and made them who they are. In the final section of this chapter we will look at two contrasting views of the Japanese from non-American observers, and will set forth the need for greater understanding and cooperation between Japan and the United States.

The Japanese and the Americans: Contemporary Mutual Views

Beneath the previously-mentioned economic disagreements lie some fundamental cultural differences. This section will address some of those differences, but it must be emphasized that although many in both Japan and the United States focus on those differences, a majority do not. A few contrasting views are presented here to make the reader aware of opinions outside the mainstream, which under certain conditions, could adversely affect the U.S.- Japan relationship.

Much in Japan's history has shaped the nature of the Japanese people over the centuries. The shaping factors just enumerated further describe the pressures that formed modern Japanese society. Japan's enormous energy and abilities have made it an economic superpower since the end of the Second World War. In this section we will look at the Japanese people — their view of the world (in particular, of how Americans and Japanese perceive each other). By adding these views to the historical perspective and shaping factors already presented, we will have a more complete picture of the people who will have a lot to say about the future.

Some Contentious Views

Kenneth Pyle quotes the observations of former Under Secretary of State George Ball, whom Pyle says:

saw a historical pattern of sudden, careening changes of Japanese national course:

Japanese history has never been charted by the same kind of wavering curve that has marked the progress of other countries; instead it resembles more a succession of straight lines, broken periodically by sharp angles as the whole nation, moving full speed, has suddenly wheeled like a well-drilled army corps to follow a new course. There is nothing in all human experience to match it.

Those sharp angles moved the nation from a closed country to unreserved borrowing from the West in the nineteenth century, from all-out imperialism to persistent commercial pursuit since World War II. This character trait implied something dangerous and unpredictable in the Japanese people.⁴⁰

Van Wolferen, one of a group called "revisionists" who advocate a substantially changed relationship between Japan and the West, and a long-time resident of Japan, labels it as a system which is not a state. Although there is a hierarchical system of government, "power in Japan is ... diffused over a number of semi-self-contained, semi-mutually dependent bodies which are neither responsible to an electorate nor, ultimately, subservient to one another. While all these bodies share aspects of government, it is impossible to find one among them that gives the others their mandate."⁴¹

Van Wolferen decries Japan's lack of leadership, accountability, and consistency that should characterize a modern state. Japan, he says, "is pushed, or pulled, or kept afloat, but not actually led, by many power-holders."⁴² He continues:

The System presents a variety of apparent paradoxes. It has no strong leadership, yet it creates the impression abroad of a purposeful giant bent on economic conquest of the world. It has no political center, yet domestically it almost always succeeds in bringing antagonistic groups within its folds. The System is elusive. It eludes the grasp of Westerners who want to deal with it. The Japanese who participate in it cannot get a conceptual grip on it, much less change it. It exists without most of its participants being consciously aware of it; and it has no shape or form, let alone any justification, in law.⁴³

Japanese Perspectives

Tokyo University professor Takashi Inoguchi takes a contrasting view which illustrates a thought process which can be frustrating to Westerners for its opacity: "Japan is not enigmatic but iridescent. It is not a dark and unfathomable entity but an opalescent one,

offering differing perspectives as its colors shimmer and change. ... In one light it can appear to be fast-moving and flexible while in another it will seem slow-moving and rigid.”⁴⁴ Inoguchi states that a careful examination of most policy decisions will show an entirely rational process by which the decision was arrived at.

One of his colleagues, Yoshikazu Sakamoto, sees Japan’s unique background as a prelude to an idealized future, articulating four points:

1. As the only people to have suffered the effects of nuclear warfare, Japan had a mission to take the lead in opposing the spread of nuclear arms by stressing its three nuclear principles [not to possess, produce, or import nuclear weapons] and working for a nuclear-free zone in Asia.
2. As the poorest in natural resources among the industrial nations, Japan could serve as an example of a highly efficient society, frugal in its use of the earth’s resources.
3. As a country that suffered serious environmental crises during its industrialization, Japan could develop technology and legislation to minimize ecological destruction.
4. As a country that distinguished itself by its openness to foreign cultures, Japan could become a model of an open society by pursuing not only importation of culture but an open-door policy to refugees and immigration.

He concludes, “There exist in Japan the distinctive elements of a national identity which could become the core of a new and universal model of society. The role of the Japanese people in the community of mankind should be to build on this foundation a nuclear-free, pollution-free, resource-saving, and open society.”⁴⁵

These writers present vastly different views in which the natural Western gravity toward its own conception of morality comes up against the Confucian ethos. Japan and the United States have splendid examples of cooperation — witness the many industrial co-production programs which the two countries share, but nowhere as in the economic arena do our efforts at understanding break down. A 1991 Rand paper which focused on U.S.-Japanese differences over fairness is a case in point. The two sides could not even agree on a definition of fairness. Both agreed that fairness consists of equality of treatment, respect of individual rights, and due process. But “Japanese and Americans,” it says, “living in radically different social and cultural contexts, interpret these common elements differently; the result is confusion and conflict.”⁴⁶

As important as it is for Americans to make an effort to try to understand the Japanese, it is equally important to understand the perceptions that Japanese have of Americans. Dr. Ezra Vogel, formerly the Henry Ford II Professor of Social Sciences at Harvard and now the National Intelligence Officer for East Asia, wrote:

Many Japanese, while more interested in America than in any other foreign country, see America's problems as more than temporary dislocations and current Japanese successes as just the beginning. They see America as a nation on the decline and Japan as a nation on the rise.

Japanese visitors to the United States are no longer surprised by street crime and inner-city decay, by vandalized automobiles and trash-littered streets. They notice elaborate security measures and fear of strangers at night. Compared to goods and services at home, they complain that American products break, that American service is slow and unreliable. They exchange stories about the ignorance of ordinary Americans and sigh at the incompetence of American workmen.

Japanese businessmen see in American businesses poorly motivated managers and workers, poor workmanship, lack of knowledge of the world, outdated equipment, short-range perspectives, and lack of coordination for the public good. Japanese government representatives see in their American counterparts amateurism, political expediency, and lack of constancy. These Japanese see talented and creative Americans all about them but believe that their abilities are channeled into litigiousness and paper entrepreneurship rather than in strengthening government and business organizations. Large American corporations are seen as tired and weighted down with rules, legalities, selfishness, personal rivalries, and fear of job loss. Small ones are seen as out of touch with world developments.

Surprising though it may seem to Americans, the Japanese see in America a lack of entrepreneurial spirit, an acceptance of mediocrity, even an unwillingness to try.⁴⁷

The Japanese have put their feelings into their own words. While not in the mainstream of official Japanese thinking about the United States, and not even in the hearts of most Japanese, opinions such as those that follow have been widely read via best-selling books in Japan, and may be reflected in the more nationalistic post-war generation which has yet to come into positions of leadership.

A More Strident Japanese View

Akio Morita, who chaired Sony for many years, collaborated with writer-politician Shintaro Ishihara on a book, *The Japan That Can Say No: Why Japan Will Be First Among Equals*, which was never published full-length in authorized form in English (Morita refused to allow his portion to be published outside Japan). Morita criticizes the U.S. as a country which thinks 10 minutes ahead while Japan thinks 10 years ahead; he sees the U.S. as a country which criticizes Japan but which buys prodigious quantities of well-made Japanese goods because its own products are inferior; he cautions the U.S. not to be so self-righteous about human rights, urging it to look inward and to correct its own faults before criticizing others.

Ishihara's statements are more inflammatory. He says that the U.S. defense establishment is so dependent upon Japan's technological prowess that "Japan holds the trump card in the nuclear arms race."⁴⁸ He advocates Japan's skillful playing of that card: "To use the technology card in the high-stakes poker game of international politics, Japan's leaders must have skill and guts. ... Like any good poker player, sometimes we have to take risks and at other times be cautious. The game is under way. Japan is an economic and high-tech superpower; we have no choice but to play."⁴⁹

Ishihara charges the United States with racism, saying that "the United States bombed many German cities and killed many civilians but did not use atomic bombs on the Germans. U.S. planes dropped them on us because we are Japanese."⁵⁰ He says that the same racism underlies trade friction with Japan. He criticizes Japan's "flawed" foreign and defense policies, stating that "We have subordinated our security interests to America's global strategy and pay much of the cost of maintaining their forces in Japan."⁵¹ Ishihara reveals a bit of his own chauvinism when he writes,

The Asian countries that are booming economically — South Korea, Taiwan, Singapore, etc. — were all controlled by Japan at one time before or during World War II. Admittedly, Japan behaved badly during the conflict and soul searching is in order, but in some ways we were also a beneficial influence. Of the resource-supplying regions, Southeast Asia is the only one where, thanks to intensive effort, including Japan's contribution, the countries are making rapid social and economic progress. You cannot say that about any place where Caucasians were preeminent.⁵²

While Ishihara calls for sweeping changes (both in the United States and in Japan) and for Japan to assume a more independent identity in the world, he stops short of advocating a breaking of the security treaty with the United States. His ideas give us something to think about, and we should give him a fair hearing; as we will see when we examine Japan's domestic political scene and discuss the ideas of political strongman Ichiro Ozawa, the desire to seek a path not so closely aligned with the United States may one day be held by wider segments of the Japanese population.

Jun Eto, another strident nationalist, advocates a new relationship. Eto collaborated with Ishihara on the most recent version of *A Japan That Can Say No* (referred to by one U.S. embassy official in Tokyo as *The Japan That Can Say Hell No*). In it, Eto writes, "If there were among the American people the determination to wipe away completely their distrust of Japan, to tolerate a more powerful and less dependent Japan, and to form an alliance with and coexist with such a Japan, the future of Japan-U.S. relations would be bright."⁵³

But not all Japanese are so confident they can succeed on their own in following a path that will preserve stability; some fear their own unpredictability. Anthropologist Chie Nakane expressed her concerns:

The Japanese way of thinking depends on the situation rather than the principle — while with the Chinese it is the other way around. ... We Japanese have no

principles. Some people think we hide our intentions, but we have no intentions to hide. Except for a few leftists or rightists, we have no dogma and don't ourselves know where we are going. This is a risky situation, for if someone is able to mobilize this population in a certain direction, we have no checking mechanism. ... If we establish any goal we will proceed to attain it without considering any other factors. It is better for us to remain just as we are.⁵⁴

Indeed Japan's perceptions of itself and of the U.S. change frequently. America's tentative emergence from recession has prompted some Japanese observers to fear that the "sleeping giant" has been awakened once again, referring to the U.S. as "Rising Sam."⁵⁵ It remains to be seen how both Japan and the U.S. cope with recovery from recession, and just how competitive each becomes.

American Extremes

The United States is not immune from extreme or uncertain views, either. In a reasoned but wrong-headed book with the sensational title *The Coming War With Japan*, the authors argue that the United States and Japan are *de facto* imperial powers whose interests overlap and who will inevitably clash, not just once, but repeatedly. They suggest that the present period of Japanese economic expansion and possible frustration by American interests resembles that of the 1920s and '30s, and that history is in the process of repeating itself. They tap into the deep well of mutual resentment, writing that "Japan had lost a war and the Americans were there every day to remind them of the fact."⁵⁶ They conclude:

With the end of the Cold War, Japan's life as Cinderella must come to an end. Japan must become a normal nation again. It must cease being a protectorate of the United States: Japan must once again have a foreign policy and a military of its own. In a way, it is improper to say Japan "must" have these things; Japan *will* have them because it is historically unavoidable. If Japan is a normal nation again, it will necessarily begin behaving normally.⁵⁷

U.S. Congressional Extremists

Some in the U.S. Congress have gotten political mileage out of making Japan out as an enemy. When one is up for re-election in a district that is experiencing economic difficulties, it is easy to point the finger at an external "bogeyman." Maryland Representative Helen Bentley's views typify this approach:

To Japan, the United States is a commodity, to be bought and sold to the highest bidder. ... Countless times in the past 45 years the United States has suffered so that Japan could prosper. ... Times have changed. Trade figures belie the notion that the United States-Japan relationship has been a cooperative one. In fact what has developed is a parasitic relationship where Japan has utilized America as its host nation while aggressively pursuing a strategy of economic and industrial imperialism. ... America needs to defend its economic ability or else surrender its economic future to the predatory Japanese juggernaut.⁵⁸

Others have been even more vociferous. Senator John Danforth has called the Japanese “leeches.” Representative Jack Brooks said, “God Bless Harry Truman. He dropped two of them [i.e., atomic bombs on Japan]. He should have dropped four.”⁵⁹

Such careless rhetoric clearly serves no useful purpose, yet it resonates with some in the American public who are angry at the state of the economy and are eager for someone to blame.

Cultivating The Large Middle Ground

While the sampling of conflicting views presented above reinforces the realization that we as societies need to do more to bridge the gap, most scholars on the subject feel that while adjustments are in order on both sides, the U.S.-Japan relationship overall is in satisfactory condition. But we can make more vigorous efforts to learn about each other. This is not to say that we can or should become more like each other; where differences remain, we should have the wisdom to respect the other’s right to differ. The Japanese and ourselves are separated by many things — cultural, linguistic, racial, and philosophical — but we are also united by many things — common economic and security interests, intellectual curiosity, an interest in science and the arts, a growing elderly population, a belief in the promise of advanced technology and space exploration and experimentation, a commitment to reverse the ecological impact of our large industrial societies, and many more. Most of the authorities interviewed for this project felt that despite the strong bond between Japan and the United States, we can do much more to bridge gaps and cooperate more effectively, and we can shift the focus away from a relatively small area of economic difficulties to other broad economic, social, security, and political interests that bind us together. Specific recommendations are contained in the final chapter of this paper.

Summing Up

The Japanese are a unique people proud of a long history whose rich traditions persist in a modern industrial democracy. They are products both of that history and of the sweeping change that has re-formed Japanese society since World War II. In the century about to dawn, generational change and the changing world situation may bring about a Japan which is significantly different from the country we know today. Having presented a thumbnail sketch of the enduring character of the Japanese people in these first three chapters, we will next look at what kinds of changes might be in the offing, and how best to anticipate and deal with them.

