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THE US-JAPAN SECURITY BARGAIN: ORIGINS AND TRANSFORMATION

Dissertation

submitted for the degree of
Doctor of Philosophy

by

Thomas A. Drohan
Department of Politics
Princeton University

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Security is a value, then, of which a nation can have more or less and which it can aspire to have in greater or lesser measure. It has much in common, in this respect, with power or wealth, two other values of great importance in international relations. But while wealth measures the amount of a nation's material possessions, and power its ability to control the actions of others, security, in an objective sense, measures the absence of threats to acquired values, in a subjective sense, the absence of fear that such values will be attacked.

Arnold Wolfers

PREFACE

My dissertation objectives are two-fold. First, I examine the puzzling historical origins of US-Japan security relations. How can the beginnings of the relationship that continues to be constated as the cornerstone for regional stability be characterized? Several works have related the story of the American Occupation of Japan and the ensuing security framework, but none adequately addresses the key question of what realistically provided the basis for post war security cooperation. Alliance theoretical notions of common threat or the exigencies of military Occupation cannot explain why such bitter enemies in 1945 became genuine security partners so rapidly. What, in fact, was the nature of alliance? I attempt to answer these questions by using a comparative perspective of modern security alliance that allows for differences in security priorities among alliance partners.

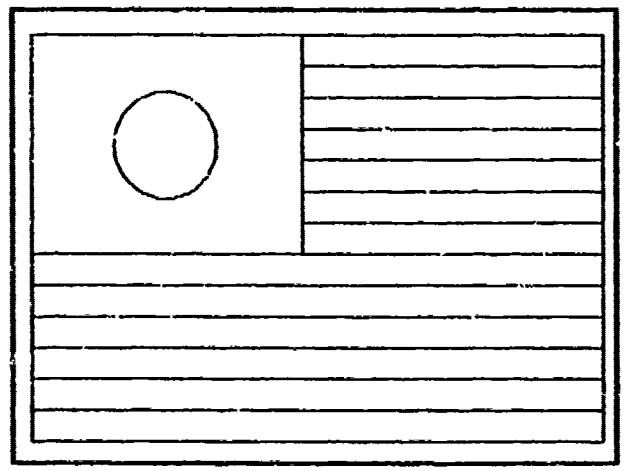
Second, I explore the much neglected question of alliance transformation. What has the original relationship evolved into, and what will it become in the future? Furthermore, I introduce a conceptual frame of reference, the security bargain, as a way to think about modern alliances in their broader political-military-economic contexts. By analyzing the only three historical cases of alliance change as new security bargains negotiated in 1960, 1981, and 1987, I search for answers to the

question of how and why the security relationship has evolved since its inception in the 1950s.

The structure of the study relects my dual aims. The first chapter poses the central questions, identifies problems and approaches from the literature, and sets forth the argument and organization. The second and third chapters analyze pre-war roots and post war institutionalization of the original security framework. Chapters 4, 5, and 6 employ the security bargain approach to understand what the major changes to the original framework have been, how they have transpired, and why. Finally, the concluding chapter summarizes alliance origins and transformation, explains why such change has occured, and suggests where the relationship is heading. The quality of the security bargain approach introduced here should be judged in terms of its usefulness in thinking about alliance continuity and change, and in offering implications for the future.

CHAPTER 1

INTRODUCTION: SECURITY ALLIANCE DYNAMICS



Central Questions

The transformation of the US-Japan security alliance from its Occupation origins toward strategic partnership is as important as it is contentious. Given their combined economic and military potential, harmonious security relations between these two leading industrialized democracies are essential for global stability.[1] The original post war framework for US-Japan security cooperation has evolved politically, militarily and economically -- but specifically how and why, and what kind of

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[1] Japan and the United States are the sources of the world's largest two economies in terms of trade, investment, aid, and high technology. Richard H. Solomon, "Asian Security in the 1990s: Integration in Economics, Diversity in Defense," US Department of State Dispatch (Washington, D.C.: United States Department of State Bureau of Public Affairs, 5 November 1990), p. 5.

fr. p. 1

future relationship is emerging? While policy makers in both nations describe the bilateral relationship as fundamental to national security in East Asia, the direction of the alliance remains a source of confusion. Some experts view US-Japan security relations in terms of steady movement toward a strategic partnership; others warn of alliance breakdown due to divisive effects of trade disputes. Recently, alarmist literature has begun to be balanced by scholarly examination of the changing security relationship; however, in the process, the nature of the security relationship itself has become an issue in US-Japan relations.[2] (25) * International relations * National security, * Foreign policy

Current policy issues relevant to US national security include: is Japan free-riding on American military strength and eroding the economic power of its ally? Or is Japan bolstering American security interests through capital infusion? Is the United States using its military edge to retain Japanese security dependence, thus avoiding internal adjustment to economic decline? Or is the United States providing a stable military guarantee while working toward a strategic partnership? Developing a stance on policy questions is difficult without an historical understanding of where the relationship started, and a theoretical grasp of how and why the alliance has undergone change. To accomplish this, more fundamental questions about the overall nature of the alliance need to be addressed. That is

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[2] See Kent E. Calder, "The North Pacific Triangle: Sources of Economic and Political Transformation," Journal of Northeast Asian Studies, Vol. VII, No.2 (Summer 1989), pp. 3-16.

what this study sets out to do.

This inquiry seeks to present alliance dynamics as they have unfolded so far to explain alliance continuities and change, while also considering their implications for future alliance patterns. These central questions are: *how did the US-Japan security relationship originate historically? Since its formative period, how and why has the relationship been transformed? What have been the political, military, and economic parameters of change? What have been the sources of alliance transformation, and why has such change unfolded as it has?* In order to posit future alternatives for US-Japan strategic partnership, an understanding of previous historical options is crucial. By posing these basic questions, this study hopes to provide theoretical insights useful to the management of modern security alliances.

Problems of Explanation

Obstacles to explaining security aspects of US-Japan relations are plentiful -- most often noted are differences in language, "culture gaps," and "perception gaps." Problems of miscommunication can be significant, but they are to a degree unavoidable. After all, mutual misperception can be reduced, but not eliminated. Even among culturally similar allies, differences in personalities, policy, and orders of priority tend

to produce "muddled perceptions."[3] More importantly, preoccupation with mutual misperceptions can mask differences of interest central to the notion of national security. In the case of US-Japan security relations, explanation is complicated by national differences that affect the articulation of security objectives, and the role of the state in economic and military affairs. Although mutual misperception certainly exists due to differences in culture, domestic structure, and language, the prime obstacle to understanding US-Japan security relations remains a lack of an appropriate intellectual framework to illuminate how security alliances actually behave. Conceptual tools are needed to explain patterns of interaction between dissimilar yet increasingly interdependent nations. How can US-Japan security relations be analyzed without disregarding relevant national differences? This study attempts to handle this question as a theoretical and analytic challenge, rather than as a cultural or communicative problem. Attempting to fill this theoretical gap is likely to be more productive than dealing with the many persistent sources of misperception.

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[3] Richard Neustadt, Alliance Politics (New York: Columbia University Press, 1973), p. 56. This authoritative study of US-British alliance crises uses a bureaucratic approach to explain a cycle of "..muddled perceptions, stifled commissions, disappointed expectations, paranoid reaction. In turn, each 'friend' misreads the other, each is reticent with the other, each is surprised by the other, each replies in kind."

Security Alliance Dynamics

Gaps in Alliance Theory

A large part of the problem in understanding the US-Japan security relationship seems less cultural than theoretical. This intellectual failing becomes apparent when attempting to either make sense of the alliance's historical origins, or trace the course of US-Japan security relations since the Pacific War. Traditional paradigms get in the way of, rather than explain, what is going on in US-Japan security relations. The prime culprit is the structuralist assumption in international relations theory that above all, an alliance is an entity defined by the existence of a common military threat. This assumption has dominated alliance and security literature and is firmly rooted in works of classical realists from Thucydides to European Great Power statesmen, to more contemporary alliance scholars in the tradition of Hans Morganthau. As a result of this fixation on common threat, the alliance literature does not adequately address the question of transformative change. Alliances have been largely conceptualized as "on-off" switches rather than organic systems, and the focus has been on alliance formation, episodes of crisis, and breakdown. Even most recent alliance theorists, focusing on alliance formation and wartime performance, assume a common rival as the basis for alliance.[4]

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[4] For example, see Glenn H. Snyder, "The Security Dilemma in Alliance Politics," World Politics, January 1985, pp. 461-495; and Stephen M. Walt, The Origins of Alliances (Ithaca: Cornell

Chapter 1

What is wrong with this time-honored axiom of alliance theory?

