

CHAPTER 10

Asia and U.S.-Japan Relations Since the Reversion of Okinawa

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I

The Reversion of Okinawa was really a milestone in the U.S.-Japan relationship, as it enabled the two countries to move from one relationship to another. The U.S.-Japan Security Treaty, the basic instrument of the partnership, was signed in 1951, and was revised in 1980, but it was still on a fragile basis in the middle of the 1960s. It had a fundamental weakness in the fact that it was an alliance between the victor and the vanquished. Though the alliance was mutually beneficial objectively, not a few Japanese were unhappy with it. Huge demonstrations in 1960, when the treaty was revised in a form more favorable to Japan, were the most eloquent expression of such a feeling.

The causes of the opposition to the Treaty were many and diverse, and should not be simplified, but the main reason of the strength of the opposition can be found in the slogan, "Tai-bei jyzoku" (Japan is in a subordinate position relative to the U.S.). Whether this was true or not was debatable, and many Americans, especially diplomats and foreign policy-makers, tried hard to erase this memory. But the fact was that many felt so and Okinawa symbolized the unequal aspects of the relationship between the two countries.

The above danger was recognized by some, the most prominent among whom was Professor Reischauer, who wrote an article for *Foreign Affairs* in 1960, and was appointed to be the Ambassador to Japan. He pointed out the gap in perception between Japanese and Americans. After he came to Japan, Ambassador Reischauer

made strenuous efforts to have dialogues by visiting many places in Japan to talk and began to work for the reversion of Okinawa earlier than any Japanese. Careful handling of the matter by Prime Minister Sato and good judgment by U.S. policy-makers about military strategy made the reversion possible. The general election in the end of 1960 after the agreement to return Okinawa within two to three years resulted in a land-slide victory for the governing party and 1970 did not repeat 1960, though many had been afraid of this occurring.

It was a remarkable achievement in view of the Vietnam War, which made the United States unpopular among the Japanese and made life difficult for Japanese policy-makers. The prestige of the United States had never been tarnished so much. The war made the U.S. government unpopular among the Americans. The government of the two countries had to act from weak positions at home. Therefore it was praiseworthy that the two governments took bold action. Prime Minister Sato decided to work for the reversion of Okinawa. If the U.S. government had failed to respond favorably, the Sato government would have had to resign in a dishonorable way, and the United States would have become so unpopular among the Japanese that the U.S.-Japan alliance might have been jeopardized. The lesson is that one must sometimes take a bold initiative, especially in adversity.

II

Okinawa was indeed a thorn in the side,

and, if not taken care of, may have damaged the U.S.-Japan relationship. The reversion of Okinawa removed the thorn and generated goodwill, without which U.S.-Japan relations might not have endured the storm later. In 1971 the Japanese had to experience two shocks: the dollar was made inconvertible in July and in August the Sino-U.S. rapprochement was achieved with the announcement of the coming visit of President Nixon to Beijing. The two shocks were preceded by trade conflict: the Nixon administration asked the Japanese government to voluntarily restrict its export of artificial fiber to the U.S. Compromise was slow to emerge.

All these developments were inevitable, as the U.S. ceased to be as strong as it had been. In the middle of the 1960s some people talked about one and a half polar world, instead of a bipolar world. But the Vietnam War changed the situation dramatically. The leadership was weakened at home, the prestige of the U.S. was tarnished abroad and its economy was weakened as society lost its former stability. The relative position of the U.S. economy was bound to decline as it had been too high in the 1950s, but the Vietnam War quickened the process. Therefore the United States had to reduce its commitments and to act more vigorously to serve its particular interests. The world became more multi-polar.

Adaptation to new reality is always difficult and conflicts of interest and views tend to appear in the transition. For example, the normalization of the relationship between Washington and Beijing could have caused bitter feelings among the Japanese, for they had been willing to normalize Japanese relations with China, and had been prevented from doing so by the U.S. In fact, it had been a nightmare among the Japanese foreign policy establishment that the U.S. should establish diplomatic relations with China before Japan did. Their nightmare virtually became reality, but the resentment was not widespread. Prime Minister Sato should be given credit for his demeanor when he was informed of the U.S.-China rapprochement over Japanese heads. Also the rapprochement itself was a necessary and inevitable diplomatic act. But without the

goodwill generated by the reversion of Okinawa, Sato might have acted differently, or his position might have been untenable at home. It was fortunate that Japan and the United States could enter the turbulent waters of the 1970s after the Okinawa problem had been solved.

Since then we have come a very long way. Japan was able to join the international efforts to overcome the oil shocks and stagflation. China was peacefully brought into the international community. Japan and the United States cooperated to cope with the increased threat from the Soviet Union after the Soviet invasion of Afghanistan. The two countries have come through a difficult adjustment process as the balance of economic power changed. In the Gulf War, the two countries cooperated.