4. The Regional Political Environment

The discussion of potential problems in the security relationship will be addressed beginning with Chapter 6, and will be taken in the context of a stable regional security environment. Before addressing these potential problems, however, we need to look at some transcendent issues in the region which could dramatically alter the security equation. Some of these issues could result in a strengthening of the relationship and an increase in U.S. military presence in the region; some may have no effect on U.S. presence on the alliance; and some could conceivably aggravate a tension which already exists in the relationship and cause a rift to develop between the U.S. and Japan.

THE BIG THREE - KOREA, RUSSIA, AND CHINA

Korea

Certainly the most immediate threat to peace and stability is the situation on the Korean peninsula. North Korea, whether or not it submits to international inspection of its nuclear facilities, remains capable of attacking South Korea and of covert development of weapons of mass destruction and the means to deliver them. Despite the strengthening of International Atomic Energy Agency inspection standards, this organization's inability to gauge Iraq's state of weapon development in recent years does not give comfort to advocates of nonproliferation. North Korea's development of the *No Dong 2* ballistic missile, with an estimated 1000km range, is threatening to the Japanese.

North Korea's notoriously authoritarian and potentially unstable leadership, coupled with its desperate economic condition make it ripe for precipitous and ill-conceived actions. Aside from a continuation of the uneasy status quo, several scenarios have been postulated for an outcome of the Korean question. Each of them poses prospects for change in the U.S. - Japan alliance.

The North Attacks the South - "Explosion." General John Shalikashvili, Chairman of the Joint Chiefs of Staff, recently addressed the possibility of such an attack and the likely U.S. and allied reaction. While he would not guarantee that Seoul, a mere 25 miles from the North Korean border, would remain in friendly hands, he was certain that such an invasion would be repelled. This operation would require a massive effort, at least several weeks to accomplish, and access to the bases in Japan would unquestionably be a key to victory.

In all likelihood, Japan would willingly support a U.S. effort to reclaim South Korea, but would not provide ground forces. If Japan were to make less of a contribution than the United States would consider sufficient, the security relationship could be strained. Depending on specific circumstances, the alliance could be strengthened or weakened by such a conflict. Other questions are whether the Japanese would allow base use for a pre-emptive strike on North Korea's nuclear facilities (or for operations consequential to such a

strike), and how Japan would react to such a strike whether or not it was launched from Japanese soil. Again, there is potential for serious strain in the relationship.

The North Collapses into Chaos - "Implosion." Unable to sustain itself even in basic foodstuffs, North Korea is an economic basket case. Popular change is held in check by a repressive military and an undiluted Communist government headed by a feared autocrat, Kim Il Sung. Kim's son and likely successor, Kim Chong Il, is regarded as less capable of governing than his father, and with the elder Kim's passing, there may be a struggle for power. In a worst case, civil war could erupt as part of this struggle, and regional security could be in jeopardy. Depending on what role the North Korean army decides to play, this scenario poses less danger than an "explosion," but could still cause regional dislocation.

Peaceful Reunification. In a better case, a peaceful transition to a more democratic form of government could take place. South Korea, Japan, and the United States would probably cooperate to improve economic conditions in the North, and to establish communications and a working relationship with a successor regime. A united, nuclear-armed Korea, however, would be very worrisome to the Japanese, who some suggest would feel compelled to field nuclear weapons of their own — Japan has expressed reservations about its own participation in the Non-Proliferation Treaty in such a case. Whether or not they did this, the United States would be in an extremely delicate position as an ally of two historically conflicting neighbors, one with nuclear weapons and one without. Even without nuclear weapons, the conventional forces of a unified Korea would dwarf Japan's Self-Defense Forces and would be a cause for concern, as a Korean military downsizing would take years to bring about. Another issue would be how long a large U.S. presence would be welcome in Korea. With the reason for their being there in the first place resolved, there would be pressure to remove the troops, if not from the Koreans themselves, certainly from a Congress eager to reduce defense spending. With this bulwark removed, Japan could feel more vulnerable, and again, could either ask for an increased U.S. presence, or (less likely) could opt to increase its own defensive posture. In any event, the U.S.-Japan alliance would be open to change.

Russia

Japan and Russia share animosities dating to the Russo-Japanese War of 1905 and renewed with regularity ever since. While Japan agreed to provide development assistance after the collapse of the former Soviet Union, the issue of the return of the Kurile Islands, known to the Japanese as the Northern Territories, remains a substantial obstacle to full cooperation. Japan and Russia had hoped to resolve the issue, but events in Russia caused the resolution of this issue to drop off the map. In the meantime, ugly confrontations between the Japanese and the Russians have taken place over fishing rights in the vicinity of the islands.⁶⁰ Beyond the immediate question of territory, the larger question of Russia's fate looms large as it attempts to moderate the pace of economic conversion to allow its population some relief. The December 1993 parliamentary elections sent shocks through the world community, and the prospect of right-wing recidivism under the leadership of Vladimir Zhirinovsky is frightening. Zhirinovsky received strong support from the Russian military. The results of that election also showed that right-wing support is regionalized with the poorer southern republics voting heavily for the Zhirinovsky faction, the better off northern republics opting for patience with the reform process. This suggests, says *The Economist*, "that there will be

deepening regional opposition to further reform which could exacerbate the (quite separate) ethnic divisions in Russia."⁶¹ Yeltsin's reforms are on the back burner now that the new parliament has convened and many reformers have left the government. New senior officials in the Yeltsin government are promoting inflationary measures, which if implemented, may push the country into greater difficulties. Unless reform and expectations are within a reasonable distance of each other, there is increased likelihood that the hundred-plus Russian republics could fractionate, and this could seriously destabilize not only the Asia-Pacific region, but could lead to a renewed Cold War on the one hand, or to a Russian civil war on the other. With regard to Japan, Zhirinovskiy has said, "I would bomb the Japanese. I would sail our large navy around their small island and if they so much as cheeped, I would nuke them."⁶² While he is not taken seriously, even in his own country, he has succeeded in galvanizing Russian nationalism and dissatisfaction with reform, forces which cannot be ignored; if he is not the leader of the anti-reform movement, someone may emerge who is politically more astute, and who can unify a more nationalistic Russia which might be less amenable to direction from the West. The failure to resolve the Kurile Islands dispute could become a decisive factor in how Japan would react to such radical changes in Russia's direction, and does not bode well for future cooperation. In any case, Russian instability would cause a strengthening rather than a weakening of the U.S.-Japan alliance, and in the meantime, despite a probable decline in condition and capability, Russia has 33 divisions, 70 warships, and 1430 combat aircraft in the region, which, under different political conditions, could constitute a credible threat.⁶³

China

China is a fascinating set of paradoxes. It is a developing economic power, but has large regional disparities between prosperity and poverty. China's spotty economic development, unless made more uniform, may aggravate rich-poor divisions, and may cause the country to become ungovernable. It is making slow progress toward democracy, but the Communist Party occasionally asserts itself forcefully, even brutally. A growing gender gap may also be a source of difficulty — according to a CNN report, 116 male babies are born for every 100 females, a situation that may lead to large numbers of men without partners, social unrest, and the selling of women into slavery.⁶⁴ China has an antiquated military which is nonetheless quite large and in the process of modernization. All these uncertainties make China, in the view of many Japanese, the number one long-range threat to Japan. Others feel that Japan, while China is still on the way to superpower status, must exert its influence to cut the best deal it can in order to be on advantageous terms with China when China assumes leadership of the region.

Recent developments in China may give some clue of what is to come. In February of 1992, the executive committee of China's parliament (National People's Congress) proclaimed a "Territorial Water Law," in which it proclaimed its sovereignty over almost all the islands in the East and South China Seas, including the Spratlys, Paracels, and Senkakus. Since that time, 78 ships on the high seas (including 45 Japanese merchant ships) have been subject to armed threat or attempted boarding.⁶⁵ Even Russia's civilian fleet was not immune; the Russians dispatched two naval ships to counter China's actions. Japan has protested, but by law cannot respond with naval force. China dismisses complaints and justifies its actions as anti-smuggling operations, but the message that it wants to exert its sovereignty is clear.

China's denial of human rights is the most onerous problem between China and the United States, but does not bother the Japanese as much as it does the U.S. This issue could cloud relations between us and the Japanese if we are seen as too demanding of the Chinese (by denying Most Favored Nation status or by imposing other restrictions), and especially if the U.S. takes any action which impinges upon Japan's vigorous economic activities in China.

Hong Kong's scheduled reversion to China is set to take place in 1997, will be an enormous boost to China's economy, and may be the biggest single force that could move China more rapidly toward a modern market economy. Both the U.S. and the United Kingdom have strongly supported measures that would guarantee democracy and continuity of commercial interests in Hong Kong after the reversion; China regards this as its own business. A serious dispute or loss of life in conjunction with Hong Kong's transition could cause regional difficulties which could affect the U.S.-Japan relationship, if Japan and the U.S. found themselves on opposite sides of an issue.

China has always viewed Taiwan as sovereign Chinese territory, and the Nationalist Chinese have agreed that there is one China. Taiwan has elections scheduled for 1996, and there is a possibility that a pro-independence party may have enough influence to cause serious conflict between China and Taiwan. At a May 1992 conference, Parris Chang, a member of the Taiwan legislature (Legislative Yuan), said that Taiwan would declare its independence with the change in government he expects. Liu Xiaoming, First Secretary of the Chinese Embassy in Washington, said solemnly, "We will not allow this to happen." A major regional confrontation could thus develop, which could, depending on circumstances, place the U.S. and Japan on opposite sides.

THE REMAINDER OF THE ENVIRONMENT

While Korea, Russia, and China present the U.S.-Japan alliance a variety of challenges, other less momentous tensions exist in the region. Although conflict over these issues would present a regional crisis, none is not likely to affect the U.S.-Japan security relationship; however, as we have seen in eastern Europe, political change can come rapidly, and age-old tensions can come to the surface, assuming unexpected proportions. While this environment is generally stable at the moment, problems could arise in the future; hence, we will explore it briefly...

Territorial Disputes

In the foregoing discussion we touched on China's claims of sovereignty over islands in the region. China is not the only nation with such claims. The following is a summary of conflicting assertions, which involve not just principles of ownership, but very real commercial interests in oil, fishing grounds, and free sea lanes. This last issue, directly affecting Japan's energy pipeline, is critical. Tankers must pass through the Persian Gulf, the Indian Ocean, and a series of archipelagic straits before reaching Japan. About 70% of Japan's energy supply is imported including nearly all its oil, and 68% of that oil comes from the Persian Gulf. Japan is the largest single importer of Gulf oil.⁶⁶

Spratlys: Claimed by China, Malaysia, the Philippines, Taiwan, Brunei, and Vietnam. The United States allowed an American oil company (Crestone Energy of Denver) to sign an agreement with China, thereby implying to the other claimants that the U.S. recognizes China's claim. This has caused hard feelings in the region, the Spratlys have been the object of low-level armed conflict, and may become one again.

Paracels: Claimed by Taiwan, and Vietnam. Occupied by China. Resource-poor, but strategically-located, the Paracels' port facilities are being improved by the Chinese.

Senkakus: Claimed by Japan, China, and Taiwan. Part of group of islands including Okinawa which the United States returned to Japan in 1972, the U.S. acknowledges conflicting claims to the islands.

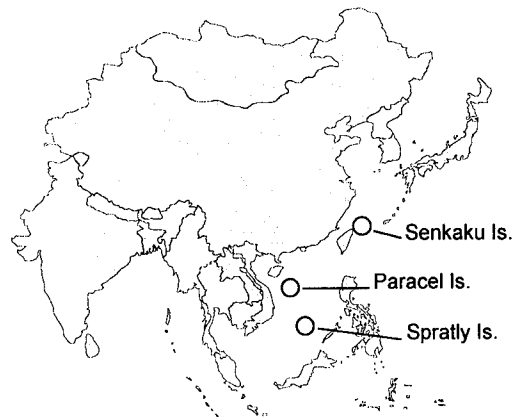


Figure 8. Disputed Islands

Other Regional Tensions

Australian Desmond Ball catalogued other disputes in a recent work;⁶⁷ they include:

- Japan and South Korea over the Liancourt Rocks in the southern Sea of Japan
- Communist and Muslim insurgencies in the Philippines
- The Philippines' claim to the Malaysian state of Sabah and adjacent waters
- The separatist movement in Sabah
- China-India, Malaysia-Thailand, Thailand-Myanmar (Burma), Myanmar-Bangladesh, China-Vietnam and Cambodia-Vietnam border issues
- Internal unrest in Myanmar and Bangladesh
- Indonesia-Vietnam and Malaysia-Vietnam continental shelf demarcation
- Bougainville secessionist movement in Papua New Guinea, and other internal unrest
- Malaysia-Singapore and Malaysia-Indonesia island issues
- Residual conflicts in Cambodia and Laos, including Thai-Lao border fighting

South and Southwest Asia

Because of their proximity to Japan's oil lifeline, conflict between India and Pakistan, and concern over India's stated goal of becoming the dominant naval power in the Indian Ocean, have become important issues to the Japanese. Although it reacted slowly to Iraq's invasion of Kuwait, Japan is also worried about potential problems in the Gulf as Iraq and Iran rebuild their military strength.

Indochina, Indonesia, the Philippines, and Their Neighbors

Also straddling Japan's pipeline are parts of Thailand, Malaysia, Indonesia, Singapore, and Brunei. A broad-based military modernization is afoot throughout the region. Vietnam,

Laos, and Cambodia have entered a beleaguered peace. Thailand's economy is healthy and growing.

The Association of Southeast Asian Nations, ASEAN, was founded in 1967. Its charter until 1993 was to promote economic, social, and cultural cooperation. Its membership includes Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand; Papua New Guinea is an observer. Its members represent some 320 million people, collectively the United States' fourth largest trading partner.⁶⁸ Last year, ASEAN agreed to formalize a security dimension, and formed the ASEAN Regional Forum, ARF, which will annually bring a defense focus to the association. ASEAN meetings have expanded to include "dialogue partners." The 1993 meeting in Singapore included "dialogue partners," the United States, Canada, the European Community, South Korea, Australia, and New Zealand; and guests Russia, Laos, Vietnam, and China. Initially, its purpose will be to help resolve conflicts through negotiation — the islands issues, other territorial disputes, and the "three Chinas" are among likely topics of discussion. As we will see in a later chapter, there is a possibility that a regional defense apparatus could coalesce eventually. ARF will hold its first meeting in Bangkok in 1994. ASEAN, with the exception of Malaysia, recognizes the U.S. military presence in the region as beneficial, but clearly wants to establish its own priorities. As one observer put it, ASEAN wants the U.S. "on tap, but not on top."⁶⁹ Another said, "Historical suspicions and rivalries between Asian nations were held in abeyance during the Cold War. They can quickly come to the fore again if there are sudden lurches in the regional power balance. The future of the U.S. security presence and commitments will be the key."⁷⁰

The Philippines' 1992 decision not to renew U.S. basing agreements put a major scare into nations in the region, who feared that the U.S. withdrawal from the Philippines was just the beginning of a post-Cold War drawdown which would allow regional tensions to grow unchecked. The U.S. has since made highly visible commitments to leave force levels in South Korea and Japan unchanged, and to continue an active visit and exercise schedule throughout the region, including in the Philippines. The economic impact of the withdrawal hurt the Philippines, at least temporarily, but former bases are now being reconfigured as commercial facilities with a promising future.