Although the salience of a common threat is a quite reasonable assumption for the study of alliances during periods of major conflict, it is less central to questions of how alliances change during times of relative peace. The tendency to take snapshots of alliance formation and breakdown, rather than examine more dynamic problems of alliance change, hinders theoretical understanding of security relations. To illustrate this point, consider the failure of the two leading international relations theories of alliance behavior to explain key puzzles in US-Japan security relations. Both balance of power theory and public goods theory generally explain alliance behavior in terms of international structural considerations. What are these theoretical gaps, and why have they persisted?

Balance of power theory and public goods theory have limitations in accounting for both the persistence of Japanese military force levels, and the stability of the American and Japanese relative military contributions to collective security. National force levels of military personnel, equipment and weapons systems, and the relative proportion of allied force contributions are basic elements of an alliance that merit

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University Press, 1987). The latest theoretical treatment of alliances, also by Glenn Snyder, similarly emphasizes: "Alliances involve military collaboration ... against particular other states." Glenn H. Snyder, "Alliances, Balance, and Stability," International Organization 45, No. 1 (Winter 1990/91), pp. 121-142, p. 123.

explanation.[5] Balance of power theory, ensconced in diplomatic history, classical realism and neo-realism, suggests that as the common threat increases, increases in military force structure will follow.[6] But Japanese Ground Self-Defense Force (GSDF) troop levels, Maritime Self-Defense Force (MSDF) naval flotillas and ships, and numbers of Air Self-Defense Force (ASDF) groups, squadrons and aircraft have been notably stable over the years:

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[5] This theoretical shortcoming is not limited to US-Japan security relations. John Duffield has stressed these limitations with respect to NATO force levels and relative allied contributions. John S. Duffield, "International Regimes and Alliance Behavior: Explaining NATO Conventional Force Levels," presented at the American Political Science Association Conference, San Francisco Hilton, 1 September 1990.

[6] The maxim of preserving the balance of power has been evident in works since Thucydides' History of the Peloponnesian War, translated by Crawley (New York: Random House, 1951). Reinforced by diplomats and historians of the Great Powers period in Europe, it is treated in virtually all classic texts on international relations. More recent are Kenneth N. Waltz, Theory of International Relations (Reading, MA: Addison-Wesley, 1979); and Stephen M. Walt, The Origins of Alliances (Ithaca: Cornell University Press, 1987).

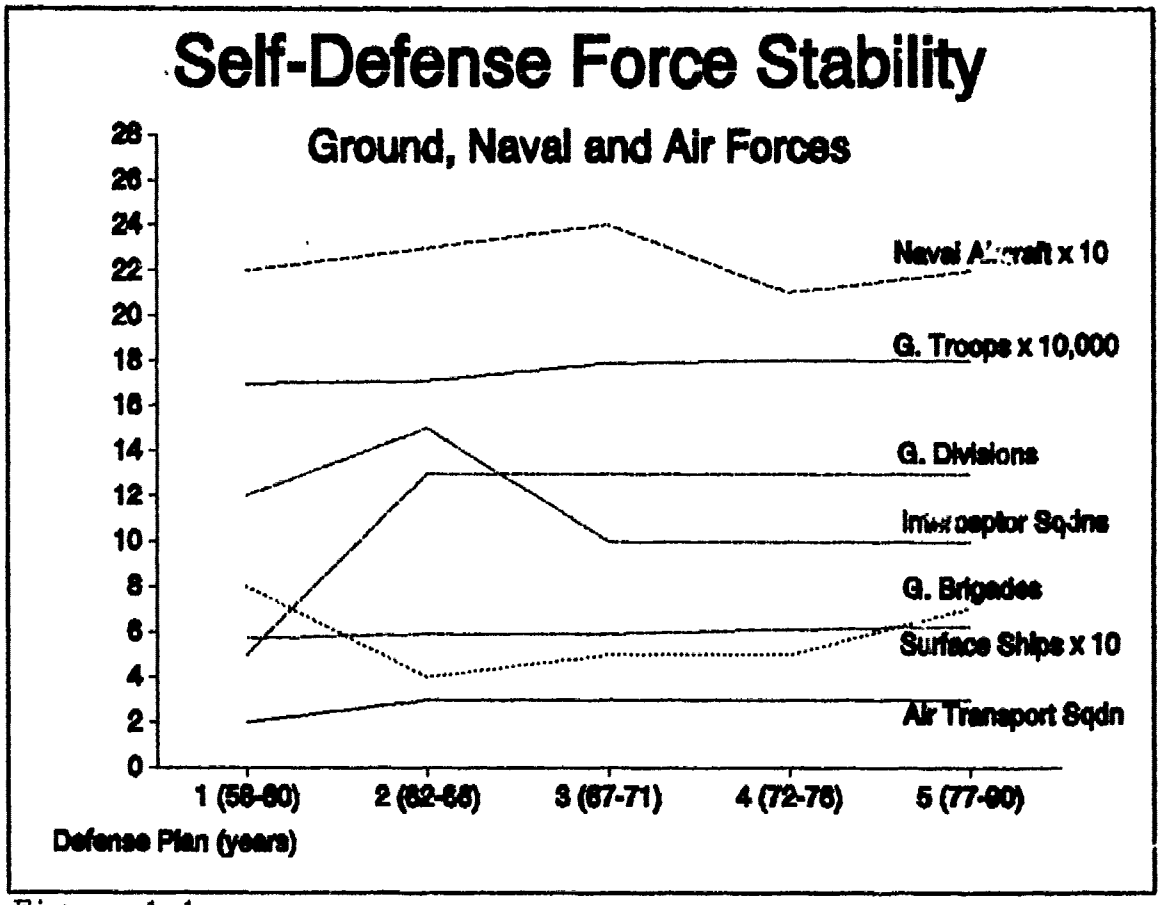


Figure 1.1

compiled from Defense of Japan 1979, The Military Balance 1989-1990, and Defense of Japan 1989.

In spite of increases in external military threats -- the military capabilities and articulated intentions of China, North Korea and the Soviet Union -- Japanese force levels have not similarly adjusted. They have remained remarkably static, albeit not relatively low. As early as 1955, Japanese defense outlays ranked eighth in the world, and have never dipped below that standing. Today, experts tend to place Japan anywhere from third

to eighth in military spending -- with fifth generally considered the most reasonable ranking.[7]

Defense Outlays: Top Eight Nations, 1955-1987
(based on defense expenditures as % national GDP, 1980 dollars)

	1955	1965	1970	1975	1980	1985	1986	1987
1	USSR	US	US	US	US	USSR	USSR	USSR
2	US	USSR	USSR	USSR	USSR	US	US	US
3	UK	UK	Frnce	UK	UK	UK	Frnce	Frnce
4	Frnce	FRG	FRG	FRG	FRG	Frnce	FRG	FRG
5	FRG	Frnce	UK	Frnce	Frnce	FRG	UK	UK
6	Italy	Italy	Italy	Iran	JAPAN	Saudi	JAPAN	JAPAN
7	Neth	JAPAN	JAPAN	JAPAN	Italy	JAPAN	Saudi	Italy
8	JAPAN	Cnada	Ngria	Italy	Iran	Italy	Italy	Saudi

Table 1.1 compiled from The Military Balance, 1987-1988.

Only since the late 1970s/1980s has defense spending risen, relative to the other top eight nations in defense expenditures. Since 1978, Japanese defense spending increases have been steady, averaging 6.4% each year, and joint US-Japan military maneuvers have increased dramatically.[8]

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[7] Interview with Department of State official, Office of East Asian and Pacific Affairs, 20 May 90, Washington, D.C.

[8] See Nihon no Bōei 1989 [Defense of Japan 1989] (Tokyo: Bōeichō, 1989), pp. 422-439 (the Defense Agency's annual White Paper) for detailed examples of the increase in joint exercises.

In addition to these limitations of balance of power theory -- the historically dominant paradigm in security studies -- public goods theory also provides inadequate explanation of US-Japan alliance behavior. This strand of international relations theory suggests that states which would benefit most from a public good (such as collective security from attack) and which have the greatest ability to provide it, will bear higher costs of providing the good.[9] Free-riding by the weaker ally is likely because it is assumed that the larger ally (size measured by national income) values the alliance more. This disproportion is expected to diminish as the weaker ally experiences relative economic growth. However, the relative Japanese contribution to alliance force structure has tended to hover around 1% of the GNP, despite Japan's meteoric GNP growth rate compared to a diminishing American rate of GNP growth:

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[9] Mancur Olsen, The Logic of Collective Action: Public Goods and the Theory of Groups (Cambridge: Harvard University Press, 1965), and Mancur Olsen and Richard J. Zeckhauser, "An Economic Theory of Alliances," Review of Economics and Statistics 48, pp. 266-279.