In all these there were differences of views and interests, and cooperation was far from satisfactory. Some were frustrated and unhappy, and became critical with the others. But this is only natural between nations. What is remarkable is that the U.S.-Japan alliance weathered all these storms and is now considered to be the most important bilateral relation in the world.

Yet we must learn from frictions and conflicts, as they demonstrate difficulties involved in transition from one type of relation to another. Though the alliance was transformed into an alliance of equals, old habits persisted.

It may be pertinent here to touch upon the tiresome process in which the details of the reversion were worked out in the two countries. In Japan the government was surprised to experience considerable difficulties in the ratification of the agreement in the Diet. The opposition attacked the government for pledging support to the U.S. military forces in case of a war on the Korean Peninsula. It was necessary and justified that the government should give such a pledge, because the U.S. military facilities in Okinawa were no longer given a special status. Before the reversion U.S. military forces were equipped with nuclear weapons, and were not obliged to consult prior to major changes in deployment, but after the reversion the U.S. military lost such prerogatives. As it was unwise to deploy tactically nuclear weapons on or near

the front line, denuclearization caused no problem. But general use of the bases in Japan was a different matter. One important function of them was to support U.S. military actions in Asia, on the Korean Peninsula in particular. Therefore the U.S. was justified to demand that Japan would cooperate willingly in the case of a war on the Korean Peninsula, and Sato was right to respond positively. It was a necessary act of cooperation between the U.S. and Japan. But the Japanese government did not make its different stance clear. A good opportunity to have serious and open discussions on security policy was missed.

The process was disturbed by the trade issues, i.e. U.S. demand of voluntary export restrictions of artificial fiber. It was understandable from the U.S. domestic perspective that the Nixon administration should so demand. But it was dubious whether it was the right policy. It was true that some of the industries concerned were having hard times. But statistics showed that the Japanese exports were still small and were not an important cause of the hardship of the U.S. industries. Their position could have been improved by efforts to modernize and increase competitiveness. VER can sometimes give breathing space in which one can modernize. But in more cases than not it becomes a hindrance as it makes one lazy. It is necessary to point out his small taint in the grand act of the reversion of Okinawa, since VER was repeatedly used in the 1970s to the detriment of true U.S. economic interests. The strong sometimes forget the need for reforms at home, as history shows.

III

Old habits die slowly in any case. But in U.S.-Japan relations, the nature of the alliance reinforced the old habits. For while it is beneficial to both, the U.S.-Japan alliance is of the most imbalanced kind. To put it more correctly, it is beneficial because it is imbalanced. The clearest imbalance lies in military and security policies.

Under the U.S.-Japan Security Treaty, Japan has enjoyed security at nominal cost. The

U.S. capability of nuclear deterrence constituted the basis of the Japanese national security policy, and the presence of the powerful American navy in the Western Pacific served as an effective counterforce against the Soviet Union. The military capabilities of the United States alone assured Japan's national security, and their effectiveness remained unchallenged until the beginning of the 1970s. This was the major reason why Japan could keep its defense spending low. During the 1950s, when Japan's gross national product was still small, military spending occasionally exceeded 2% of the GNP, but later it decreased gradually, and has remained below or around 1% since the mid-1960s.

On the other hand, the U.S. spent about 10% of its GNP for military purposes until the late 1960s. Military spending once declined to a little below 6% in the mid-1970s, but again increased to over 7% due to President Reagan's military expansion policy. U.S. military spending has been about 5-9% higher than that of Japan in percentage of GNP. It must be pointed out, however, that the above imbalance is both natural and beneficial. It is natural given the geopolitical location of the Japanese archipelago. The Japan archipelago is located at the edge of the Western Pacific and occupies a strategic point, blocking entry from Eurasia into the Pacific basin. U.S. control over the Pacific has been made almost perfect just because the U.S., which has the world's strongest navy, has an alliance with Japan, which is in a geopolitically advantageous position. Whether other countries around the world liked it or not, this fact constituted the basic framework of the world's political structure after the war. One must also remember that this fact made it possible for Japan to maintain a limited defense capacity after the war.

Thus, the U.S.-Japan Security Treaty brought benefits to Japan. Simultaneously, it was also beneficial for the U.S. as it allowed Americans to procure cooperation from Japan, a country located in a geopolitically advantageous position. In a word, the Treaty offered common interest to both countries. In other words, a heavy defense capacity of Japan is superfluous.