Australia's New Direction

Australia, a staunch American ally in the region, is making itself known as an Asian nation. Its impending break with Great Britain and establishment as a republic signals a recognition of the reality that Australia's economic future is tied to Asia more than to any other part of the world. More of Australia's exports go to Japan than to any other nation; the U.S. remains Australia's primary supplier, but Japan is a close second. Australia welcomes the U.S. military presence in the region; at a recent symposium, a senior Australian military officer said that *Pax Americana* was a good thing, and characterized the U.S. as having achieved "an imperial domain without imperial ambitions," a beneficial leader and stabilizing influence.⁷¹ Australia is also committed to multilateralism (by the year 2000, Australian military officers must demonstrate proficiency in another regional language), but not to the exclusion of bilateral relationships with the United States.

Some in Australia are not happy over trade issues with the U.S. Australia constantly runs a trade deficit with the United States, but a surplus with Japan. In the end, they think, the trade equation evens itself out. Still, Australia and the U.S. continually review their trade agreements, and this process leads sometimes to acrimony, but not to the level that mutual trust and commitment to regional security are jeopardized.

New Zealand

Disagreement over nuclear issues caused New Zealand's participation in the ANZUS pact to be suspended in 1986; however, New Zealand remains an active military partner of Australia, and has strong trade ties to the European Community, Asia, and the U.S.

Papua New Guinea and the Pacific Island States

Without exception, these nations welcome the U.S. presence and believe that a U.S. withdrawal would lead to a regional arms race. They feel isolated from international affairs, and many have joined the non-aligned movement. They have strong trade and cultural ties with Australia and New Zealand, and to a lesser degree with the United Kingdom and United States.

A leading concern, as expressed by Papua-New Guinea Ambassador Margaret Taylor, is environmental. The storage, dumping, and/or incineration of nuclear and chemical wastes, and the disposal of developed nations' garbage in the South Pacific, have become potent political issues which should become a larger element of the regional dialogue.⁷²

Human Rights and Democracy: Contrasting Views

The United States defines among its national interests "a stable, secure world where political and economic freedom, human rights, and democratic institutions flourish."⁷³ There are regional players, however, who see American advocacy of human rights and democracy as unwarranted and unwelcome intrusion into their internal affairs. Others measure these ideals by a different yardstick.

Kim Kyung Won, former South Korean ambassador to the United States, says, "Authoritarianism is the mother of democracy," and believes that with economic progress, a transition from authoritarianism to democracy will follow a natural process — increasing education and communications lead to political change. He contends that it is possible to have increased government responsiveness without democracy, citing Singapore and Brunei as examples, but says that transition to democracy is inevitable. He divides regional countries into three groups:

Pre-Transition Societies: China, North Korea, and Vietnam

Transitional Democracies: South Korea, Taiwan, the Philippines, and Thailand

Post-Transition Democracies: Japan, India, and Malaysia

Progress through these stages is dependent on continued economic progress and on governments which function properly and become more responsive to their people. If these conditions are not met, the country is vulnerable to military takeover and a reversion to authoritarian rule. Kim believes that the United States is too heavy-handed in dictating democracy and human rights; he says there is nothing wrong with idealism, but the U.S. puts regional nations on the defensive.⁷⁴

The ASEAN conference communiqué presented a consensus view of human rights: "Development is an inalienable right and the use of human rights as a condition for economic cooperation and development assistance is detrimental to international cooperation and could undermine an international consensus on human rights." The communiqué went on to pledge coordination on a common approach toward human rights issues.⁷⁵

Tommy Koh, former Singaporean ambassador to the United Nations, and to the United States, to Canada, and to Mexico, argues that good government is more important than the form it takes. Both authoritarian and democratic governments have succeeded in promoting economic development, and both have failed. Good government can be "democratic or authoritarian, presidential or parliamentary, a constitutional monarchy or a republic."⁷⁶

Lee Tsao Yuan, a member of the Singapore delegation to the Asia-Pacific Economic Cooperation (APEC) talks in Seattle in November, 1993, said, "Asians do not want to see human rights linked to other economic issues, especially trade. ... There are many ways to think of human rights. For example, safety is a basic human right, but as has been pointed out, I can walk in the streets of Singapore safely at night. I can't do that in New York or even here in Seattle."⁷⁷

Japan sees a role for itself between Asia and the United States on these issues. Ayako Doi, a Japanese journalist who covered the APEC meeting, said, "Japanese are heavily into the notion that there is a difference of approach about trade and human rights and about many issues between the United States and Asian countries. ... Japan wants to be a bridge between the U.S. and Asia, and there is a question as to whether the U.S. wants a bridge, needs a bridge, or whether Asia will accept Japan as a bridge."⁷⁸

The United States certainly recognizes that there are places in the world (some Islamic states, for example) where human rights issues evolve very slowly, and seems to understand that harsh criticism may be counterproductive. Expressions from Japan and Asia such as those presented above may have had an effect on stated U.S. policy. This section opened with a quote from our national policy on democracy and human rights. Recent statements by high government officials may signal a flexibility on these issues. While not compromising our own commitment to these principles or tolerating abuses, Ambassador Koh urges us to make allowance for differences, and work to "promote, not subvert economic development in the nondemocratic countries of Asia."⁷⁹

Summary

The issue of the future U.S. military presence in Japan plays out against the political backdrop just outlined. Events in this realm could have very real impact on the relationship, and we hope that our stabilizing influence will continue to allow for economic growth and progress toward social justice throughout the region. It is more likely than not that the regional political environment will be a generally favorable, if not always tranquil, medium for such growth. The Koreas will continue to be tense, but both realize how much is at stake if nuclear weapons are employed on the Peninsula, or if one of the Koreas invades the other; thus, this situation is likely to be very difficult, but not explosive. Both China and Russia are preoccupied with internal economic development, and will probably continue in the general direction of market economies and stability, though not without setbacks. And the remainder of the region will likely see minor conflict, but will continue its journey toward economic development without upsetting the U.S.-Japan relationship. This discussion leads us to the central question of this paper: where can the security arrangement between the United States and Japan fail us, and what should the future security arrangement be like in order to best deal with a changed region and a changed world?

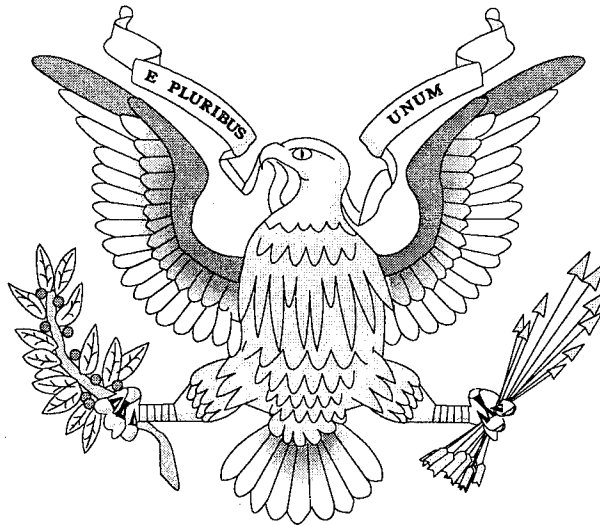
5. The U.S. - Japan Security Relationship Today and Tomorrow

Why the Security Relationship is Important

The U.S.-Japan security relationship is strong and will probably remain so. The Japanese want to keep it intact; the United States does also, while looking for ways to limit the defense budget. Japan's neighbors, including China, see the value of a continued U.S. military presence as a stabilizing factor. Almost without exception, the U.S. presence is a welcome influence which keeps regional tensions below the boiling point. The United States is the only "honest broker" in the region, enjoying the trust of almost all the nations there while keeping an economic foot in the door to a rapidly expanding market.

U.S. National Interests

President Clinton, when he visited Tokyo for the July, 1993, G-7 Summit, addressed the students at Waseda University, and outlined his idea of a "New Pacific Community," which he said "will rest on a revived partnership between the United States and Japan, on progress toward more open economies and greater trade, and support for democracy. Our community must also rest on the firm and continuing commitment of the United States to maintain its treaty alliances and its forward military presence in Japan and Korea and throughout this region."⁸⁰



Clinton subsequently went to Seoul, where he addressed the Korean National Assembly, made it clear that the U.S. would remain engaged in the Western Pacific, setting four priorities for regional security:

1. A continued American military commitment to the region
2. Stronger efforts to combat the proliferation of weapons of mass destruction
3. New regional dialogues on the full range of common security challenges
4. Support for democracy and more open societies throughout the region

The President's pronouncements grew out of an established American commitment to the region as expressed in the Defense Department's *A Strategic Framework for the Asian Pacific Rim: Report to Congress 1992*. This document defines U.S. security interests in the region:⁸¹

- **Protecting the United States and its allies from attack**
- **Maintaining regional peace and stability**
- **Preserving our political and economic access**
- **Contributing to nuclear deterrence**
- **Fostering the growth of democracy and human rights**
- **Stopping proliferation of nuclear, chemical, and biological weapons, and ballistic missile systems**
- **Ensuring freedom of navigation**
- **Reducing illicit drug trafficking**

U.S. military forces in Asia and the Pacific were given the following "fundamental security missions":⁸²

- **Defending Alaska, Hawaii, and the connecting lines of communication to the continental United States**
- **Protecting U.S. territories and Freely Associated States for which the U.S. has defense responsibilities**
- **Assisting our allies in defense**
- **Maintaining the security of the lines of communications throughout the Pacific as well as the Persian Gulf, Indian Ocean, and the East and South China Seas**

In the same document, former Secretary of Defense Cheney listed six principles which guide U.S. security policy in Asia:⁸³

- **Assurance of American engagement in Asia and the Pacific**
- **A strong system of bilateral security arrangements**
- **Maintenance of modest but capable forward-deployed U.S. forces**
- **Sufficient overseas base structure to support those forces**
- **Our Asian allies should assume greater responsibility for their own defense**
- **Complementary defense cooperation**

The appearance of seamless continuity in U.S. policy toward Asia through a change of administrations helped allay regional fears of a U.S. military pullout which were abroad since the withdrawal from the Philippines.

Ambassador and former Under Secretary of Defense for Policy Paul Wolfowitz goes beyond the Cold War rationale for the presence of U.S. forces in the Western Pacific. He cites six specific factors which support continuing this presence. U.S. forces provide for:

1. *Deterrence* — there are still threats to be deterred.
2. *Threat prevention*, as distinguished from deterrence, keeps a threat from developing.
3. *Regional resilience*, or providing a stable environment for economic development.
4. *Avoiding arms buildups*, or allowing this economic development to occur without the cost or distraction of a local arms race.
5. *Implicit influence* of military forces helps the U.S. in trade and other issues.
6. *Cooperative relationships* between U.S. and regional actors provide a network of bilateral interfaces which improve chances that dialogue will be preferable to conflict.

Wolfowitz calls for the Asia-Pacific region to be a “Zone of Peace” which the United States will be wise to invest in through the maintenance of forward forces.⁸⁴

This chapter has outlined the underpinnings of the United States’ military presence in the region, one which has been clearly in the interests of this country and of many of the other countries there. This presence, largely a welcome influence in or near these nations, is not without problems. The next chapter will examine vulnerabilities in the U.S. - Japan security relationship.

6. Potential Problems in the Security Relationship

This chapter will introduce vulnerabilities in the security relationship. While no one cause may be deemed likely in the next few years, it is possible that a combination of factors could conspire, either with each other or with a deterioration in the regional political landscape discussed in the last chapter, to weaken the alliance. These potential problems sort themselves into seven general categories, which will be explored in detail in the succeeding sections. Of these seven, four involve the broad foreign and domestic policies of the United States and Japan, and we will focus on the following specific key issues within those broad areas:

1. United States Foreign Policy	2. Japan Foreign Policy
Lack of resolve, ambiguity Lack of focus and consistency Isolationism Reliance on multilateralism Global ungovernability Domestic focus Media effect on public opinion	"Yoshida Doctrine" Improve world image Tolerance Interdependency Nationalism Limited military Alternative future roles
3. United States Domestic Politics	4. Japan Domestic Politics
Budget (deficit and debt) Savings Education Government-Industry Cooperation Social unrest Japan bashing	Breakup of LDP Fragile coalition, change of Prime Ministers Bureaucracy Reforms (political, economic, governmental) Impact of U.S. forces Nuclear issues

In addition to these four broad categories, there are three specific categories of potential problems which cut across the domestic and foreign policies of both countries:

5. Serious Dispute Over Trade
6. Alternate Regional Security Structures
7. Global or Regional Contingencies

As judged by a consensus of interviews for this paper, the four broad categories were the most likely to be the sources of discord in the relationship; however, not all agreed with this order, however, and some made persuasive arguments for re-ordering the list, and week-to-week developments shift the importance of some of these elements. Lately, trade issues have again elevated the level of tension. In any event, the purpose here is to lay out and discuss the possible chinks in the relationship, regardless of which is in the spotlight at the moment.