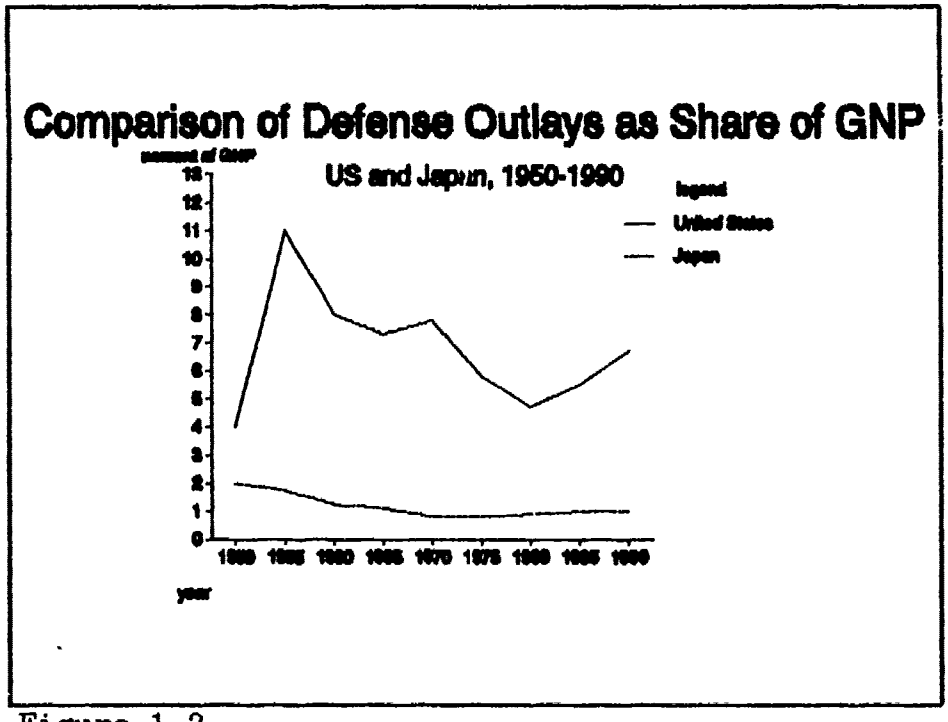


Figure 1.2

compiled from Military Balance 1987-1988, 1988-1989, Historical Statistics of the United States, and Defense of Japan 1989.

The free-rider argument of public goods theory, then, is unconvincing on two counts. First, in the face of increases in the Soviet Pacific Fleet, an increase in alliance military capability would seemingly benefit Japanese security more than American security.[10] Japan's total dependence on foreign sources of oil and the need to ensure its secure transit from the

[10] Soviet incremental increases in naval, air and ground capabilities in the Far Eastern Theater of War have included weapons upgrades to destroyers, guided missile cruisers, and attack submarines; readiness and sustainability improvements of army coastal divisions; and increases in air regiments designed for ground attack and deep-strike missions.

Persian Gulf suggests this should be the case. Yet, during the 1991 United Nations-supported eviction of Iraq from Kuwait, Japanese officials were unable to dispatch even unarmed C-130 transport aircraft to evacuate war-zone refugees. Second, with only one percent of GNP devoted to defense, Japan would seem more capable of providing the public good than the United States, which spends approximately six percent of GNP on defense. In contrast to sharp increases in US defense spending during the Korean conflict (1950-1953) and initial years of the Vietnam conflict (1965-1969), Japanese defense spending as a percentage of GNP actually declined during these periods. Yet both of these conflicts were closer to Japan than the United States, and occurred while both American and Japanese policy makers declared communist regimes as the common enemy. In this period, Japanese GNP growth outstripped that of the United States by an average of seven percent:

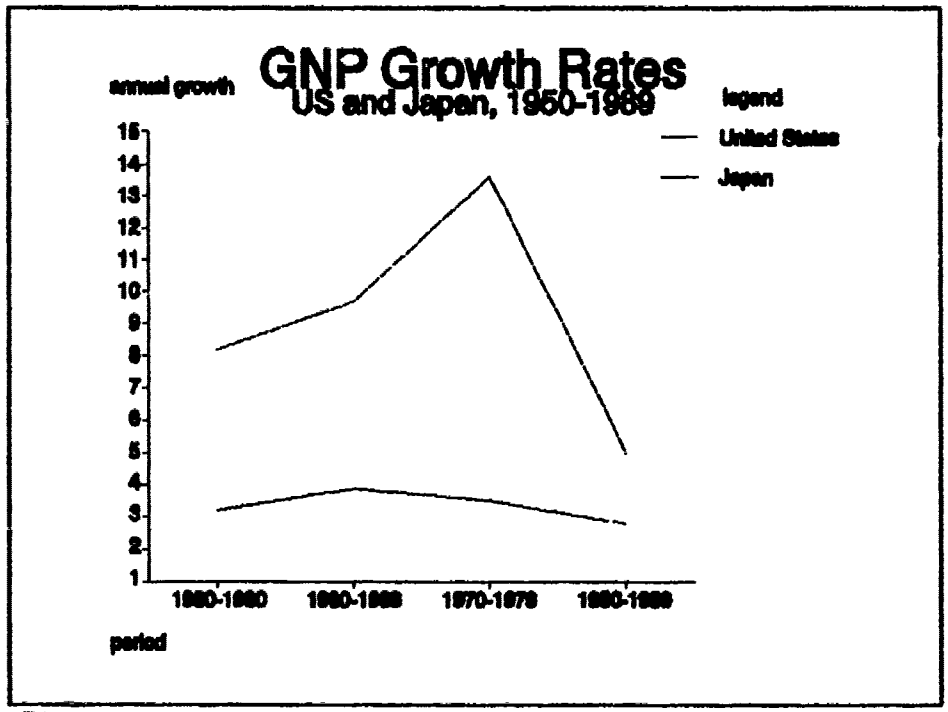


Figure 1.3

compiled from Defense of Japan, 1989, Historical Statistics of the United States, and selected issues of The Military Balance.

During the period in which the Soviet military threat was rapidly increasing, and in times of regional armed conflict, spending only marginally increased. Curiously, it has been in the late 1970s-1980s, after the slowdown in Japanese economic growth began to approach American levels of GNP growth, that

Japanese defense spending as a percentage of GNP increased.[11] Public goods theory suggests the opposite tendency.

Other considerations too, indicate that an alternate approach to public goods theory would be useful to explain important aspects of US-Japan security relations. If security expenditures are used more for private national benefits, rather than to counter a common military threat, then public goods theory would not apply because the goods would not have the characteristics of a public good. For example, if the historical basis for security cooperation is taken to be a quid pro quo that exchanged Japanese pursuit of economic security for American military security,[12] then certain security expenditures would not satisfy the theory's definition of nonexcludability. Goods such as American forces stationed in Japan but intended for use out of the alliance

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[11] In addition, the recent Persian Gulf war illustrates that the expansion of Japanese military capability does not mean it will be used to support mutual security interests. Japan's substantial force of minesweepers (45 vessels) would have been very helpful to the UN-sanctioned war effort, securely protected by the formidable American naval presence in the Gulf. Yet, charges that Japan was "free-riding" ignore the constitutional and domestic political reasons preventing a Japanese military contribution, and belies the $13 billion Japanese pledge to support the war.

[12] That the historical foundation of US-Japan security relations is a quid pro quo is well established by Martin E. Weinstein's classic work, Japan's Postwar Defense Policy, 1947-1968 (New York: Columbia University Press, 1971). Using authoritative Japanese and American sources, Weinstein stresses the arrangement which allows for the maintenance of US military bases in Japan. In return for the deployment of US forces in Japan, the Japanese government provides internal security, military bases, and logistic support.

region, or Japanese development of national economic or technological advantage, would be exclu[illegible]n the sense that only one ally receives its benefits.

Theoretical Remedies

The failure of balance of power theory and public goods theory to explain these particular dynamics of US-Japan alliance relations suggests we need to loosen some restrictive assumptions in order to explain what is actually happening in US-Japan security relations. Useful theoretical guidance can be found in strategic interactive approaches to international relations, those which operate at the nexus of international structural and national attributes/domestic politics approaches to security.[13] A useful starting point is Robert Putnam's theory of two-level games, in which national negotiators must satisfy key domestic constituents (thus finding a ratification "win set") in order to strike feasible international agreements.[14] Yet, the theory assumes that central policy makers attempt to resolve domestic and international constraints simultaneously, which may be less applicable to matters of national security that involve the

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[13] These distinctions were effectively used by Kenneth Oye in a Spring 1989 seminar, "Theories of International Politics," at Princeton University.

[14] Robert D. Putnam, "Diplomacy and International Politics," International Organization 42, No. 3 (Summer 1988), pp. 427-460.

pursuit of relative advantage over others. Therefore, in order to weigh the relative importance of internal and external factors, we need to investigate the details of security-relevant cases.