Military capability which is superfluous can often cause concern, and in the case of Japan, even natural and necessary defense capacity can make the other Asian countries uneasy because of the memory of the Pacific War. Therefore, the U.S.-Japan alliance contributes to the peace and stability of the Asia-Pacific region as it has kept Japan's military power at a limited level. It has made the Japanese safe and secure and hence the Asians safe. The so-called "capping" theory is an unfortunately vulgar description of the above important functions. In view of all this, it is easily predictable that any change that may occur in the U.S.-Japanese relation would cause a drastic change in the political and economic structure of the world.

Unfortunately, the first imbalance has been not an unimportant reason of the second imbalance, namely the trade imbalance. The trade imbalance is caused by several factors, the most important one being Americans' propensity to spend excessively. But military expenditures is one important way of spending. The great gap in military spending may have had negligible impact when the U.S. boasted of overwhelming national power, which has ceased to be the case since the beginning of the 1970s.

This large military spending has put a burden on the U.S. The U.S. industrial investment has been about 10% lower than in Japan. This is because Americans are more oriented toward consumption than the Japanese, and also because the U.S. is compelled to spend a lot for military expenditure. The cost of maintaining a massive military capability is not limited to the economic sphere. There is a great requirement for human resources, as evidenced by the fact that nearly 40% of American university graduates from the faculties of science and engineering become employed by the war industry. On the other hand, in Japan, where the ratio of university students specializing in science and engineering is high and the number of such graduates almost equals that of the U.S., such "outflux" is rare. By this comparison, one can easily understand the weight of this burden on the U.S. In other words, Japan is allowed to make heavier investments in plant and equipment and utilize human resources in private

industries, just because it is not required to bear the heavy military burden. Here again, it is possible to argue that the trade imbalance made a not unimportant contribution to the peace and stability of the world. The most important case was the Japanese financing in the first half of the 1980s, when the tension between the Communist camp and the free world was heightened.

Japan supported the dollar system. As is well known, the United States, afflicted with its own fiscal deficit and the deteriorated international balance of payments, has been operating its economy with borrowings from abroad. A large proportion of these borrowings comes from Japan. If there had not been for the influx of funds from Japan, the Reagan administration could not have adopted the policy to maintain a military balance with the Soviet Union, or even predominance over the Soviets, while developing its own domestic economy. Here, one must be reminded that Japan sends about 40% of its exports to the United States, and that, based on this trade with the U.S., Japan has been able to continue its own economic growth. Although these relations have somewhat unhealthy elements and seem unsustainable in the long run, the relation between the United States, having the largest economy in the world, and Japan, which is now the world's largest creditor nation, will become a major factor determining the future of the dollar system.

The above two imbalances can be faced and discussed without raising emotions to a high level. But the third imbalance, i.e. that of structure and basic working principles, complicates the situation. The first is that the U.S. is fundamentally an open society, while Japan is basically a closed one. With respect to the trade system in the narrow sense, some people may assert that the American system is not extremely open in comparison with those of other countries. If VER is taken into account, the U.S. is more protective than Japan, which is very open as far as tariffs are concerned. It is true, however, that American society has unparalleled openness. This is particularly true of American universities. One may also note the existence of lobbyists who publicly act for the interest of Israel or Japan in American politics. These seem

never to happen in Japan or France, or in any other Western European countries. An open society which permits the free activity of people has a great importance for traders. On the other hand, Japan is a difficult country to approach and understand, regardless of the intention of the Japanese. If one thinks of the language barrier, one can understand it. Japanese is a strange language, albeit a well-developed one, and therefore is difficult to learn. And it is very difficult to understand any foreign country without learning its language. In a word, the U.S. is a universal country and Japan particularistic. Perhaps the difference is due to the fact that the U.S. is a multi-racial and heterogeneous society, while Japan does not have important minority races and in this sense is a homogeneous society.

The above brings up another imbalance, i.e., the structure and power of the governments. The U.S. government has power where the Japanese government does not, and vice versa. The U.S. president is infinitely stronger in foreign and security policy than the Japanese prime minister. But the Japanese government is stronger in the management of its economy than the U.S. administration. The case in point was the Gulf War. While President Bush took a bold and decisive leadership role, Prime Minister Kaifu remained timid. But the Japanese government did raise taxes to make a financial contribution, which the U.S. administration could not afford to do.

One can find the cause in different constitutional arrangements, for one. But the basic working principles rooted in historical experience are as important. In the United States, individual initiative is appreciated, while in Japan consensus and tradition is respected. I do not agree with the argument that Japan is an alien country. The United States itself was considered to be such by many Europeans less than a century ago. But we must frankly admit the differences. And it is not a bad thing, for heterogeneity in the world creates new possibilities. And yet, such differences are perplexing and irritating.