1. United States Foreign Policy

Rand scholar and author Norman Levin sees U.S. foreign policy as the most likely single factor which could affect the security equation with Japan. If the United States demonstrates a lack of resolve on a security issue of interest to Japan, there will be a major weakening in the credibility of the U.S. defense commitment. This lack of resolve could manifest itself in a number of ways — it would not have to be another Desert Storm. A “come home America” mood and a greater overall U.S. force drawdown due to budget difficulties could cause such a weakening. The refusal of the U.S. to respond to a conflict on the Korean peninsula, or to counter North Korean nuclear blackmail could damage relations severely. If we “pulled a Bosnia” in Asia, we would lose Japan’s trust in the security treaty.⁸⁵

The end of the Cold War, despite relieving the world of concern over Armageddon, has brought about a period of uncertainty and unpredictability. Some observers look back at the Cold War wistfully as they ponder a more complicated world. Any administration would have a substantial task on its hands in trying to set a new course, given the rapid changes on the world scene and a troubled domestic economy. The Clinton administration has had notable foreign policy successes (NAFTA, GATT, and a tenuous Middle East settlement process), and our health as a nation and our position in the world are dependent upon long-term economic vitality, which in turn depends on a host of domestic issues including education, industrial policy, drug and crime prevention, and more. The administration, though lacking expertise on Japan at the highest levels, is making more progress than its predecessors at approaching multilateralism via ASEAN and APEC, while maintaining a viable set of bilateral relationships throughout the region. Multilateral bodies, according to Rand Graduate School Dean Charles Wolf, are well-suited to dialogue, while bilateral or ad-hoc groups are better at crisis management. A dual approach gives us the benefits of both.⁸⁶ Berkeley Asian Studies professor emeritus Robert Scalapino suggests that the U.S. will have to live with a multiplicity of fora — both official and unofficial — for broad issues and specific talks. Nations, he says, relate to each other in arcs, not circles. Membership in these arcs is fluid, depending on the issue of the moment. He also feels that different fora can serve special purposes: “The problem with an all Asia-Pacific security dialogue is that some of the problems are basically sub-regional. It becomes very complicated if we mix them or try to get an all Asian approach.”⁸⁷ Urging patience, a long-term view, and wisdom in our policies, he calls this “a critical time in our history, and we must realize that things are not going to be neat, clean, or quickly solved.”⁸⁸

The administration has taken on many issues with admirable ambition, but in some areas of foreign affairs it has been criticized for ambiguous policies and a lack of coordination and leadership. Certainly the slowness of the political appointment process and the difficulties getting and keeping a defense secretary, key ambassadors, and other policymaking officials in place contributed to this perception. The President himself said, “the problem is that in this post-Cold War period, the lines just aren’t as clear as they were before.” In response, former defense secretary James Schlesinger told Clinton, “That is your fate. You will just have to get used to dealing with ambiguity.”⁸⁹

We live in a more complex world. Georgetown professor Roy Godson and former Deputy Assistant Secretary of State William Olson make a convincing argument that we have traded the Cold War threat for the threat of "global ungovernability." They predict greater, not lesser, demands on the United States to "shore up failing states, to rescue the human casualties, and to provide some form of government where government has failed." They present these demands as a "long-term security challenge to the United States," and recommend a "systematic assessment of this threat."⁹⁰ This problem will not go away and the world will look to us for leadership.

U.S. policy has wavered in several instances, and other nations have become confused. They look to the U.S. as a leader, and, despite chronic uneasiness with Congressionally-driven changes in direction, expect a certain degree of consistency. Shifts in administration policy can be misinterpreted; for example, President Clinton warned on November 7, 1993 that "North Korea cannot be allowed to develop a nuclear bomb. We have to be very firm about it."⁹¹ Shortly thereafter, this policy was modified to say that North Korea could not be allowed to develop a nuclear program, a bomb or two not being defined as a program. Most recently, Defense Secretary Perry said "I know that they're lying when they say they're not developing a nuclear program," and called for a six-month period of monitoring before the U.S. took a firm stand.⁹² North Korea's calculations, in the face of these shifts, are unknown. Other cases in point are the human rights and democratization issues with China. Mr. Clinton campaigned on a tough platform to hold China accountable for abuses, but within a year backed off. National Security Adviser Tony Lake said that American interests will "at times, require us to befriend and even defend nondemocratic states for mutually beneficial reasons." Secretary of State Warren Christopher said, "The U.S. must maintain a tough-minded sense of our enduring interests: our security, prosperity and, *where possible*, the advancement of our democratic values."⁹³ [Emphasis added]. More recent talks with the Chinese have gravitated back toward hard-line ultimata. Christopher's latest trip to China received harsh reviews from the Chinese and from U.S. businesses seeking to capitalize on China's growth.

This wavering is a result, however, of a larger focus on domestic matters at the expense of foreign affairs. Mr. Clinton pledged to focus on the economy "like a laser beam" and said he would look at every foreign policy decision with an eye toward its domestic economic consequences. But many important foreign policy decisions have little or no effect on the immediate state of the economy. They may be moral issues, such as Somalia, Bosnia, or Haiti. The Secretary of State expressed our reluctance to become engaged in Bosnia saying that it "does not involve our vital interests in survival," but only our humanitarian concerns.⁹⁴ Or they may be issues which will not have *any* immediate consequences, but left ignored, could create serious problems for the United States in the future. Peter Tarnoff, Under Secretary of State for Political Affairs, was upbraided for saying that the U.S. lacked the resources to support an active foreign policy program, but his point illustrates the priorities of the current administration.⁹⁵

Former Secretary of State Henry Kissinger looked at U.S. involvement in Somalia and observed, "I am extremely worried about a sequence of events where the United States marches into a country, to the universal applause of our media and Congress, takes some

casualties, turns on a dime and gets out, and I think this is going to create an impression of weakness that I think is very dangerous.” Kissinger urged the administration to lay out a clear foreign policy framework before the American public, so that they can understand why we are engaged overseas, both economically and militarily. Kissinger would “talk more about what it is that Americans, in the extreme, should have to die for. I would try to define what the American security interest is in the world.”⁹⁶

In the Pacific, even our allies question our resolve. Although the rhetoric has been bold (“We have placed our relations with Japan on a new foundation and set a vision for a new Pacific community.”⁹⁷), analysts suggest that there is more talk than credibility in such pronouncements. Dr. Stewart Woodman of the Australian National University sees a considerable gap between what the U.S. says about Pacific security and what it is prepared to do.⁹⁸ An erosion of U.S. credibility through inconsistency, lack of focus, or lack of will, could cause regional actors to seek alternative means of assuring their security, and some countries are looking beyond the present order. Other actors are looking for weaknesses, and may some day move to exploit them.

Specific recommendations are laid out in the last chapter. The next section will address an area that has become more and more attached to foreign policy, the U.S. domestic political scene.

2. U.S. Domestic Politics

Aside from the requirement for the world’s only superpower to assume leadership and be engaged diplomatically and economically (and occasionally, militarily) around the world, the United States has procrastinated on solving, or applied bandages to, a number of domestic problems which preoccupy us at the moment. These problems can impact our security relationship with Japan in several ways: they may deny us the economic resources to maintain sufficient military forces in the region to provide a credible defense — we may be in danger of losing the economic steam that propelled us to leadership in the first place; they may so monopolize the national leadership’s time that insufficient attention is paid to overseas matters, resulting in a further erosion of the perception of U.S. commitment; and our politicians may be so desperate to provide the electorate with a scapegoat that Japan once again becomes the subject of public scorn. Further, if our quality-of-life expectations are not satisfied, there is the potential for large-scale social unrest, requiring state and federal attention and resources to restore order and provide relief to victims.

Budget Issues

The Deficit and the Debt

The end of the Cold War and the economic slide that began in the 1970s with the increasing loss of much of the domestic industrial base have brought about a crisis of confidence in the country. As a nation we spend more than we collect as revenue.

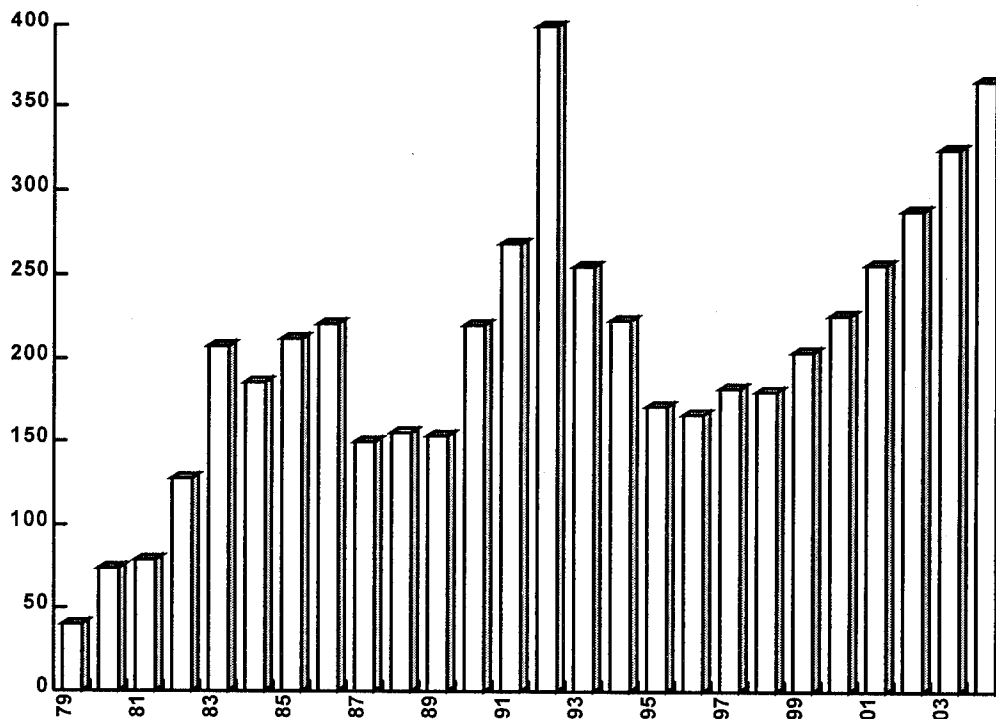


Figure 9. Federal Budget Deficits 1979-2004. Sources: Office of Management and Budget, Congressional Budget Office.

Japan has been critical of the U.S. budget deficit and other ills, and has used these as defensive arguments to counter U.S. demands that Japan change its ways. Japan's interest in the health of the U.S. economy is, however, well-placed, since Japan still relies heavily on the U.S. market for its exports. It is in the interest of both countries that deficit reduction proceed.

There is a mistaken impression in the minds of many Americans that if we balance the budget, we have solved the problem. Our government's debt, the product of decades of deficits and compounded interest, is a shade under 4 trillion dollars this year; the proposed 1995 budget projects the debt at \$4.3 trillion; the national debt, the sum of government, household, and business debt, approaches 11 trillion dollars, or in excess of \$40,000 for every living American, infant to dowager. We could eliminate much of the Federal government and *still* have a deficit problem — a 1992 *Newsday* article said that a one-third cut in the Defense Department, plus the elimination of foreign aid, food stamps, welfare, and the Departments of Interior, Justice, Labor, and the EPA would leave a \$200 billion annual deficit.⁹⁹ Low inflation and revised projections make the picture a little brighter at this writing, with declining deficits the next three years, but before 2000, the growth of entitlement programs will cause deficits, and the debt, to soar again. This is not good news: a rise in inflation rates coupled with increased deficit spending would wreak even more financial havoc on 21st century America.

No Accurate Picture

We delude ourselves by referring to *net* deficits — that is, the deficit figure we hear in the media is the true debt adjusted by “off budget” figures which include the current Social Security surplus (which cannot remain a surplus for long under unavoidable demographic trends) and the U.S. Postal Service budget (a money loser whose losses come out of the general treasury).

Other potentially costly issues complicate this picture. What will be the budgetary impact of a balanced budget amendment, universal health care, foreign aid, banking and insurance bailouts, campaign financing, natural disasters, welfare reform, and nuclear and other hazardous waste cleanup operations?

Other Problems

While not in the immediate budget debate, there are several issues which need to be addressed in order to restore the United States to economic health and industrial competitiveness, a key to reaching economic peace with Japan. We'll take a brief look at three areas in which Germany and Japan excelled, and in which the United States must improve, and at two of the possible consequences of not excelling, social unrest and Japan bashing:

Savings

We consume too much and save too little. The lack of savings means that banks and other savings institutions have less money available to loan to new businesses, the nexus of growth in our economy.

Education

Our educational system, though well-funded by global standards, graduates superb college and postgraduate students, but the vast majority of high school students who do not attend college are not well-prepared to cope with an increasingly competitive workplace and a quality of life lower than their parents enjoyed. Refurbishing our system along the lines of Germany or Japan would provide respectable apprenticeships or other job training to the millions whose future is a roll of the dice today.

Better Government-Business Cooperation

The U.S. lacks an “industrial policy,” that is, a comprehensive set of rules by which government and industry work together to achieve a common goal of prosperity for the nation. Germany has successfully integrated government, business, and labor, and is poised for further economic success. Japan's model is perhaps too collusive to work in the U.S., but Sematech, a high-technology microchip venture funded 50-50 between the Federal government and an industry consortium, has produced impressive results.

The Potential for Social Unrest

The current administration was brought into office by a large electoral majority (if only a plurality in the popular vote), and it has made promises to try to correct some of the problems which previous administrations have ignored. These will not be inexpensive

promises to keep, and if raised expectations are not met, unrest could result. Edward Luttwak, in his book *The Endangered American Dream: How to Stop the United States From Becoming a Third-World Country and How to Win the Geo-Economic Struggle for Industrial Supremacy*, sees an eroding American middle class, a growing poor population, and a combination of policies and practices which he suggests could lead to disaster by the year 2020.¹⁰⁰ Unrest, should it occur, would have significant impact on how Japan and other allies view the U.S., and could divert resources and attention from developing problems in the Asia-Pacific region.

Japan Bashing Redux?

As previously discussed, Japan is undergoing a recession, severe by Japan's standards, but will probably emerge strong, competitive, a revitalized economic power. If the current recovery in the United States is not strong, weighted down by accelerating deficits and other preoccupations, it may again become politically fashionable to point fingers at Japan to divert attention from our own troubles. This, too, would cause strain in our relations which could affect the security treaty, whose value may be under review as fiscal pressure mounts to scour out every bit of "unnecessary" expenditure.

This chapter has so far covered two sets of potential threats to our relationship with Japan, those which could evolve from problems in our own foreign or domestic affairs. The next two sections will address Japan's international and domestic priorities, and how they could contribute to a deterioration of this relationship.