Other interactional approaches that bear relevance are those concerning the security dilemma states face in an anarchic international system, and internal state perceptions of security. Rational and perceptual approaches using the concept of the "security dilemma"[15] have been used with effect to analyze the two-level complexity of alliance interactions. Robert Jervis has employed John Herz's security dilemma concept to posit four alternative worlds in which cooperation under the security dilemma is likely to vary.[16] More recently, Glenn Snyder has used the security dilemma condition to introduce "alliance games" and "adversary games" as elements of alliance politics.[17]

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[15] The concept of the security dilemma was introduced in 1951 by John Herz in Political Realism and Political Idealism (Chicago: University of Chicago Press, 1951). The dilemma arises from states' problematic search for security in an international system composed of self-interested units.

[16] Robert Jervis, "Cooperation under the Security Dilemma," World Politics (January 1978), pp. 167-214. The four alternative worlds are defined by (a) whether an offensive military posture is distinguishable from a defensive military posture, and (b) whether offensive weapons have the advantage over defensive weapons.

[17] Glenn H. Snyder, "The Security Dilemma in Alliance Politics," World Politics (January 1984), pp. 461-495. Alliance games between allies arise from fears of abandonment and entrapment by one's ally; adversary games consist of decisions to be firm or conciliatory toward the common enemy.

Security Alliance Dynamics

While Jervis and Snyder do imply that the presence of a common adversary serves as the basis for alliance, Snyder's approach explicitly recognizes alliance games between allies as an important aspect of alliance politics.[18] That is, allies not only concern themselves with how firm or conciliatory to act toward an adversary, but also perceive fears of abandonment (fear that one's ally will defect) and entrapment (fear that one will become embroiled in an unwanted conflict due to an ally's recklessness) toward an ally. Aaron Friedberg's study of the decline of British power specifically looks beyond external structure to lower level dynamics of how states assess power, perceive threats, and fashion strategies to achieve national security.[19] Drawing in part from perceptual and rational approaches to security, his study convincingly illustrates that perceptions matter in international relations. Changes in international structure do not lead automatically to predictable changes in state behavior, but are affected by internal state characteristics.

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[18] A useful game theoretical work that includes alliance bargaining is Glenn Snyder and Paul Deising's, Conflict Among Nations: Bargaining, Decision-Making, and System Structure in International Crises (Princeton: Princeton University Press, 1977). Here too, the question of which game is being played occurs within the confines of a common threat. The central problem (and assumption) in the alliance games in this work is how to coordinate strategy against a third party.

[19] Aaron L. Friedberg, The Weary Titan: Britain and the Experience of Relative Decline, 1895-1905 (Princeton: Princeton University Press, 1988).

The implications of these works for understanding US-Japan security relations point to the need for a richer, more contextual approach to security relations. Such an approach should consider (a) the interaction of external state factors with domestic variables, (b) the importance of sub-national coalitions to international games of security, and (c) the importance of internal state perceptions and articulations of security. In a bilateral relationship such as the US-Japan alliance, where significant differences of domestic structure and process are apparent, a comparative approach could be useful to allow for and analyze nuanced national definitions of security threats. That is, states can define national security[20] in various ways and in accordance with differences in national priorities. Appropriate questions about competing definitions of national security would include: are economic means of achieving state security included with the traditional military means? How and why does a comparatively broad definition of national security differ from a narrower definition? What is seen as the state's appropriate role to further national security? To investigate these questions, internal structure and processes need to be analyzed. Even structural realists or neorealists, probing questions of state behavior largely in terms of

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[20] National security essentially is taken to be the state's pursuit of relative advantage vis a vis other states. This may occur in various categories of international behavior -- military, economic and political.

international structure, have acknowledged the importance of internal characteristics of states.[21]

Analytic Considerations

A key question for analysis remains, when do such traits matter? Internal characteristics and processes seem to matter in the daily practice of peacetime alliance politics. Indeed, after comparing details of alliance arrangements from the perspective of each ally, the common military threat alliance seems more an ideal type than a useful model for explaining alliance change. Although the common threat aspect tends to receive the most attention, notably in the context of burdensharing issues, two less considered historical factors in US-Japan alliance politics seem profoundly important to alliance transformation -- the institutional creation of an unequal security framework serving different national purposes, and the different roles played by the Japanese and American states in their national economies.

First, US-Japan security relations are rooted in an unequal framework of military and economic cooperation instituted for different national purposes during a period of internal reform

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[21] For a useful compilation, see Ada W. Finifter, ed., Political Science: The State of the Discipline (Washington, D.C.: The American Political Science Association, 1983).

under American Occupation.[22] Indeed, most post war alliances similarly have evolved from an unequal relationship. From the perspective of US security policy makers at the time, the dual purposes of this basic security framework were to defend Japan and defend against Japan. Externally, the framework served two such principal military aims. The presence of American military bases in Japan provided for Japan's defense during a time when no military forces existed, and were also part of an understanding with regional states seeking security from Japanese remilitarization. Internally, the framework of security cooperation contained military, economic and political goals. Constitutional constraints on the use of Japanese military force and institutional subordination of the Defense Agency to government ministries were intended to prevent militarism. Early American economic assistance and promotion of Japanese industrial policy also were historically set in the 1950s, consistent with the objective of economic reconstruction. Democratization was the overarching, broad political goal believed to enable military and economic goals to be attained in the long run. In contrast, the post war conservative Japanese leadership viewed the security framework quite differently. From their perspective, the security framework with the United States essentially was the

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[22] See Kent E. Calder, Crisis and Compensation: Public Policy and Political Stability in Japan, 1949-1986 (Princeton: Princeton University Press, 1988), especially pp. 77-86, "Crisis and the Struggle for Conservative Order: 1949-1954."

price which had to be paid for economic sovereignty and a peace treaty. Although the historic Soviet threat remained a concern among many post war leaders, the purge of the Japanese military from domestic political influence and the palpable need to reconstruct the national economy ensured the primacy of economic priorities. The institutionalization of these national differences in immediate post war economic and military security priorities has shaped the subsequent alliance transformation along diplomatic, military, and economic lines.

The second historical factor, the different roles played by the American and Japanese states in the economy, has been accompanied by fundamental differences in domestic definitions of national security. Since at least the mid-1800s, the American national approach to security has tended to nominally separate commercial activity from military affairs -- the latter sphere being seen as the proper domain of the state. The prevailing American self-concept of national security has been a comparatively narrow, chiefly military one, even considering the interludes of "imperial democracy" in the Philippines and forays in the Caribbean. In contrast, the role of the Japanese state generally has been more active in the national economy, intervening more pervasively to achieve relative security for its citizens and firms. Both military and economic affairs were considered within the purview of the state. In this sense the question of what became defined as a matter of national security

to the state was broader than in the American case. As a result of these differences, the formation of the US-Japan security relationship seems less the result of agreement on a common enemy such as the Soviet Union than a complementarity of narrow and broad definitions of national security.

These two factors support the use of a comparative analytic framework for explaining origins and change in security relations. Alliance partners can contribute different relative military-economic mixes to mutual security. Security contributions may not be simply a reflection of international position and national capability, but also may arise from domestic differences in defining threats to national security. Comparative historical analysis can search for the origins of alliance and its subsequent transformation without having to assume the salience of a common military threat. This approach seems most appropriate to explore the central questions of (1) what are the historical origins of US-Japan security cooperation?, and (2) how and why has the relationship been transformed toward a strategic partnership?

Insights from Comparative Literature

Insights from studies in the comparative politics field generally, and comparative work in defense policy and Japanese politics in particular, provide useful insights for alliance and

security literature. Although valuable work has been done on alliance formation and the military performance of alliances during armed conflict, cooperation and competition among allies during peacetime have received less attention, leaving questions of alliance change largely unanswered. What does comparative politics literature suggest more specifically about how to analyze US-Japan alliance change? How can we then build an appropriate framework for analysis? In brief, comparative works support the use of a research method containing: (a) an historical approach that understands change as the sequential transformation of institutional arrangements over time, (b) the use of an alternative basis for alliance cooperation to the common threat alliance assumption which pervades the security literature, and (c) a comparative approach that allows for trans-war continuity of the different Japanese and American approaches to national security.

General Works in Comparative Politics

Scholars using a comparative approach to politics have long used historical-institutional analysis to explain types of change and state responses to it. The literature in this broad field is vast -- only a few studies relevant to the question of state responses to change need be mentioned here.