IV

One of the fundamental questions for the world to consider is whether Japan and the United States can maintain imbalanced but beneficial relations in the different setting of the post-Cold War world. History is full of unhappy collisions. But theoretically there is no reason why the two countries cannot maintain friendly relations. There are many factors, favorable and unfavorable.

First of all, human psychology is irrational but strong. And imbalanced relations can be tormented by psychological problems, however beneficial they are. Many Americans seem to think that Japan has gained unreasonable profit from the U.S.-Japan relation, particularly because there is an established fact that Japan has achieved its remarkable economic success primarily by depending on the United States in double ways. It is understandable, but it is not a constructive judgment. Indeed it is an error often committed by the Number One nation, which tends to take for granted that other countries will accept every demand it makes, and to feel that it can maintain its supreme position without effort.

The first American attitude can be exemplified by several U.S. actions. For example, it demanded that Japan and West Germany lower their interest rates without the U.S. making a noticeable effort to reduce its own budget deficit. Given the deteriorated balance of its international payments, it is only natural that the United States need an influx of funds from abroad and, for this purpose, the interest rates of foreign countries must be lower than that of the U.S. It is selfish, however, for the United States to demand favors of foreign countries, without making an effort to eliminate the fundamental cause of the trade deficit.

The second is the psychology of Americans in general to believe that the U.S. economy can be revitalized without increasing consumption and savings. If any country is to acquire new industrial capabilities, investment in plants and equipment is essential, which in turn requires investment funds from some sort of savings. Americans do not seem to fully understand this simple arithmetic, probably because they do not

feel the urgent need to tighten their belts and double their efforts to tide over the existing difficulties. The same mistake can be found in their attitude of criticizing the closed nature of the markets and unfair commercial practices of their trading partners, forgetting their laziness to try to export. Yet, this American attitude does not reflect perfect confidence, partly because they are afraid that they may be losing the battle. Americans are ambivalent and are not satisfied.

The Japanese are also ambivalent. Generally speaking, they tend to underestimate the real strength of the top country. Rapid development and success brings euphoria. Furthermore, they tend to underestimate the importance of the function of the Number One country as well as the difficulties and cost involved. The best example could be found in the reaction of a considerable number of the Japanese to the Gulf War. The Japanese must at least recognize that Japan is a beneficiary of the international order, which the United States maintains through their efforts. The Japanese should also recognize the cost of these American efforts.

Unfortunately, the Japanese do not act that way. Nevertheless, the Japanese are not confident as they are aware of their own fragility, which is covered by the United States. Therefore the Japanese are both resentful of and grateful to the Americans. In the past, the threat of the Soviet Union served as a glue to make the two cooperate and overcome the psychological difficulties. But the Soviet threat has vanished almost completely.

Moreover, there emerged a mistaken idea that the coming world is that of geo-economics in which economic might will be decisive, and that Japan and the United States are rivals in this newly emerging field. But the idea is theoretically mistaken and it will not catch the minds of many. Economic relations are basically non-adversarial. Both can gain from it, and can lose, once they are overly conscious of its adversarial aspects.

Moreover, the Americans are becoming more serious about their economy, as the Cold War is over. They have begun to realize that

revitalization is long overdue, for which self-reform is essential.

Also, there is some possibility of convergence. Huge military expenditures have begun to decrease and will further decrease. The burden on the U.S. may cease to be intolerably larger than that on Japan. Surely the U.S. must perform the central role in providing the world with peace and stability, while the Japanese role will remain that of a supporter. But such a supportive role will be more important and will be easier for Japan to perform. For, with the disappearance of the Soviet threat, U.S. action will become less adversarial, and more like police action. Moreover such acts will be done under the mandates given by the United Nations and/or according to a consensus of international society. There is no reason why Japan cannot join in peace-keeping operations. Though Japan's record in the Gulf War was far from satisfactory, the trial came too abruptly for the Japanese. Also, Japanese politics is slow-moving, and the stimulus given by the Gulf War has had negligible impact on the Japanese. It is true that imbalance in the security role can decrease to a tolerable degree.

In the realm of international economy, the Japanese are now conscious of the fact that they cannot maintain their prosperity unless the world at large is prosperous. Indeed the success of Japan in its economy is not very special. One important reason has been that Japan has been able to continue the policies of the small and weak after its economy became powerful. In other words, "security rent" has been cheap until recently. But, such is no longer possible.

If the U.S. economy becomes more commercially-oriented and the Japanese government more responsible in the management of the world, its imbalance will become an acceptable one to both. Perhaps patience and bold initiative are required: patience, because necessary changes cannot take place soon and take time; bold initiative, because only by cooperation for common good is mutual respect and confidence born, as was the case with the reversion of Okinawa.