3. Japan's Foreign Policy

Cynics would argue that Japan has had no foreign policy since World War II, that Japan has meekly followed U.S. direction, and has had no creativity of its own in foreign affairs. To believe this is to underestimate Japan's accomplishments and potential. Until the 1980s, Japan pursued what has become known as the Yoshida Doctrine, named for Japan's first post-war prime minister. This doctrine (never labeled as such by the Japanese), according to Pyle, consisted of the following tenets:

1. Japan's economic rehabilitation must be the prime national goal. Political-economic cooperation with the United States was necessary for this purpose.
2. Japan should remain lightly armed and avoid involvement in international political-strategic issues. Not only would this low posture free the energies of its people for productive industrial development, it would avoid divisive internal struggles — what Yoshida called a "thirty-eighth parallel" [referring to the line which divides the two Koreas] in the hearts of the Japanese people.
3. To gain a long-term guarantee for its own security, Japan would provide bases for the U.S. army, navy, and air force.¹⁰¹

This passivity was to be an important element in Japanese foreign policy until the 1980s, when, buoyed by national pride in their impressive economic development, some influential Japanese such as Jun Eto, Shintaro Ishihara, Ichiro Ozawa, and Ikutaro Shimizu, began

speaking out for a more independent role in the world, including a more capable military and even for Japan's own nuclear arsenal. While some of their writings approach extremes which the Japanese public would not soon support, according to many Japanese interviewed for this paper, the younger generation is more nationalistic than their parents, and would like to see a Japan that is like France or Great Britain, which enjoys more international respect than at present, and which is more like an equal to the United States than a dependency of it. Pyle sees Japan as moving toward what he calls a "new internationalism," which he sees is built on the following propositions:

1. It is in Japan's national interest to give support and leadership to the institutions of a liberal international economic order.
2. Japan must of its own initiative and to its own advantage reform its institutions to bring them into harmony with international norms and expectations.
3. The Japanese must develop a global consciousness and a liberal nationalism that, while taking pride in their own heritage, is open to and tolerant of other nationalities and cultures based upon a broad conception of national interest that acknowledges Japan's growing interdependency with the rest of the world.¹⁰²

Japan is trying to move beyond international perceptions of it as a purely mercantile state. Japan is the world's largest donor of Overseas Development Assistance (ODA). While some view this aid as narrowly in Japan's self-interest, promoting development in Southeast Asia and stability in Middle Eastern states which will have an eventual payoff for Japan, it is also cautiously approaching a larger role in U.N.-sanctioned peacekeeping operations. The success of their experience in Cambodia may lead to further non-combatant involvement in other parts of the world.

Japan is hindered from becoming a true superpower by two facts. It lacks an ideology of universal appeal and it lacks sufficient military power.¹⁰³ If it is able to act on the idealism of Sakamoto (Chapter 3), if it moves beyond being a mercantile state and proves itself to be a prudent steward of global affairs, less captured by its own ethnocentrism, and an example other countries truly aspire to emulate, and if it fulfills a desire to become an independent military power, it has the potential to be a world leader.

But militarily, Japan has trouble recruiting people into its self-defense forces. It cannot attain authorized manpower strengths because of the poor image that military service has among the young. 20% of Japan's military academy graduates refuse their commissions.¹⁰⁴

The Japan Defense Agency is developing a new National Defense Program Outline, their primary long-range planning document. The present Outline runs through March 1996, and the new one was scheduled to take effect in April of that year. The timetable has been accelerated, however. Originally, the plan was to have been staffed internally in JDA through 1994, then presented to the bureaucracy in 1995, working toward Cabinet approval by the end of that year.¹⁰⁵ In October 1993, former Prime Minister Hosokawa requested

that the delivery of the new NDPO be moved up to an unspecified date, citing the rapid changes in the world, and the need for Japan to define a "meaningful" defense policy.¹⁰⁶

Some in the JDA see an immediate need for increased defense expenditures. Citing the threat from North Korea's developing nuclear and ballistic missile programs, they would like to field a Theater Missile Defense (TMD) system, but this ran afoul of U.S. technology-sharing desires, an issue yet to be resolved. Japan would like to modernize its meager amphibious lift capability, ostensibly to support U.N. peacekeeping operations; the United States is cool to this desire, because it could be interpreted as enhancing Japan's power projection capability. And some in the Maritime Self-Defense forces have expressed a desire to build aircraft carriers, a clear power-projection tool that the public would not support today. The JDA is also looking to build a crisis-management capability, which would give it more responsiveness in a short-notice situation; like Germany, since World War II Japan has relied on the U.S. for quick-reaction decisionmaking, but feels the need to integrate information gathering and decisionmaking functions to enable it to react. The publication of the NDPO, whenever it occurs, should provide some indication of where Japan's military forces are headed.

Economically, Japan is waiting out the current recession at home, but is going full tilt in its investment programs overseas. Unlike most of its international competitors, and due to its highly integrated economy, Japan is able to offer emerging countries the gamut of development implements, from banking to manufacturing to infrastructure, all planned in a coherent and cost-effective package. Japan has established itself as a trading partner with China, Vietnam, and most of the ASEAN states, a huge market and area of influence in which it hopes to play a major role even after China's hoped-for development into the dominant economic force in the region. Expect Japan, then, to take advantage of this economic "window of opportunity," getting in on the ground floor in a highly effective manner.

Japan is also working hard on polishing its image in the world. Former Prime Minister Hosokawa made the most abject apology for Japan's actions in World War II that any Japanese leader has: "I ... take this opportunity to express again our profound remorse and apologies for the fact that past Japanese actions, including aggression and colonial rule, caused unbearable suffering and sorrow for so many people, and to state that we will demonstrate our new determination by contributing more than ever to world peace."¹⁰⁷ Japan is quietly hoping to play a larger role in the U.N. Security Council, modestly aspiring to an eventual permanent seat, with U.S. encouragement.

Takashi Inoguchi sees four alternatives for Japan's future:

1. *Pax Americana* Phase II: A derivative of the status quo, with the United States continuing to play the leading role in global security, and Japan providing greater security-related assistance to recipient nations and approaching greater economic integration with NAFTA and other Asian-Pacific states. This could provide greater U.S. access to Asian markets.

2. *Pax Ameripponica*: The economies of the U.S. and Japan are further integrated, but Japan assumes more of a direct security role through a more active military and techno-economic-strategic cooperation.

3. *Pax Consortis*: A future world of many consortia, with no single actor dominant; mainly a peer-to-peer relationship, although Japan would play an increased role as a moderator in security issues between or among regional players.

4. *Pax Nipponica*: Japanese economic power reigns supreme in a non-nuclear world.¹⁰⁸

In any of the alternatives, Japan plays a larger role built on sustained economic power.

Rand's Norman Levin, Mark Lorell, and Arthur Alexander chart a different set of alternative futures for Japan:

1. A continued but troubled partnership with the United States. Japan would strengthen its forces incrementally but would remain dependent on the presence of U.S. forces. Japan would make sufficient economic concessions to satisfy the U.S.'s minimum demands, and the United States would treat Japan more as an equal. Disagreements would continue to crop up over base issues and over trade. The authors consider this the most likely path.

2. New global partnership: expanded U.S.-Japan cooperation. Closely resembles Inoguchi's *Pax Ameripponica*.

3. *Détente* defense: defense cutbacks and policy equidistance. In a protracted period of reduced tensions, both U.S. forces in Japan and Japan's self-defense forces are reduced. Japan's attention would focus on Asia, and would promote efforts at arms control and nonproliferation.

4. Autonomous defense: nationalism and military buildup. This differs from Inoguchi's *Pax Nipponica* in that it involves a major rearmament of Japan. The authors cite three conditions necessary for this situation to develop:

a. There would have to be a major change in Japan's sense of external military threat.

b. There would have to be a general Japanese perception of diminished U.S. commitment or resolve.

c. There would need to be a new political consensus in Japan in support of expanded defense efforts.

5. Unarmed neutrality brought about by a major reduction in tensions, globally and regionally.

6. Independence based on a nuclear deterrent and power-projection capability, assuming a total breakdown of the U.S.-Japan security arrangement.¹⁰⁹

In some of these alternatives, the potential exists for a gradual or sudden departure from business as usual. The United States must remain engaged and aware of Japan's plans for the future, and must work toward a greater understanding of the positive role Japan can play in the world of the 21st century. It must adapt the present security arrangement to fit that future role. Specific recommendations are made in the last chapter.

Japan's foreign policy is in a state of flux, made all the more fluid by the fact that it is governed by a fractious, tenuous coalition composed of factions whose interests frequently conflict. Like U.S. foreign policy, it is a function of the leadership in place at the time, the forcefulness and effectiveness of that leadership, and is subject to shifts in direction. In the next section we will examine Japanese domestic politics as they affect the security relationship.

4. Japan's Domestic Politics

The alliance is subject to the consent of the Japanese people, who appear to be increasingly interested in a more competitive two-party political system. This section will look at Japanese politics since the end of the occupation, and will examine the issue of the U.S. bases in Japan and its political ramifications.

The U.S. occupation formally ended in 1952, with the establishment of the current form of government along British parliamentary lines, but preserving much of the Meiji-era political structure. The 1947 constitution provided for lower and upper houses of the Diet, a prime minister elected by the majority party in the lower house, and retained the Emperor as a symbolic head of state. The prime minister appoints the 20 cabinet members, who, in turn, preside over the bureaucracies which operate the wheels of government. The Japan Defense Agency is a cabinet-level organization, but ranks among the second-tier state ministries, headed by an agency director rather than a minister of defense (see Figure 10 on the next page).

In October 1955, two socialist factions united to form the Social Democratic Party; the next month, two conservative factions responded by coalescing into the Liberal Democratic Party, or LDP. Appealing to the electorate's desire for stability and economic growth, the LDP maintained a hold on political power until 1993, when it split apart, victim of centrifugal forces which had been building for decades.

The success of the LDP meant that despite the fact that there were rival parties on the right and left, its domination of the broad center kept the competition to the sidelines. The LDP frequently ran several candidates for the same offices, ensuring party control regardless of the victor. The LDP also succeeded in gerrymandering its districts such that its rural voter base remained decisive, despite the fact that unequal representation became commonplace. Districts were also represented by multiple LDP politicians, further biasing the political system. The LDP was a loose conglomerate of factions, which shaded issues one way or another to suit the purposes of the moment.

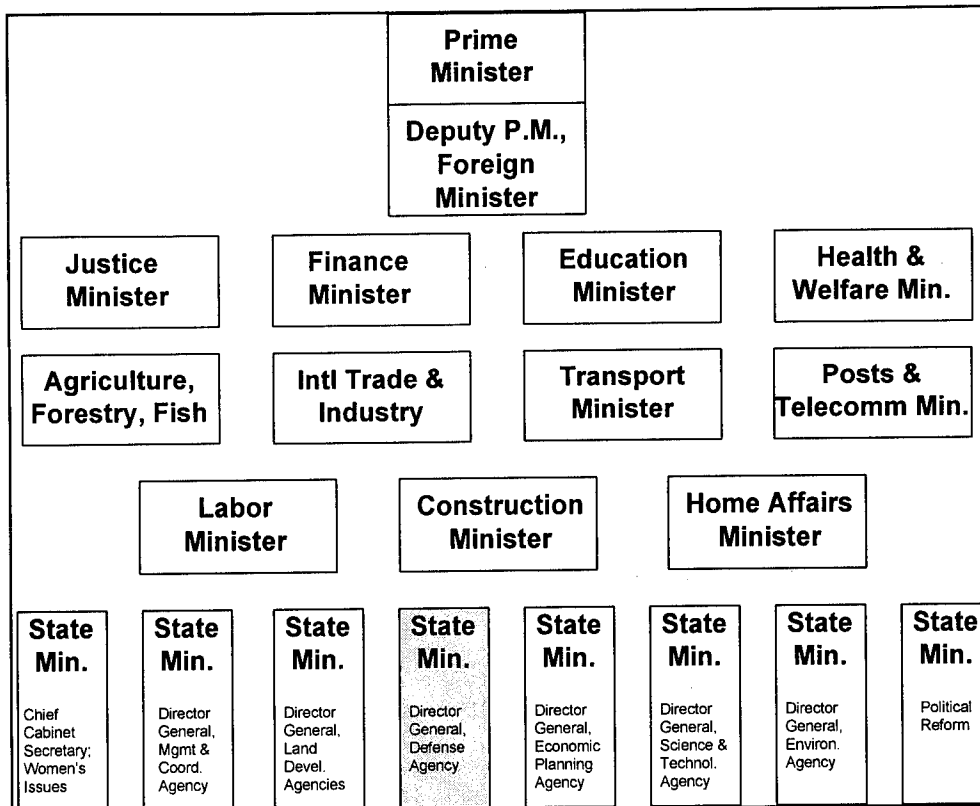


Figure 10. Prime Minister and Cabinet of Japan. Adapted from *Hosokawa Administration Inaugurated*, Japan Times News File, Tokyo: August 1993, p. 13.

But the LDP's collegiality contained the seeds of its downfall:

Today, Japan's political institutions have declined significantly in effectiveness. Their decline is responsible for the corruption that undermines public confidence and for the policy gridlock ... that hampers domestic and international decisionmaking. The decline began in the mid-1970s, when accumulated deficiencies began to weigh down the political system's responsiveness, representativity, and capacity for decision. By the late 1980s, the deficiencies were highly visible: a dysfunctional electoral system for the dominant lower house in Japan's parliament; a talented, powerful, but increasingly hide-bound central bureaucracy; a ruling LDP in thrall to money and faction; and an "eternal opposition" unready to take power.¹¹⁰

Japan broke the LDP's grip with the political turmoil of mid-1993, out of which emerged a fragile coalition of seven left- and centrist parties. They elected Morihiro Hosokawa, former governor of the Kumamoto prefecture on the island of Kyushu for eight years and LDP upper house member for 12, as their leader. A declared reformer, Hosokawa achieved instant popularity with an electorate ready for change.

Hosokawa's calls for change were cast in a series of three groups of initiatives:

Political reform - Currently, the 511 members of the lower house represent voters in Japan's 47 prefectures, which are further divided into electoral districts of three to six seats each. Often, representatives of the same district took diametrically opposed positions, and the will of the people was stymied in political deal-making. Hosokawa's plan called for reducing the total to 500, would institute single-member districts, and for reapportioning seats so that rural and urban areas are represented more proportionally. Further, campaign financing would be more rigorously controlled to stem corruption.