Chapter 1

Samuel Huntington's classic work on political stability is a general argument for strong state institutions.[23] One need not accept his notion of a civic society to appreciate that change can be concretely analyzed by specifying key institutional arrangements and examining if and how they adapt to political, economic and technological pressures. The tendency of states to respond to threatening changes by intervening in their societies to promote economic and military security has been discussed in works by Charles Tilly and William McNeill.[24] Joseph Strayer's functionalist approach traces the development of permanent institutions and characterizes their transformation over time as a way to explain the origins of the Western European state system.[25] More recently, John Hall and G. John Ikenberry have compared internal state characteristics and military competition among European societies and Asian societies to explain the early emergence of European states.[26] Political

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[23] Samuel P. Huntington, Political Order in Changing Societies (New Haven: Yale University Press, 1968).

[24] Charles Tilly, ed., The Formation of National States in Western Europe (Princeton: Princeton University Press, 1975); and William H. McNeill, The Pursuit of Power: Technology, Armed Force and Society Since A.D. 1000 (Chicago: University of Chicago Press, 1982).

[25] Joseph R. Strayer, On the Medieval Origins of the Modern State (Princeton: Princeton University Press, 1970).

[26] John A. Hall and G. John Ikenberry, The State (University of Minnesota Press, 1989). The argument is that cultural unity and political fragmentation led to the formation of separate states, and that military competition forced states to intervene in their civil societies.

development literature has assessed the impact that crises have on state-building, and in bringing about transformative processes within government bureaucracies.[27] Similarly, Stephen Skowronek's case study on the transformation of the American state over a 47-year period focuses on the response of institutions to crisis. As governmental officials respond to environmental changes, "institutional reconstruction through reform"[28] can generate new institutional forms and relations.

In a departure from the society-centered approaches typically adopted throughout the comparative politics literature, recent comparative works have questioned the proposition that states and their component institutions can be relatively autonomous, prompting a running debate between statists and pluralists.[29]

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[27] See Joseph Palombara, ed., Bureaucracy and Political Development (Princeton: Princeton University Press, 1963); and Leonard Binder, et. al., Crises and Sequences in Political Development (Princeton: Princeton University Press, 1971).

[28] Stephen Skowronek, Building a New American State: The Expansion of National Administrative Capacities, 1877-1920 (New York: Columbia University Press, 1982), p. 18. By environmental change, Skowronek means (1) domestic or international crises, (2) class conflicts, or (3) the complexity of routine social interactions. His ultimate subject of explanation is the ability of a comparatively liberal government to regenerate its government peacefully.

[29] For review of major works in this debate, see Stephen D. Krasner, "Approaches to the State: Alternative Conceptions and Historical Dynamics," Comparative Politics (January 1984), pp. 223-246. Krasner's work, Defending the National Interest: Raw Materials Investments and US Foreign Policy (Princeton: Princeton University Press, 1978), argues that states are autonomous actors rather than passive recipients of societal pressures.

Chapter 1

That states can be potent and autonomous actors has long been central to national security, where comparative statist analysis would seem a reasonable approach. Yet the study of comparative defense policy is a recent development.

Comparative Defense Policy

The relative silence of alliance theory on the topic of alliance change manifests itself in two tendencies of security literature -- the application of traditional alliance assumptions to cases where such assumptions limit understanding of alliance change, and descriptions of alliance policies. Traditional alliance models seem ill-suited to explain contemporary alliance politics in general, but particularly in the US-Japan case, because their key assumption of common threat is too restrictive. This assumption, a veritable maxim of alliance theory, is that the image of a common military threat serves as the basis for alliance cooperation. Comparative works that loosen this restrictive assumption, allowing for differences in threat perception, are more useful in understanding the reality of contemporary alliance politics.

Richard Neustadt's comparison of British and American policy makers during two alliance crises remains a highly useful and authoritative account of the "muddled perceptions, stifled

communications, disappointed expectations, paranoid reactions"[30] among allies. Neustadt explains this pattern of alliance crisis behavior as the failure by both sets of alliance bureaucrats to accurately recognize the other's national constraints. Graham Allison's classic piece on foreign policy decision-making offers three alternative models that also apply to alliance interactions: the rational actor, organizational process, and bureaucratic politics.[31] More recent empirically rooted studies of alliance politics, such as those annually generated at the National Defense University, suggest that complex mixtures of all three models are needed for explanation.[32] In a work by I.M. Destler, Priscilla Clapp, Hideo Sato, and Haruhiro Fukui, perceptual failures are blamed for exacerbating US-Japan relations. Disruptions in bilateral negotiations that in turn prompt domestic crises on a broader range of issues are linked to misunderstanding national constraints.[33] Gregory Treverton has also emphasized factors

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[30] Neustadt, Alliance Politics, p. 56.

[31] Graham T. Allision, Essence of Decision: Explaining the Cuban Missile Crisis (Boston: Little, Brown, 1971).

[32] Recent studies put out by National Defense University Press include: Richard T. Detrio, Strategic Partners: South Korea and the United States; John A. Reed, Jr., Germany and NATO; Stanley R. Sloan, NATO's Future: Toward a New Transatlantic Bargain; and Arnold Lee Tessmer, The Politics of Compromise: NATO and AWACS.

[33] I.M. Destler, Priscilla Clapp, Hideo Sato, Haruhiro Fukui, Managing an Alliance: The Politics of US-Japan Relations (Washington, D.C.: Brookings, 1976).

other than a common threat that complicate alliance cooperation, such as the absence of an explicit preference framework among NATO allies.[34] Douglas Murray and Paul Viotti apply a common framework of analysis to compare the defense policies of 15 countries, identifying numerous variables important to explaining policy differences.[35] Other comparative defense studies have dealt with factors that influence security concerns of states, and have identified differences of threat perception among states.[36]

But even across these studies, the basis for alliance formation has been at least implicitly assumed to be the presence of a common military threat. There are three apparent reasons to depart from this long standing assumption. First, historical examination of US-Japan alliance politics leads one to question whether common perceptions of the threat have much to do with alliance formation or endurance. The original framework of the alliance -- a quid pro quo in which an American military

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[34] Gregory F. Treverton, Making the Alliance Work (Ithaca: Cornell University Press, 1985).

[35] Douglas J. Murray and Paul R. Viotti, The Defense Policies of Nations: A Comparative Study (Baltimore: Johns Hopkins University Press, 1989).

[36] Works include: Frank B. Horton III, Anthony C. Rogerson and Edward L. Warner III, ed., Comparative Defense Policy (Baltimore: Johns Hopkins University Press, 1974); Catherine M. Kelleher, ed., Political Military Systems: Comparative Perspectives (Beverly Hills: Sage Publications); John Baylis, et al., Contemporary Strategy: Theories and Policies (Holmes and Meier, 1975).

guarantee was exchanged for Japanese economic contributions to security -- has persisted. A strong cooperative relationship between the American and Japanese militaries has indeed grown, but has done so within this institutionalized framework of unequal and unlike contributions to security.

Second, an attempt to explain change in the US-Japan case itself is needed. The significance of the US-Japan case warrants study in itself, as Japan and the United States account for fully one-third of global GNP and one-fourth of world exports.[37] Studies of alliances have generated numerous competing propositions,[38] and those works which look at the changing structure of the US-Japan alliance have tended to focus on contemporary policy issues rather than on seeking a broader explanation of change.[39] Moreover, traditional alliance models have trouble accounting for Japanese defense spending levels and relative alliance contributions. During the period in which the Soviet military threat was rapidly increasing, and in times of

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[37] "Emerging Issues in US-Japan Trade Relations," presentation by Linn Williams, Deputy US Trade Representative, Princeton University Woodrow Wilson School, 7 March 1991.

[38] A study conducted to identify research gaps in alliance theory concluded, "even within what is 'known', considerable gaps exist." Michael Don Ward, Research Gaps in Alliance Dynamics (Denver: Graduate School of International Studies Monograph, 1982), p. 58.

[39] An excellent article of the former type is Ellen Frost's "Strengthening the US - Japan Alliance," in Robert E. Hunter, ed., Structuring Alliance Commitments (Washington, D.C.: The Center for Strategic Studies, 1988), pp. 16-34.

regional armed conflict, spending only marginally increased. Only since the late 1970s/1980s has Japanese defense spending relative to the other top 8 nations shown a rise. Since 1978 Japanese defense spending increases have been steady, averaging 6.4% each year, and joint US-Japan military maneuvers have substantially increased.

Third, an alternative approach to security may be useful to explore broader questions neglected by conventional theory. Growing interdependence in global economies, and the ensuing tension between liberalism and economic nationalism, have raised important questions about the nature of legitimate state competition in the future. Increasingly, "national security" -- taken to mean the state pursuit of relative advantage -- is defined in terms of trade rather than purely military-strategic concerns.[40] Traditional alliance theory tends to separate economic security (primarily trade-related) from military security issues as if to insulate the military aspect of security cooperation from divisive intrusions of trade issues. However, security scholars have demonstrated that in practice, the definition of what counts as security costs is very much in

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[40] Attaching "national security" symbols to favored policies to gain broader support is certainly not new. See Arnold Wolfers' classic piece, "National Security as an Ambiguous Symbol," Political Science Quarterly 67 (December 1952, pp. 481-502.

contention in contemporary alliances.[41] More importantly, too much focus on the military aspects of security can lead to ignoring economic underpinnings of military strength.[42] A broader approach is needed.

Comparative Approaches to Japanese Politics

Insights from the comparative works in Japanese politics are also helpful in outlining an approach for explaining change in US-Japan security relations. Such an approach probes another use of alliances by security-seeking states -- the pursuit of economic advantage. Scholars who cast an analytic net beyond traditional security concerns have provided such insights. In fact, the convergence among Japanese experts regarding trans-war continuity of economic security concerns is quite striking.

Beginning with two of the first influential Western scholars writing about Japan, E.H. Norman[43] and Edwin O. Reischauer, even class-based and pluralist approaches agree on the economic definition of Japanese national security since the mid-1800s (the

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[41] Ian Gambles, Prospects for West European Security Co-operation, Adelphi Paper 244 (London: International Institute for Strategic Studies, 1989).

[42] This part of Paul Kennedy's argument in The Rise and Fall of the Great Powers (New Haven: Yale University Press, 1987) is not in dispute by scholars.

[43] E. H. Norman, Japan's Emergence as a Modern State (New York: Institute of Pacific Relations, 1940).

beginning of the Meiji Restoration). Given the strident ideological battle between these two schools in postwar American scholarship on Asia, this agreement is noteworthy.[44] Other than ideological debates and methodological issues, disagreements center on the sources, not the fact, of the Japanese state's pursuit of economic security. For instance, while Reischauer stresses the primacy of commerce to an island country bereft of natural resources, E.H. Norman's analysis directly emphasizes the perception of a foreign economic threat:[45]

> The Restoration was not merely a continuation of Hideyoshi's policy of trade expansion, for the simple reason that in the 19th century Japan was faced with a struggle for existence as an independent power against the menace of foreign capital. It was a race to overtake the advanced Western nations with their machine technology and armaments, and Japanese economic and even political independence were at stake...

More recent works using varied analytic approaches to explain aspects of Japanese policies similarly point to deep-seated Japanese perceptions of economic vulnerability. John Dower has used an elite approach to illustrate the continuity of economic

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[44] See Chapter 1, "E.H. Norman, Japan, and the Uses of History," by John Dower, in E.H. Norman's Origins of the Modern Japanese State: Selected Writings of E.H. Norman (New York: Random House, 1975) edited by John Dower. The positivist attack on Norman's class-based approach took place in the 1950s and 1960s, very much a product of Cold War considerations.

[45] Dower, Origins of the Modern Japanese State: Selected Writings of E.H. Norman, p. 216.

security interests, focusing on Prime Minister Yoshida Shigeru's pre-war and post-war experiences.[46] Such interests include access to raw materials, dependence on foreign trade, and a sensitivity to sources of commercial instability. Chalmers Johnson's classic study of the growth of Japanese industrial policy emphasizes continuity in pre-war and post-war industrial policy and classifies Japan as a "developmental state," characterized by a strategic approach to the national economy:[47]

> Japan's emergence, following the Meiji Restoration of 1868, as a developmental, plan-rationalist state whose economic orientation was keyed to industrial policy ... In modern times Japan has always put emphasis on an overarching, nationally supported goal for its economy rather than the particular procedures that are to govern economic activity.

Johnson's thesis that strategically-minded bureaucrats produce successful industrial policies has provoked alternative explanations of the growing Japanese political economy. Yet in this debate, too, there is remarkable consensus on the point of economic security, with important implications for US-Japan

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[46] John W. Dower, Empire and Aftermath: Yoshida Shigeru and the Japanese Experience 1878-1954 (Cambridge: Harvard University Press, 1979).

[47] Chalmers Johnson, MITI and the Japanese Miracle: The Growth of Industrial Policy 1925-1975 (Stanford: Stanford University Press, 1982), p. 20.

alliance origins and change. Intellectual differences stem not from questioning the pursuit of economic security itself, but from who pursues it and how it is pursued.

Ronald Dore's analysis of the capacity of Japanese industrial policy to react to challenges to the national economy provides an organizational and cultural explanation for successful Japanese adaptation. Dore argues that Japan's successful industrial adaptation to change should not solely be attributed to government bureaucrats, but to society itself. Central to successful economic adjustment is the diffusion throughout society that continuous structural adjustment is inevitable and desirable.[48] Attaining national economic security then, would be assisted by a sense of common economic purpose that allows for flexibility. This is similar to the sense of a common threat that justifies the pursuit of military security through traditional alliance.

Richard Samuels' study of Japanese state intervention in energy markets also counters the thesis of bureaucratic dominance with an interactive argument; the interaction of state and

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[48] Ronald Dore, Flexible Rigidities: Industrial Policy and Structural Adjustment in the Japanese Economy 1970-1980 (Stanford: Stanford University Press, 1986). Three economic challenges which demanded structural adjustment, for example, were (a) the increase in energy prices, (b) the increase in inflation and decrease in competitiveness, and (c) the rise of the newly industrialized countries.

business is crucial to understanding state capacity.[49] Samuels emphasizes that the Japanese state serves as a guarantor of private interests, with whom state bureaucrats tend to negotiate rather than control. More importantly, the state intervention in the economy tends to conform with market forces, due to the marked vulnerability of Japan on the international market. This economic vulnerability is further stressed in a later modification of Johnson's thesis by Daniel Okimoto.

Okimoto cites several factors which account for an historic Japanese preoccupation with economic security: (a) lack of raw materials, (b) geographic isolation, (c) pre-war trauma, (d) fear of unavailability of foreign technology, (e) integration into the international economy, (f) industrial latecomer status and the imperative of postwar economic reconstruction. While these factors provide clues about the sources of economic insecurity, they raise questions about the relative importance of each factor. For example, how can both geographic isolation and integration into the international economy explain economic insecurity? To this question, historical processes of threat perception would seem crucial. Using a structural and sociocultural approach, Okimoto's explanation of successful Japanese industrial policy also stresses the multiplicity of

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[49] Richard J. Samuels, The Business of the Japanese State: Energy Markets in Comparative and Historical Perspective (Ithaca: Cornell University Press, 1987).

factors:[50]

> ...the LDP's long dominance of the Diet; the relative weakness of labor-based, socialist parties; the light burden of military expenditures; Japan's large and homogenous population; structural features of Japanese industrial organization; adaptable socio-cultural endowments, and, of course, all the obvious factors to which attention has been drawn in this book, such as MITI's capacity to aggregate contending private-sector interests and the dynamism of the private sector.

Karel van Wolferen's systemic explanation provides the most extreme, pessimistic portrayal of Japanese economic insecurity:[51]

> Since a threat to their own sense of security is automatically seen as a threat to the security of the nation, Japan's power-holders and their articulate spokesmen have long portrayed Japan as a country particularly vulnerable to uncontrollable outside forces. From the Meiji period until at least the 1970s this ever-present anxiety, sometimes merely latent, sometimes acute, supplied much of the energy for the effort to catch up.

Van Wolferen identifies the "System" as the source of economic insecurity, finding no master plan which engineers it. While previous approaches have also identified these many factors that

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[50] Daniel I. Okimoto, Between MITI and the Market: Japanese Industrial Policy for High Technology (Stanford: Stanford University Press, 1989).

[51] Karel van Wolferen, The Enigma of Japanese Power: People and Politics in a Stateless Nation (London: MacMillan, 1989), p. 375.

produce economic insecurity, van Wolferen boldly asserts their inseparability; only a massive restructuring of the domestic political-economic system can provide change.

Kent Calder overcomes the multiple factor problem of overdeterminism, and Systemic nihilism, by explaining Japanese public policy within a structure of crisis. The many factors which explain economic insecurity become most salient during a dynamic of crisis and compensation. This enables identification of the conditions under which economic security concerns become most acute. Rapid economic growth and a high-risk development strategy spurred institution-building among business and government, resulting in a high predisposition toward political stability.[52] Other factors cited are the "institutionalized insecurity" of the Japanese electoral system, factional competition, easily mobilized voters, and the pattern of distributional benefits to political supporters. While the causes of economic insecurity are complex, a central one identified by Calder is the high-risk development strategy pursued by business and bureaucrats.