Economic reform - Hosokawa pushed through a \$60 billion economic stimulus package in his first months in office, which failed to reverse the 4-year recession Japan finds itself in. Some advisers told him that this was insufficient, believing that the only way the economy can recover is through an income tax cut, which could result in a deficit. The United States tried to convince him that deficit spending is not a bad thing, but he resisted. Another long-desired U.S. action would be the opening of markets, and progress in this area has been glacial. The U.S. is now threatening retaliatory action to punish Japan for not acting quickly to abide by the framework agreed to at the G-7 summit in Tokyo in July of 1993. Although Japan averted a crisis by allowing Motorola a larger share of its cellular telephone market, this is one small segment of one industry. Will the U.S. have to (or want to) pin Japan to the mat on every segment of every market? What price will that exact on the relationship?

Governmental reform - Although the bureaucracy has performed its function as designed, it is rigid and not adaptable to change. Hosokawa proposed deregulating the economy and streamlining government, but his successor and other pro-reform forces face stiff opposition from the cozy bureaucrat-politician establishment.

Underlying many of Hosokawa's ideas are those of Ichiro Ozawa, the behind-the-scenes leader of the Shinseito party, which split from the LDP after severe scandals. *The Japan Times* says that Ozawa and Hosokawa had a "shared vision" of the future.¹¹¹ According to a U.S. embassy analysis of Ozawa's latest book, *Plan to Reconstruct Japan*, he advocates strengthening executive leadership so that the prime minister functions more like a U.S. president; he would move policymaking out of the Diet and bureaucracy and into sub-cabinet offices. He thinks Japan should be a "normal" country with independent armed forces which would still cooperate closely with the U.S. and U.N. He stands for the strengthening of GATT and other free-trade implements. Domestically, he wants to improve Japan's infrastructure and quality of life, institute tax reform, reduce working hours, eliminate sex discrimination, and reduce government regulation.¹¹² Ozawa's influence is significant in the current cabinet, which underwent stresses and personnel changes resulting from reaction to ambitious reform programs.¹¹³

Hosokawa's reforms were sidelined by charges of campaign financing improprieties which resulted in his resignation. His replacement, former Deputy Prime Minister and Foreign Minister Tsutomu Hata, presides over a coalition whose socialist component is in rebellion. If the coalition cannot remain intact, we may see yet another government in the near future. Some observers have told us to expect several such iterations before Japan's political scene

settles out. What is unmistakable, however, is that the Japanese people want reform, and that reform is in their best interest.

Where do the reform initiatives impact the relationship with the United States? Shifting to single-member districts is in line with broad U.S. desires for a world of peaceful democratic nations, but some observers note that U.S. bases may feel more political heat under single-member districts. An anti-bases politician who runs on a platform of other issues that respond to the electorate may be able to succeed in closing bases, where before he or she met opposition from co-representatives from the same district who were influenced by pro-base commercial interests. Thus the reformed system may provide for more volatility on base issues than existed in the past.

The other reforms would probably create conditions more favorable for both the U.S. and Japan to continue a stable security relationship.

Base Issues

U.S. bases in Japan are highly visible, and from time to time, highly controversial. Under the treaty with Japan, the United States has exclusive use of 99 military facilities, and shares use of 51 others with the JSDF. The 99 sites serve a variety of functions:

<i>Facility</i>	<i>Mainland</i>	<i>Okinawa</i>
Air Bases	6	2
Ammunition Facilities	6	2
Communications Facilities	18	7
Housing Facilities	5	2
Logistics/Administration Facilities	9	6
Seaports	4	3
Petroleum/Oil/Lubricants Facilities	7	1
Training Facilities	3	15
Recreation Facilities	1	2
Total (99)	59	40

Table 1. U.S. Facilities by Function. Source: U.S. Forces Japan Command Briefing, April 1993.

Of the 370,000 serving in the U.S. Pacific Command, some 58,000 military personnel are stationed in Japan and afloat with the Seventh Fleet.¹¹⁴ In addition, the U.S. Department of Defense has 47,000 family members, 5,000 U.S. civilian employees, and 22,000 Japanese civilian employees in Japan¹¹⁵. The military members represent the services in the numbers shown on the next page.

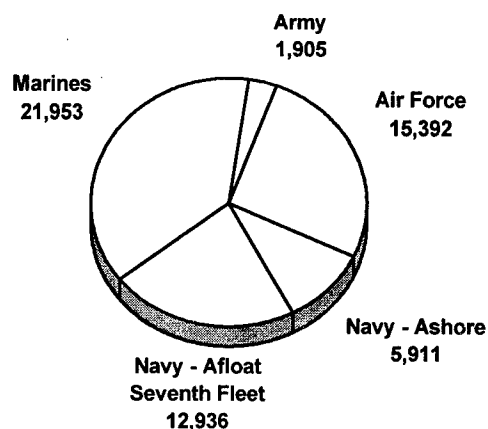


Figure 11. U.S. Military Members in Japan and Seventh Fleet Afloat.

Source: U.S. Forces Japan Command Briefing, April 1993.

Such a presence of personnel and equipment has an unquestionable impact on the host nation. The safety of the Japanese public and sensitivity to their concerns over noise and inconvenience constitute the bulk of U.S. military commanders' concerns about the effect of the bases on daily life. Japanese homeowners have successfully gone to court over noise problems at Atsugi, Yokota, and other bases. In Okinawa, Japan's poorest and most neglected prefecture, where more than half of the U.S. military presence is concentrated, issues have assumed major proportions. Aircraft mishaps, live fire incidents, brush fires, soil erosion, jet night landing practice, and other problems receive front-page attention whenever they occur, and steps have been taken to reduce complaints from neighboring communities. Some U.S. Navy night carrier landing practice which had taken place at mainland bases also became an issue, and much of this was moved to Iwo Jima to deflect criticism. Japanese public opinion could turn against the U.S. if there were a major aircraft or other military-related accident with loss of Japanese life, and could be especially threatening to the security relationship if it occurred at a time when other tensions between the two countries were high.

There are other irritants, however:

Lifestyle Differences - The U.S. service family stationed in Japan might typically live in base housing of about 1300 square feet, and operate electric appliances as much as they do at home. A typical Japanese family of four lives in about 800 square feet, and uses far less energy. When these lifestyles coexist in close quarters as they do in many communities, resentment and friction result. In light of the fact that the Japanese taxpayer is paying for the construction of housing and a share of the utilities expenses, it is not hard to see why this resentment exists.

Land Issues - Since Okinawa reverted to Japanese control in 1972, the Japanese have become more used to it as a vacation resort than a base for the strategic protection of its national interests. Landlords who leased land to the Japanese government for use by the United States have had lucrative offers to lease or sell the land for commercial development. The

military port of Naha is seen as a prime commercial cargo and cruise ship port, and the U.S. and Japan are looking at alternative locations to develop a new port so that a transition can occur. Japan's strengthening environmental movement has blocked some of the alternatives under consideration. Yokota Air Base, the premier military airfield in Japan because of its proximity to Tokyo, is the subject of similar controversy. Even U.S. flag airlines have, with tacit Japanese approval, approached the Defense Department with proposals for joint military-commercial use of Yokota to take some pressure off hectic Narita International, the city's main airport. Host nation support could also become a hot-button issue if Japan's economy continues in recession and the percentage of host nation support increases, Japanese taxpayers may question what their investment is bringing them.

Ugly Americans - It used to be expected that there would be a certain number of bar fights and other violent incidents in host communities. Such was the cost of doing business. While the perpetrators have been dealt with more strictly than in the past, incidents still occur, and they receive growing public attention.

At least some of the friction is a function of the numbers of Americans stationed on Japanese soil — there is bound to be some level of cultural incompatibility. Add these to the uncounted numbers of American business and academic people in the country, and you have a sizable American presence. As Rear Admiral J.J. Hernandez, former commander of U.S. naval forces in Japan, says, however, this can be a positive influence. The more everyday Japanese see of our lifestyles and the open and friendly way in which most Americans go about living in a foreign environment, the better chance we have for understanding. The Americans in Japan during the occupation made a positive impression on the Japanese people which led us to the close cooperation we enjoy today, and today's American military people stationed in Japan have the opportunity to make positive impressions to help influence positive relations in the future.¹¹⁶

The Nuclear Issue

Japan is understandably skittish about allowing nuclear-armed or -powered platforms on Japanese soil, despite the fact that Japan's nuclear power industry is among the most prolific in the world. Japan is on the threshold of using large quantities of plutonium to power fast-breeder reactors, which generate more nuclear fuel than they consume. But they draw a clear distinction between nuclear power used for peaceful purposes and hosting nuclear warships; they are not at present amenable to naval nuclear power, and are even more opposed to nuclear weapons, although they went along with the U.S.'s "neither confirm nor deny" policy for years. If the United States were to decide to retire its fossil-fuel-powered carriers, there would be considerable resistance to permitting a nuclear-powered carrier to be substituted. Part of their concern stems from their own unfortunate experience with a nuclear-powered research ship, the N.S. *Mutsu*. It had numerous operational problems, which so upset the nation that even the shipyard that built it refused to welcome it home to have its reactor removed. It has since been dismantled. Professor Seizaburo Sato feels that if the U.S. and Japan work together well in advance of a decision to deploy a nuclear-powered carrier to Japan, the Japanese public could be conditioned to accept a nuclear-powered carrier; others, however, felt that a decision to bring in such a carrier could cause political unrest in the country and calls for breaking the security treaty.

Military Hardware Procurement

The U.S. has a number of foreign military sales and co-production agreements with Japan, and until the mid-1980s they have been more or less harmonious. There was sharp disagreement over Japan's plan to develop an indigenous fighter, the FS-X. After protracted debate in the U.S. Congress, Japan was persuaded to co-produce (with American firms) a variant of the F-16 in Japan. Japan's naval ships are mostly Japanese in content — the hulls are Japanese, the propulsion systems are Japanese, and most of the electronics are Japanese. The weapon systems are mostly American. Japan is very interested in producing its own weapon systems, and this has led American contractors to express an interest in competing in other ship system areas they have heretofore stayed away from. While a disagreement over ship component production could not by itself damage the security relationship, as part of a larger dispute over defense hardware (theater missile defense being an example), it could contribute to a straining of relations. Japan's successful unmanned space program, while not economically profitable at the moment, could emerge as a competitor like the French *Ariane* and Russian commercial space ventures, giving NASA and U.S. civilian launch companies a run for their money.

Japan is also involved in co-production of the Boeing 777. Boeing says that it could not survive the massive startup costs of a new airliner without the assistance that Japan, Australia, and others are providing. Critics charge, however, that Japan is using the 777 co-production program as a means to develop the skills to create its own large aircraft industry, which could lead to a "Japanese Airbus," eventually competing head-to-head with Boeing, the U.S.'s premier overseas money maker; and which could lead to a capacity to produce airlifters needed for power projection. A disagreement over Japan's participation in the 777 and other co-production, military or civil, could impact the security relationship in a negative way.

5. Serious Dispute Over Trade

Crossing the boundaries of U.S. and Japanese foreign and domestic policies is the thorny and complex question of trade. The U.S. and Japan have had a trade imbalance for as long as Japan has been a global economic power, and the U.S. has declined in competitiveness in many fields. The next figure shows the deficit in merchandise trade from 1975 to the present:

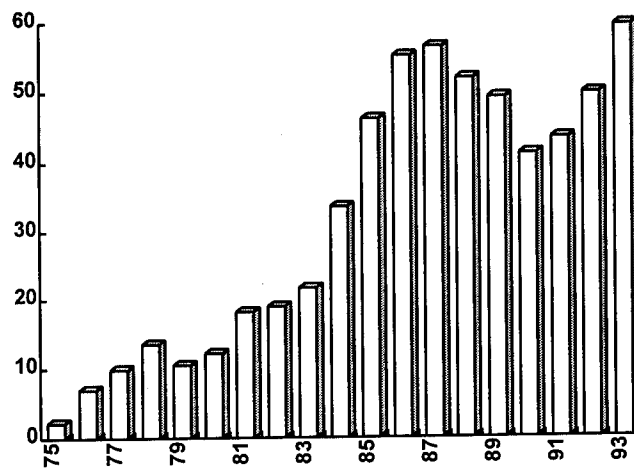


Figure 12. Japan's Trade Surplus (Merchandise) with the United States, 1975-1993. Source: U.S. Census Bureau, Foreign Trade Division.

Economic conditions in the U.S. in the late 1980s and early 1990s prompted more and more vocal responses to the growing trade deficit. The low point of relations was President Bush's ill-conceived trip to Japan in January of 1992, when accompanied by the protectionist chief executives of the "big three" American auto makers, he tried to push the Japanese to open their markets, and was humiliated in the process, made all the worse by a flu attack which caused him embarrassing "discomfort" at a state dinner. The state of trade relations between the two countries, despite new leadership, remains tense.

Compounding the confusion of our trade relations with Japan is the matter of defining the terms of the trade balance. Mostly, we hear of the trade deficit in merchandise, but ignore the balance in services, a growing sector of the U.S. economy at home and overseas. Charles Wolf urges us not to look just at our trade deficit, but at our *current-account deficit*, defined as the "excess of U.S. payments for all imports of goods and services over its earnings from exports of goods and services." The subject of our most onerous disagreement with Japan has been our *trade* deficit (just merchandise, not services). Even if Japan opened its markets fully to U.S. goods, the trade deficit would not go away: "Increased U.S. exports to Japan will simply lead to increased U.S. imports from Japan or elsewhere, or reductions in other U.S. exports, without changing the overall U.S. current-account deficit." Wolf's prescription for redressing this problem is either a rise in U.S. gross savings or a fall in U.S. gross investment, which he says could come from a severe recession, or preferably by reductions in government spending or changes in the U.S. tax structure (and the American psyche) to stimulate saving.¹¹⁷ A failure to act to balance the current account will mean continued problems with our trading partners, and no end to the tendency to blame Japan for our problems.