These insights of Japanese politics literature can help build a useful approach to explaining US-Japan alliance change. Despite methodological differences among Japan scholars, the broad agreement on the importance of Japanese economic security is remarkable. Accordingly, it seems appropriate to allow for

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[52] Calder, Crisis and Compensation, p. 175.

variations in national assessments of threats and definitions of security. Differences in historical experience, domestic structure and resource endowment, may create nuances among state definitions of national security. Pressures for quick industrialization can lead governments to adopt polices to overcome national economic disadvantage.[53] Early British mercantilism and post Civil War American protectionism should be added to the typically cited German and French examples. David Lake has shown that even in the relatively "weak" American state, state institutions can determine trade strategy.[54] Jacob Viner's argument that states pursue power and plenty suggests that the pursuit of economic advantage cannot be easily separated from the quest for military advantage -- something the post war Japanese government seems to have done.[55]

Seen in this comparative light, the US-Japan alliance, and to ing degrees the bulk of the postwar American formal security work, contain an additional non-military goal of economic development which provided a crucial basis for alliance

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[53] Alexander Gerschenkron, Economic Backwardness in Historical Perspective (Cambridge: Harvard University Press, 1962).

[54] David A. Lake, "The State and American Trade Strategy in the Pre-Hegemonic Era," in G. John Ikenberry, David A. Lake, and Michael Mastanduno, ed., The State and American Foreign Economic Policy (Ithaca: Cornell University Press, 1988), pp. 33-48.

[55] Jacob Viner, "Power versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries," World Politics 1 (1948), pp. 1-29.

formation. Generally, these economic goals have been viewed by American security policy makers as secondary to the image of a military threat, even though in practice, alliances involve important differences of security interests. Differences in national security interests are seen to derive in part from the logic of a strategic exchange -- one side presumably has something to offer that the other side lacks. But the pursuit and exchange of economic and military goals is seen to be institutionalized under the unifying shadow of a common threat. Less attention is given to differences in the perception of threats and how to best deal with them. Even in NATO, long assumed by some to have been based on the image of a common military threat, evidence points to these differences.

A timely example of the potential value in using a comparative approach to understand alliance origins and change is provided by American-West German security cooperation. This case is particularly relevant to US-Japan security relations since it also emerged out of post war occupation. From the American and Allied point of view in the 1950s, incorporating the Federal Republic into NATO provided "double containment"[56] against the military threat of the Soviet Union and West Germany itself. From the perspective of West German policy makers however, political and economic considerations of security were paramount.

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[56] Wolfram F. Hanreider, Germany, America, and Europe: Forty Years of German Foreign Policy (New Haven: Yale University Press, 1989), p. 62.

For instance, Chancellor Konrad Adenauer tended to evaluate the question of rearmament largely in political terms, and understood the leverage it could provide to achieve West Germany's post-war priorities of political sovereignty and economic reconstruction. As we shall see, post-war Japanese Prime Minister Yoshida also sought leverage to produce a bargaining situation where most observers assume only the predominance of American influence. The American approach, emphasizing a common military threat as the basis for security cooperation, regarded the role of the state in other security questions as secondary in importance. Other "non-security" issues such as trade were separated from "security" (read military) issues -- in part to resolve them without damaging what was seen as the military essence of alliance cooperation. Although economic prosperity and stability were deemed crucial to achieving security (indeed, the Marshall Plan preceded NATO), these were matters to be implemented between firms and individuals, not states. Today, in the face of an exclusive European trading bloc in 1992, security institutions set up to counter a common military threat have endured and continue to advocate containment of the "spillover of economics on security."[57] While this is a laudable separation if one defines security narrowly as military relations undamaged by trade disputes, from the viewpoint of long-term industrial competitiveness, economics and security are not mutually

[57] Treverton, Making the Alliance Work, p. 163.

exclusive.

Security Bargain Approach

The historical origins of the US-Japan alliance and empirically rooted studies on alliances lend support to using a broad comparative framework, referred to here as a security bargain, for more realistic understanding of alliance origins and change. National security policy makers often emphasize different relative security priorities and reach bilateral agreement by exchanging different economic, military and political interests. Mutual acknowledgement of a common military threat should not presume agreement on its primacy over economic security considerations. Underlying this "differentiated exchange" (d.e.) of security interests may be differences of perception among each set of national decision makers about the nature of external vulnerability, or the best means to achieve national security. For sundry reasons, economic vulnerability and backwardness, rather than military inferiority, may matter more to one set of security policy makers than to the other.

The security bargain approach is primarily intended to be an organizing concept that allows us to get at these differences of relative security priorities. Bilateral alliance is taken to be an institutional framework of agreements and formal expectations by which security policy makers seek to achieve national

advantage. The assumption of a common threat is relaxed. Alliance dynamics, then, involves the interaction of different national mixes of military and economic security goals and unequal, unlike contributions to mutual security.

In addition to allowing for a more realistic explanation of alliance origins, this conception of alliance serves as an historically accurate point of departure for analyzing subsequent changes in the actual basis for cooperation. A key assumption is that the d.e. origins of alliance strongly affects how the relationship transforms over time. This seems reasonable, as differences in relative security priorities are codified in arrangements and institutions that benefit from them.[58] In this conception of alliance, political, economic and military forces for change are perceived and filtered by two domestic systems of different relative security priorities, which affect how those changes impact the alliance. In actual modern alliances, each alliance partner seems to get a mix of economic, political, and military benefits, which is more complex than the traditional model of alliances would suggest.

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[58] The "new institutionalist" approach is directly relevant here. Skowronek, for instance, argues: "The premise of this book is that states change (or fail to change) through political struggle rooted in and mediated by preestablished institutional arrangements." Skowronek, Building a New American State, p. ix.

The Argument

We need to appreciate that the US-Japan security framework historically originated during 1945-1954, in the aftermath of total war. During this crucial formative period, a "differentiated exchange" of relative security priorities, rather than simple agreement on a common external threat, established the actual basis for security cooperation. Trans-war continuity of different American and Japanese national security concepts explains how post war security cooperation coincided with a complement of different Japanese and American national priorities. Security cooperation stemmed less from the shared image of a common enemy, than from bargaining by national security decision makers attempting to achieve different relative mixes of economic and military advantages. The initial post war security framework provided for an exchange of these security goals, one that reciprocated the American priority of military security for the Japanese priority of economic security. Once this military-economic quid pro quo was institutionalized as the basis for security cooperation, many of its elements persisted, lending continuity to the complex diplomatic, military, and economic character of the alliance.

Once set in motion, the original framework of cooperation was subject to change from political, economic and military-technological pressures. Over time, elements of the founding

quid pro quo have eroded in response to economic and military-technological forces of change, yielding a complex, unstable bargain containing old and new security priorities. The historical pattern of alliance transformation can be usefully interpreted in terms of sequential security bargains composed of military, economic and political dimensions. By investigating the historical roots and institutionalization of the founding security framework, and the major historical cases of political, military and economic change to that original framework, we can better explain the actual nature of US-Japan alliance, its dynamics and future direction.

Structure of the Study

This study is organized to establish the historical origins of security cooperation and to understand alliance change in terms of modifications to them. There are two main analytic tasks. The first is to analyze the roots and institutionalization of the security relationship. What were the pre-war historical origins of the Japanese and American approaches to security? What factors in the post-war environment produced the framework for security cooperation? The historical analysis begins in Chapter 2, which compares differences in American and Japanese security policy makers' concepts of national security from the mid-1800s through the Pacific War to explain pre-war origins of the post

war security framework. Chapter 3 continues to flesh out the historical background by establishing the institutionalization of different security priorities that comprised the post war security bargain.

The second analytic task is to explain alliance transformation. In this regard, three cases stand out as representing the major formal changes in alliance relations: the 1960 Treaty of Mutual Security and Cooperation, the 1981 Reagan-Suzuki Communique to share military roles and missions, and the ongoing 1987 FS-X aircraft co-development and co-production agreement. Seen against the backdrop of the original security framework, these three key cases are the best representives of significant change in US-Japan security relations. The 1960 treaty is the only formal diplomatic change to the original security treaty. The 1981 agreement is the only formally stated change in military relations between the allies. The 1987 accord is the first *co-development* and co-production security agreement. Each case is meant to be illustrative of change, without assuming that change occurs either incrementally or in a punctuated fashion. The story of these major diplomatic, military, and military-economic adjustments to the original security bargain is the subject of chapters 4, 5, and 6. Each chapter analyzes what the modification to the previous security bargain was, how it transpired, and why it occurred. In Chapter 7, the origins and transformation of the security alliance will be assessed with a

view toward thinking about future frameworks of cooperation.

Chapter Summary

This study seeks to understand historical origins and transformation of a modern security alliance. In doing so, the failure of structuralist theory to illuminate how alliances actually behave has left many questions unanswered. The prime culprit is the restrictive assumption that an alliance fundamentally is based on the existence of a common military threat. This shortcoming leads us to consider both internal and external dimensions of alliance politics, where differences in how key decision makers define national security loom as important. Historical evidence about the origins of US-Japan security cooperation suggests that the primacy of a common military threat as the basis for alliance formation is suspect. A review of comparative defense policy and Japanese politics literature underscores the need for an approach that accounts for differences in how and why alliance partners define threats and set national security priorities.