Although President Clinton and former Prime Minister Hosokawa took pains to indicate that the security relationship would be totally separate from the present dispute over the Japanese trade surplus with the U.S., some observers suggested that the public disagreement

of these two leaders was intentional and held political gains for both. Clinton could claim that he held tough on access to Japan's markets, and Hosokawa could say that he stood up to American strong-arm tactics, while both worked behind the scenes to hammer out a compromise. But if no such compromise is reached with Prime Minister Hata, one could foresee a worsening of overall relations. The "Super 301" provisions of the U.S. trade laws of 1974 and 1988 could identify Japan as an unfair trading partner, and could lead to the imposition of punitive tariffs of up to 100% on Japanese goods sold in the U.S. If the U.S. imposes sanctions on Japan, or raises tariffs on Japanese goods entering the U.S. market, a trade war could erupt which could erode the relationship further.

6. Alternate Regional Security Structures

We have already addressed ASEAN and its plan to hold high-level security consultations in conjunction with annual Post-Ministerial Conferences. To date, ASEAN is the most promising vehicle for multilateral security talks, but it is not the only one.

Asia-Pacific Economic Cooperation (APEC) talks, begun in 1989, include 16 member states of Asia, the Pacific, and North and South America, and will expand. Its name suggests that its primary focus is economic, and that has been the case with each meeting, but in a departure from earlier administrations, the current administration clearly links security and economics, and sees the United States as an active participant in both bilateral and multilateral security arrangements; The Assistant Secretary of State for East Asian/Pacific Affairs, Winston Lord, wrote:

The Pacific community I see emerging in the next century is one where prosperity, democracy, and security will be mutually reinforcing. These goals, and their achievement, cannot be separated in the long run. Prosperity will lead to demands for democracy and a greater stake in security.

Enhanced security allows nations to concentrate on development. Over time, open political systems are required for growth, and they make more peaceful neighbors. In celebrating the region's economic breakthrough, which has made it a global trend-setter, [the APEC meetings] will bring closer the creation of an Asia-Pacific community of shared prosperity, shared security, and shared values.¹¹⁸

While some regional states are not enthusiastic about multilateral security arrangements which include the United States, most welcome the opportunity to bring issues forward and discuss them rather than resort to armed conflict.

There have been other multilateral agreements, such as the Five Power Defense Arrangement which dates to 1971 and which protects the shared interests of the United Kingdom, Australia, New Zealand, Malaysia, and Singapore. Though less likely than ASEAN or APEC to bring about an effective structure, security dimensions could evolve in other organizations such as the Council for Security and Cooperation in Asia/Pacific, CSCAP, modeled on the European CSCE, an East Asia Economic Caucus (a Malaysian concept excluding the United

States and Canada), or an ASEAN Free Trade Area. There are also proposals for a body consisting of North Pacific states, and for a "PAC 5", a G-7-like organization including the United States, Canada, Australia, Japan, and South Korea.¹¹⁹

Journalist Hisayoshi Ina notes the attributes of both multilateral and bilateral security arrangements in the following table:

Multilateral	Bilateral
LARGE AREA	LIMITED AREA
CONSENSUS	QUICK DECISION MAKING
DIFFUSE	COHESIVE
SYMBOLIC	SUBSTANTIAL

Table 2. Multilateral vs Bilateral Security. Source: Hisayoshi Ina, "A New Multilateral Approach for the Pacific: Beyond the Bilateral Security Network"

Ina believes that the United States can use its influence directly via bilateral agreements, and as the underpinning of multilateral arrangements, to help provide a continuing stable environment for economic development. Being a member of both allows the U.S. greater flexibility in handling matters that may lend themselves to solution by direct or collective action.

In the longer term, nation states may be less important than what Kenichi Ohmae calls region states, which he defines as natural economic zones which cross political borders, or which may be contained within a single country's borders. Examples are the "Cascadia" region of the U.S. Pacific Northwest and British Columbia, Hong Kong's relationship with China's special economic zones, and Japan's Kansai region built around Osaka and Kobe. Ohmae argues that U.S. policy should be crafted to account for such developments:

[The U.S.] can develop policy within the framework of the badly dated assumption that success in the global economy means pitting one nation's industries against another's. Or it can define policy with the awareness that the economic dynamics of a borderless world do not flow from such contrived head-to-head confrontations, but rather from the participation of specific regions in a global nexus of information, skill, trade, and investment.¹²⁰

For the time being, however, we are part of a nation-state system consisting of bilateral and multilateral relationships. Multilateral bodies, as the United Nations teaches us, can be unwieldy, however, and any multilateral arrangement may require strong leadership from time to time. Inis Claude observed:

Timely and decisive action by multilateral bodies ... is utterly dependent upon the determined leadership of a great power that has the resolution and audacity to move out front, to pull the majority along rather than to wait for it, to carry the lion's share of the burden while tolerating free riders, and to live with the inevitable criticism. Multilateralism is not the antithesis of unilateralism. It

depends upon, and starts with, unilateralism. Multilateralism is unilateralism plus.¹²¹

For now, American leadership is essential to maintaining regional security, and that means a continued military presence. In the long run, however, a viable security arrangement could emerge out of one or more of the organizations just discussed, or possibly among region states, which could lessen the need for a U.S. presence of the size currently stationed in the region. Over time, and with the resolution of the major disagreements between Japan, Russia, China, Taiwan, Korea, and other players, reliance on such a multilateral security agreement could cause fundamental changes in the U.S.-Japan relationship, but for now this is not likely. Maintaining strong bilateral ties, giving multilateralism the support it needs to address issues it is best suited for, and being prepared for the emergence of region states, would seem to be the most prudent path to follow.

7. Global or Regional Contingencies

The final category of potential trouble for the U.S.-Japan security relationship lies with protracted global or regional contingencies which occur away from the immediate area of Japan. Such an eventuality could be a catastrophe of immense proportions — an unprecedented earthquake on the U.S. west coast, an asteroid impact¹²², sudden environmental changes resulting from natural or human causes, a widespread famine, energy crisis leading to conflict, massive refugee movement, or global economic disaster, or some other as yet unforeseen calamity — an event large enough to prompt the re-deployment of U.S. forces. Or it could be a major conflict in the Middle East, Europe, or elsewhere, which would require maximum participation of these forces. In any case, the problem would be severe enough to cause the removal of large numbers of U.S. forces from Japan. This has happened before on a lower scale; forces to support the Gulf War were removed from Japan temporarily, and it happens every time *USS Independence* and its escorts depart Japanese home waters. This time, forces would be away from Japan for a long time — more than a year — and there would have to be a recognition in Japan that it was capable of getting along without these forces. Japan perhaps would act on other plans for facilities now used by the U.S., and at the end of the contingency, would tell us that these forces were no longer required in Japan.

Another possible grim scenario, this one set in Japan itself, is the prospect of a major earthquake on the Kanto Plain, as great or greater than that of 1923. Massively destructive earthquakes have struck Tokyo at roughly 70-year intervals for the last four centuries. Aside from the fearsome devastation that would befall this capital, it has been suggested that Japan would be so consumed economically with recovery that it would have to withdraw its financial backing of the developed and developing world, repatriating huge sums of money, and causing the world's "stock markets to crash, devastating the global economy."¹²³

Such scenarios fall at the low end of the probability scale today, but conceivably could come to pass, and could alter the security relationship, particularly if combined with one or more of the other possible hazards.

Factors in Combination

One could dream up any number of permutations and combinations involving the seven categories of factors just enumerated, for example:

- U.S. and Japanese emotions not carefully controlled during trade dispute (dispute expands to other market sectors beyond those in question today), and punitive/retaliatory measures are exchanged
- The U.S. budget crisis deepens, and we are forced to make even harder choices on the defense budget — overseas forces are included in a serious cut in defense spending
- U.S. politicians exploit an election-year issue over the paradox of unbalanced trade with Japan and the cost of the U.S. contribution to Asia-Pacific security. Further domestic base closings prompt calls to bring troops home
- The U.S. and Japan differ on a major foreign policy question, e.g., on how to handle North Korea or a unified nuclear-armed Korea
- The present coalition in Japan falls and the new government is less amenable to the existing form of security cooperation
- Japan becomes less dependent on the U.S. as a market, the current recession in Japan ends, and Japan enjoys explosive success in the markets in China, Vietnam, and elsewhere in the region
- The U.S. becomes less dependent on Japan as a supplier, turning to internal sources and new sources within NAFTA
- Political unrest in Japan results from a base-related incident or accident
- Japan moves forward and embraces one or more regional security arrangements and begins to recognize that it can be less dependent on the U.S. presence
- A large catastrophe or major conflict requires large numbers of U.S. forces to be deployed, including removal of some forces from Japan

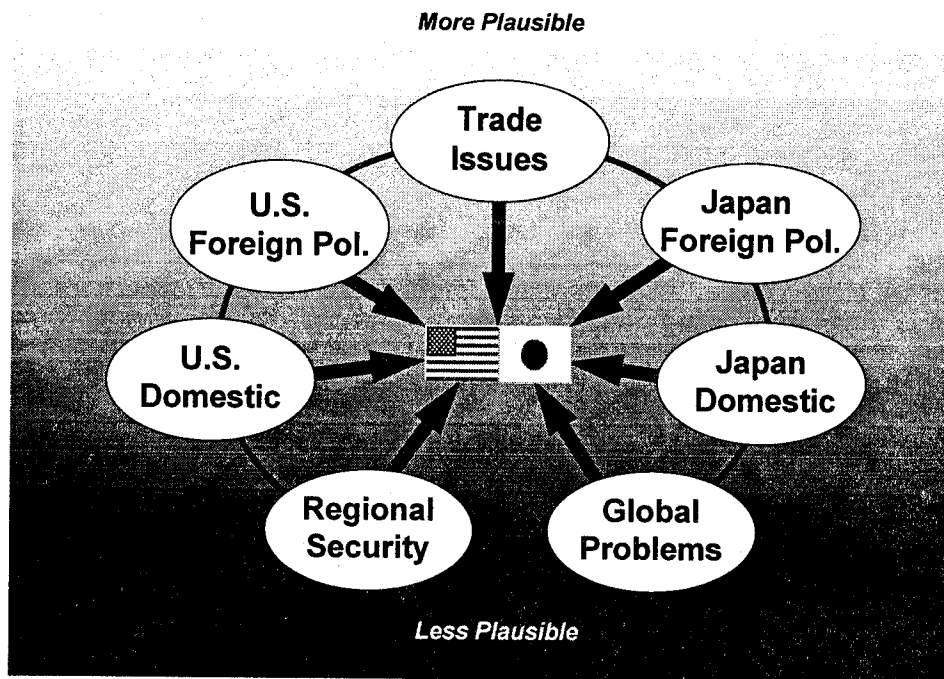


Figure 13. Factors which could influence the U.S.-Japan relationship. A very rough consensus of sources places the more plausible categories at the top, the less plausible at the bottom of this diagram.

This is but one illustration of how a deterioration of U.S.-Japan relations could develop out of a combination of factors, represented by the foregoing figure. It is important to keep in mind that in the past, both nations have been drawn into conflict, both economic and military, when it was clear that it was not in the national interest of either nation to do so. We must tend the U.S.-Japan relationship very carefully to prevent it from unraveling, and there are measures we and the Japanese could take to strengthen the relationship and make it a positive force in the region and in the world community. The final chapter will make recommendations along these lines.

7. Conclusions and Recommendations

In this final chapter we will address the conclusions reached in this study, and will make two sets of recommendations. The recommendations are separated into broad policy issues which can only be addressed at the national level, and more specific, practical steps which can be taken at the working level to improve the prospects of a successful security relationship between Japan and the United States.

Conclusions

The relationship between the United States and Japan has been a solid one, but the chronic trade imbalance, brought about partly by Japan's mercantile policy direction, and partly by American appetite for Japanese goods and our own loss of competitiveness and fiscal impropriety, remains the most intractable and most worrisome dimension of the overall relationship. Recent U.S. actions raise the possibility of invoking "Super 301" causing, for the first time, trade disagreements to spill over into other dimensions of the relationship. Clearly, it is not in the best interest of either party for a trade war to emerge. We can only hope that the current administration's exercise of political muscle causes Japan to react favorably to such *gaiatsu*. Japan must consider its reaction carefully — a positive response (as viewed by the U.S.) could have widespread and potentially unsettling effects on the Japanese economy, the Japanese working family, and the Japanese political system. A negative or hostile response from Japan could endanger its long-term relationship with the U.S., and could result in a loss of mutual trust and confidence, the underpinning of the security relationship and the key to regional stability. Both the U.S. and Japanese governments must recognize that they are walking a tightrope, and that the cost of miscalculation may be very high. And we must also recognize that one serious regional trade dispute could lead to others — the United States has had trade problems with South Korea, China, and Australia, and those relationships could be affected by a wider U.S.-Japan rift, because many of the issues are parallel.

The other factors supporting the security relationship, including U.S. foreign policy and domestic (read budgetary) affairs, and Japanese foreign and domestic affairs, are also in a state of flux. The United States' failure to cope with the accelerating deficit and national debt, unless end-of-century trends are sharply and painfully reversed, will have a decisive effect on our ability to continue a leadership role, and may reach crisis before the year 2010. This failure, if combined with a diffuse and confused foreign policy, is a recipe for mediocrity, and can result in a global loss of respect for the United States, and in increased domestic difficulties. Japan, recovering from the present recession leaner and more competitive, and successful in the new markets in Asia, may elect to follow a different path, distancing itself from the United States politically, and pursuing its dream of global leadership à la *Pax Nipponica*, with or without powerful military forces.

Other, less likely, eventualities may complicate the picture, acting with the above factors to aggravate the situation, making a tense relationship more unwieldy, or a deteriorated relationship a lost friendship.

Broad Policy Recommendations

The current U.S. administration points with pride to the substantial reduction it has forged in the annual deficit, and uses this argument to defend against Japan's charges that the U.S. must act first to get its fiscal house in order before prescribing changes in Japan's economy. The argument is that now that the U.S. has acted, it is now Japan's turn. On the other hand, those who take the long view and see the U.S. deficit spiraling out of control, are more apt to argue that the U.S. has *not* put its own house in order, and that more permanent remedies must be applied.

Regardless of what Japan does or says, the United States, for its own sake and the sake of rising generations who must pay the bills, should follow the prescription written by Samuel Huntington:

A positive and constructive American strategy would aim to correct the economic weaknesses that have made possible the relative growth of Japanese economic power. These weaknesses include: first, the ongoing budget deficit ...; second, the low savings rate of Americans ... which is much too low to provide the resources needed for investment; third, inadequate spending on research and development, particularly for non-military purposes; and fourth, and most important, the potentially catastrophic deficiencies in the education and training of American youth and the resulting decline in the quality of the workforce.¹²⁴

More specifically, to affirm the bond with Japan, the United States should:

- Define its role. Will it be the benign superpower, leader of the "New World Order," extending a hegemonic *Pax Americana*? Will it pursue a strategy of engagement, pressing for the enlargement of the world's free community of market democracies? As Nixon and Kissinger suggested, is America a nation in decline, on the way to second-rate status as a result of what Paul Kennedy calls "imperial overstretch?"¹²⁵ Will it, more optimistically, overcome its economic problems and continue to be a great power? Or will it be a partner among equals, listening to its friends, sharing power and responsibility, but maintaining an internal focus?
- Choose the path of cooperation rather than confrontation, and build a Pacific framework for resolving differences through dialogue. If the United States desires to continue in its leadership role, it must recover the economic means which underpin our leadership. Just as importantly, we must listen to our friends, consider alternatives, select the best path, and pursue it decisively and consistently. Where consistency is not possible, we should have a rational reason for changing course, a reason that is readily explainable to the American public and to the world, and should make changes with resolve.

- Conduct a coherent foreign policy and place it in its proper perspective, not as an adjunct to domestic economic considerations. The United States should not understand that staring at the world through the thick lens of domestic economic concerns distorts our view, and causes us to look at our feet, seemingly the only things in focus. If we are in motion, as we surely are, then looking at our feet may cause us, at some point, to walk into a wall. Foreign policy deserves more priority than it gets from the current administration. We must carefully balance moral, economic, and strategic objectives. We should employ the best Japan experts we have at the highest policy-making levels of the government, and listen to their advice. We must refrain from bullying the Japanese. We should resuscitate regular high-level dialogue via what Kent Calder calls Wisemen's Groups, appointed by the heads of state to help bridge the gaps in understanding that hamper the relationship.¹²⁶
- Learn from the experiences of other Western countries who, like us, have shifted their focus to Asia. Australia has made bold changes in its immigration, security, diplomatic, and economic policy, welcoming Asia to Australia, and hoping to establish itself as a partner in expected Asian economic success. Australia conducts military exercises with a number of smaller states in the region, and promotes joint air-sea surveillance efforts as confidence building measures. Canada, though beset by economic and political difficulties, is looking more to the Pacific, shifting its security policy away from NATO and NORAD (although it still supports both) toward more capable forces on the west coast. Both nations have rapidly expanding Asian populations, and have a growing interest in trans-Pacific ties, while maintaining a global commitment to U.N. peacekeeping operations.
- Express our concerns over human rights and democratization, and must insist upon and reward progress, but we should not press these issues so vehemently that we lose sight of our long-term security requirements. We must give Japan a share of responsibility in the world community commensurate with its economic power and its willingness to take a more open world view. We must put to rest the Cold War aphorism that was applied to NATO but could just as well apply to Japan, that says the alliance's purpose was to keep "the Russians out, the Americans in, and the Germans down." Our role as a regional balancer has never been more important, and we must continue to be able to broker and balance the concerns of the states in the region. We must reverse the perception that we are drawing back from the Pacific, and erase the doubts about our resolve to keep a strong military presence in the region and to act if called upon. And we must follow through on efforts to deal with our economic status and redefine ourselves as a steady-state power rather than as a declining one.
- Follow the advice of Charles Morrison, who suggests that we view ourselves and the Japanese as competing businesses on the same street but belonging to the same chamber of commerce — working together to preserve the vigor of the community — but if the community dies, they both go under.¹²⁷ And we must take pains to keep Japan and South Korea as allies, keep communications open with other nations, and not allow

ourselves to be caught between conflicting interests, forced to side with one ally against another.

- Craft a foreign policy, based on a renewed economic vigor, which is seen by other nations as non-threatening, but which makes the U.S. an exemplar of values and practices to which they might aspire, inspiring confidence and engendering stability. It should listen to its friends and opponents, and wisely choose a path that will provide a measure of satisfaction to the needs of other nations. If we lose the world's confidence, whether through economic failure or by actions in the foreign policy arena which lack decisiveness and prudence, we may find ourselves in a more difficult position. Japan measures our actions against our words in everything we do; for now they are content with the security relationship as it stands, but many feel that Japan and others, taking a long view and looking at all the possible outcomes, are quietly planning for the eventuality that the United States no longer has the capability or desire to be the guarantor of Japan's security and regional stability.
- Recognize that the U.S.-Japan relationship is in transition, and manage that change rather than be driven by it. Within the U.S. government, formulate a cohesive set of Japan policies which recognize that whether we like it or not, economic and security interests are linked. Establish clear, mutually agreed-upon objectives for cooperation with Japan and pursue them in a positive manner.
- Insist on balancing the domestic budget by the year 2010, by controlling the growth of entitlements and by holding the line on wasteful spending. Begin to pay down the national debt. If we succeed, as we surely can, in recovering from these decades of excess, there is nothing preventing our continued role of leadership in the world.
- Help U.S. workers become more competitive by improving the quality of education, by creating closer association between education, industry, and government, and by giving American students a much better appreciation of Japanese language and culture. Provide adequate support to private sector research and development, and especially to production and marketing (where the most value-added dollars are earned). Japan and Germany, while unique economies in their own right with their own formulae for success, may provide important elements for crafting an American solution tailored to our society.
- Become a partner with Japan in promoting democratic free-market values in areas of the world which have not yet developed them. Japan should have a permanent seat on the U.N. Security Council, if it decides that it wishes to make the same commitment the other permanent members have made, and should continue to be called upon for peacekeeping roles (independently from U.S. participation in these operations, so that Japan is not seen as a junior partner under American control), overseas development, and diplomatic support of common interests. As Frank Fukuyama and K. D. Oh point out, "relinquishing some of its traditional leadership role will prove challenging to American policymakers, but if the United States is to maintain the respect of its allies, this greater equality will be necessary."¹²⁸

- Continue to promote multilateralism while maintaining strong bilateral ties. APEC, ASEAN and its dialogue partners, and other multilateral bodies can be effective vehicles for cooperation, complementing existing bilateral relationships. We must be prepared to cooperate on a series of parallel, or not so parallel tracks. If the U.S. and Japan can engage and operate effectively in emerging markets in the region, we will be dependent, in a positive way, on each other's cooperation, and will contribute to creating an atmosphere of trust among regional nations. The United States should also continue to provide some level economic assistance to the region, and not let Japan be the only contributor of aid.
- Create a new set of attitudes and assumptions about Japan in the United States, and about the United States in Japan. Douglas MacArthur was quoted as saying that all Japanese are like 12-year-old children,¹²⁹ and to some degree this attitude of condescension still exists. Ours can no longer be a "big brother, little brother" relationship, and must evolve to a more positive, cooperative state. It is up to political leaders in both countries to turn perceptions around. We need to build on common interests in concrete ways and put differences into perspective. As Brookings' Harry Harding and Edward Lincoln observe, "It would be as foolish to ignore the common interests of the two countries as it would to paper over the differences through appeals to vague concepts of partnership and harmony."¹³⁰ Former U.S. trade negotiator Clyde Prestowitz cautions against developing unrealistic expectations: "The U.S. is, in effect, asking Japan to change the nature of its society, and Japan is responding the same way. Neither side has sufficient understanding of the other side to really make that request. It is becoming enormously more difficult and because of that I personally fear that the frictions are not going to go away but may become more intense."¹³¹ Without a change in mutual perception, this indeed may come to pass.
- Make a more concerted effort to market U.S. goods effectively in Japan. This year, Ford is offering right-hand drive cars in Japan for the first time; in the past, U.S. manufacturers have only tried to sell left-hand drive cars with large engines, considered wasteful and unnecessary by frugal Japanese consumers. U.S. industries are getting better at preparing sales presentations in Japanese, but more needs to be done in this area as well.
- Come to a clear understanding of the difference between the withdrawal of forces from Korea after possible reunification or a major reduction in tension, and the need for forces to remain in Japan. Forces in Korea were a visible deterrent to the last vestiges of Communism; forces in Japan were part of a Cold War deterrent, but more importantly provided a stable environment for economic growth and regional cooperation — that mission must continue, and the U.S. forces in Japan, and in the Western Pacific in general, must have sufficient capability to carry it out.
- Encourage our educational system and our students to pursue the study of the Japanese culture, language, and customs; we should increase the opportunities for advanced study

in Japan; and we should create more career opportunities for Asia scholars in the academic, business, and government communities.

Japan, for its part, should:

- Recognize that its economic strength may represent a threat to other developed nations, and in the long run to Japan's best interests. This threat is not inconsiderable; Japan should divest itself of structural barriers, further open its economy to foreign goods, and should take no part in unfair trading practices.
- Become more open to foreign presence, study, and cultures. Try to live up to the hopes and ideals expressed by Yoshikazu Sakamoto (Chapter 3).
- Act decisively to raise its citizens' standard of living. Many of its cities lack first-world sanitation, transportation, and other public facilities. A national infrastructure revitalization would create jobs for Japanese and foreign workers, improve working and living conditions, and would assist Japan to achieve its aspirations as a model state.
- Continue the process of healing World War II's wounds through actions as well as words. This process, if tended to consistently, will become easier with time, as those who experienced personal losses are fewer in number.
- Be ready and willing early on to contribute financially, and with at least non-combatant forces, to future major operations which the United Nations decides it must commit itself. Japan's slowness to respond to pleas for help during Desert Shield and Desert Storm, regardless of the generosity of its final contribution, showed an international insularity and reluctance to live up to its world economic position. This tarnished Japan's image and complicated its relations with many nations who responded to the call without hesitation.
- Continue to demonstrate to the world that Japan's altruism in Overseas Development Assistance is real and is independent of Japan's economic expectations for the country receiving aid.
- Contribute more to the stabilization and economic conversion of Russia, deferring action on the Northern Territories until a steadier, market-oriented democracy is in place. This will serve Japan's long-term interests better than holding back on aid at this critical moment in Russia's history.
- Encourage Japanese students to become more analytic scholars. Encourage them to be students of America. Japan would benefit by having leaders in business and government who can rationalize and synthesize more effectively. The Japanese government has a number of North America experts, but needs more, and public understanding of us is low — Japan's in-depth knowledge of the United States is as scarce as our in-depth knowledge of them.

Specific Recommendations

At the working level, there are a number of things which could be done to help develop a renewed, mutually-beneficial security relationship:

- Strengthen ties between U.S. officers serving in Japan and their counterparts, putting the “big brother - little brother” relationship behind us and treating Japan as a mature, independent democracy. Look at forming one of Calder’s “Wisemen’s Groups” at this level, consisting of experienced former military officers from both nations who can use a longer perspective and provide counsel to today’s military leaders in Japan.
- Study the possibility of closing or consolidating some of the 99 exclusive use and facilities in Japan, giving first consideration to preserving the capabilities of U.S. forces in Japan, but also looking at cost savings and political good will generated by returning some facilities to Japan.
- At the same time, we should carefully consider the collective, cumulative effect of U.S. military withdrawals and reductions from the Pacific region that have occurred since the Philippine withdrawal. Any future withdrawals should be looked at from an overall, joint strategic perspective, not just by individual services. We need to be conscious that if we descend below the threshold of sufficiency, a vague line which lies somewhere in the perception of the beholder, we may lose the stabilizing influence we seek to maintain; in other words, the United States needs to define, as best it can, what absolute minimum level of military forces will preserve a perception of credible strength.
- Continue to minimize the impact of bases and platforms on Japanese society. This means a sustained emphasis on safety, noise abatement, off-duty behavior, “good neighbor” practices, energy conservation, and political sensitivity.
- Examine the applicability of serial-bilateral naval exercises in the Western Pacific, following on the experience in *Unitas* in Latin America, and of eventually creating standing regional naval forces perhaps modeled on NATO’s Standing Naval Forces in the Atlantic and Mediterranean. Both *Unitas* and NATO’s standing forces have proved successful means of bilateral and multilateral training and cooperation in other parts of the world.
- If we insist that Japan not develop its own long-range air and sealift capabilities, we should be more forthcoming in offering them U.S. assistance with these missions, especially if they are sanctioned by the United Nations. This will obviate any perceived requirement for Japan to spend its funds to acquire these capabilities, and will alleviate regional concerns over Japan’s development of a power projection capacity.
- Provide better training and preparation for U.S. military officers who deal directly with Japanese counterparts. If our relationship is to grow to be more of a partnership of equals, then we must be more knowledgeable, sensitive, and forward-looking than we are now. The U.S. Army’s Foreign Area Officer (FAO) program was designed to provide a

cadre of individuals with deep knowledge of language, customs, history, and politics. The Army generally, however, does not regard its FAOs as promotable beyond the rank of lieutenant colonel or colonel, and the other services lack such a program entirely. While it will not be possible to send each officer headed for Japan to a lengthy course of study which FAOs in the past have attended, we must do a better job of preparing our working-level leaders for being better counterparts to the Japanese.

- Improve the communication among U.S. commands and agencies which deal with Japan. Coordinating State, Defense, Commerce, and other organizations with a mission in Japan would project a consistency and a purpose that has been lacking in some instances.
- Study the achievements and strategies of our Canadian and Australian allies. They have formulated new approaches and have assumed new attitudes about participating in Asia's economic progress.
- Sponsor further research on U.S.-Japan relations, at the macro and micro levels, to improve our understanding of Japan and reduce the risk of miscalculation.

Whether the U.S.-Japan security relationship survives, and how long it survives, are entirely dependent upon the two nations' ability to adapt to changing circumstances, and upon their ability to stay focused on the mutual interests which the relationship rests. Both nations are beset by daunting preoccupations, and they must find a way to deal successfully with them as they enter a new century. They must believe that affirming their friendship, overcoming disagreement, and committing themselves to partnership in regional security and an evolutionary approach to their roles in world affairs. These tasks will require the utmost skill, diplomacy, political acumen, and popular support. The bond must be affirmed. The fate of two great nations, the stability of the world's most economically promising region, and the future of our children, all hang in the balance.

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