Accordingly, this study introduces the organizing concept of a security bargain, initially focusing on key arrangements negotiated and institutionalized among American and Japanese policy makers during the formative period of the alliance. Rather than based simply on a common threat, historical evidence

indicates that security cooperation took the form of a differentiated exchange of military, economic and political interests among alliance partners. In essence, the founding framework for security cooperation exchanged the priority of American military security for the Japanese national priority of economic security. The historical roots and subsequent institutionalization of the founding framework for security cooperation are the respective subjects of chapters 2 and 3. Chapters 4, 5, and 6 analyze the dimensions and forces of the three major subsequent security bargains, as the alliance relationship adjusts to its changing military, economic and political context. Chapter 7 assesses the origins and transformation of the alliance in terms of these security bargains and considers theoretical and policy implications for future strategic partnership.

CHAPTER 2

PRE WAR ROOTS OF DIFFERENTIATED EXCHANGE

The pleasure I feel in having made the treaty [the US-Japan Treaty of Amity and Commerce] is enhanced by the reflection that there was no show of coercion, nor was menace in the least used by me to obtain it. There was no American man-of-war within one thousand miles of me for months before and after the negotiations...all I wished was that they would listen to the truths that I would lay before them.[1]

Consul-General to Japan Townsend Harris, 1858.

The course which lies now before the Japanese empire is plain. Both ruler and ruled should apply their efforts smoothly and harmoniously to preserve tranquility; to elevate the status of the people; to secure the rights and promote the welfare of each individual; and finally by manifesting abroad the dignity and power of Japan, to secure and maintain her integrity and independence.[2]

Prime Minister Hirobumi Itō, 1889.

Overview

This chapter compares different Japanese and American national approaches to security from the mid-1800s through the Pacific War to explain historical roots of the post war security framework. The key questions are, *what were the important differences in the Japanese and American state approaches to*

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[1] Payson J. Treat, Diplomatic Relations Between the United States and Japan, 1853 - 1895 (Stanford: Stanford University Press, 1932), p. 58.

[2] Ryusaku Tsunoda, Wm. Theodore de Bary, and Donald Keene, compilers, Sources of Japanese Tradition (New York: Columbia University Press, 1958), p. 671.

achieving national security, and how were they relevant to the basis for security cooperation? There are five sections: (1) Where Do We Start?; (2) Initial Contact; (3) Convergence and Divergence of Security Policies; (4) Collision of Security Policies; and (5) Trans-war Continuity.

"Where Do We Start?" argues the need to begin historical analysis of US-Japan security relations at the beginning -- in the pre-war period. "Initial Contact" describes different threat perceptions and conceptions of national security in the meeting of these two states of vastly different military-economic power and political-economic tradition. "Convergence and Divergence" and "Collision" trace historical events in terms of how the policies reflecting these different national security approaches meshed and clashed up to and through the Pacific War. "Trans-war Continuity" shows how each state's dissimilar conception of security remained imbedded in its domestic political system until the end of the Pacific War. Important differences would endure to affect the details of post war security cooperation.

Where Do We Start?

In order to explain the complex exchange of relative security priorities which formed the basis for post war security cooperation, historical understanding is crucial. Both at the individual and state levels, perceptions of interest are

profoundly affected by historical experience.[3] But where should historical analysis begin? Scholarly treatment of the postwar security framework typically begins with the Security Treaty of 1951, or perhaps as far back as the American Occupation of Japan. Despite the existence of excellent historical works that suggest continuity of Japanese economic security concerns, the tendency among political scientists has been to gloss over pre-war differences. This disregard of trans-war continuity in Japanese-American security differences can be attributed in part to the dominance of structural realist theory in the international security literature. Structuralist interpretation emphasizes intentions and military capabilities of the predominant power, the United States, so trans-war Japanese security interests are deemed to be irrelevant. As a result, comparison of national differences gives way to American-centric parsimonious "explanation." Asymmetric information and political sensitivities in Japan also contribute to this neglect. Compared to research material in Japan, the greater availability of unclassified security-related government documents and academic resources in the United States encourages American-centric analysis. Even today in Japan, discussion of pre-war security

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[3] Richard Neustadt and Ernest May, Thinking in Time: The Uses of History for Decision Makers (New York: Wiley, 1986).

problems that run counter to the "conspiracy thesis"[4] remains politically unsound, impeding realistic discussion and objective research of security issues.

However, the intellectual cost of ignoring continuities in pre-war approaches to security is high. As the theoretical discussion in the previous chapter suggested, differences in how states define security can be crucial to understanding the full context of alliance. Approaches that emphasize uniformity of internal state security preferences slight allied nuances of security interests. Identifying these distinctive features and incentives that motivate alliance in the first place is important if we are to understand subsequent alliance change.

This analysis uses the 1860s as the historical point of departure. Aside from the fact that official contact between Japan and the United States began in 1854, this period also corresponds to Japan's Meiji Restoration and the United States' post Civil War time-frame, both formative periods of each nation's foreign policy. During this time, Japan and the United States experienced unprecedented increases in national economic and military power, and internal debates over the nature of threats to national security intensified.[5] Because of the

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[4] This thesis lays the blame for Japan's pre war domestic upheaval and external war on militarists. See Dower, Empire and Aftermath, 224-225 and 336-337.

[5] US total GNP increased by 300% from the mid-1800s to the end of the century. Historical Statistics of the United States: Colonial Times to 1970, Part 1 (Washington, D.C.: Department of

rapidity in their rise to prominence, both states were relative newcomers in acquiring international significance. As newcomers, internal debates raged over how to pursue security in a world dominated by the mercantilist approach. Therefore, this period should not be discarded *a priori* as irrelevant to post war security politics. Evaluating differences in Japanese and American approaches toward security from their historical starting point in the mid-1800s is critical to understanding the post war basis for security cooperation. With that in mind, let us turn to the initial contact.

Initial Contact

The initial contact between the United States and Japan was a collision of contrasting approaches to national security. Differences in how state leaders perceived foreign threats and defined the scope of national security shaped the basis for subsequent cooperation and conflict.

By the time of the first contact between Japan and the United States in the mid-1800s, Japan's national economic and

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Commerce, 1975), p. 224. Early Japanese industries also took off in this period: production of cotton yarn, raw silk and pig iron, increased 258%, 700%, and 500% respectively. Hundred-Year Statistics of the Japanese Economy (Tokyo: Bank of Japan, 1966), pp. 100, 282; Kenji Seki, Nihon Mengyoron (Japan Cotton Industry) (Tokyo: Tokyo University Press, 1954), p. 438; K. Iida, Nihon kindai Seitetsugijutsu Hattatsushi (Development of Japan Modern Iron Technology) (Tokyo: Toyo Keiai Shinpo, 1957), p. 656.

military survival was at stake as sudden contact with the West after 200 years of self-inflicted isolationism exacerbated feelings of economic and military vulnerability. At the turn of the 18th century, Russian naval expeditions had attempted trade, demanded national boundaries and seized Tsushima island. In 1808 and 1813, British warships had intruded upon Nagasaki to force trading rights, and in 1824 had skirmished with inhabitants in Kagoshima Bay. China's defeat during the Opium Wars in the 1840s only reinforced Japanese fears of foreign penetration. In 1854, when American Commodore Matthew C. Perry arrived with President Fillmore's instructions to secure "friendship, commerce, a supply of coal and provisions, and protection for our shipwrecked people," Japan's leaders feared more of the same. American interests in coaling stations for refueling steamships and in benevolent treatment for shipwrecked whalers had led to government authorization of the Perry mission.[6] But while Perry's instructions were to use force only for self-defense, the imposing fleet which accompanied his demands was manifestly

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[6] Treat, Diplomatic Relations Between the United States and Japan, 1853 - 1895, pp. 8-9. One person who deserves mention as the single most important catalyst for the Perry mission is Aaron Haight Palmer. Over a period of nine years, Palmer lobbied Congress and State to open Japan to trade, presenting a "Plan for Opening Japan" to the Secretary of State in 1849. See Aaron Haight Palmer, Documents and Facts Illustrating the Origin of the Mission to Japan, first published in 1857 and available as Origins of the Mission to Japan (Wilmington: Scholarly Resources, 1973).

threatening to Japanese authorities.[7] Perry's "request" for humanitarian treatment of shipwrecked American sailors was unmistakeably expressed in intimidating terms:[8]

> If your country should persist in its present practices and fail to mend them, it will surely be looked upon with hostility. If your country becomes an enemy, we will exhaust our resources if necessary to wage war. We are fully prepared to engage in a struggle for victory. Our country has just had a war with a neighboring country, Mexico, and we even attacked and captured its capital. Circumstances may lead your country to a similar plight. It would be well for you to reconsider.

Perry's ultimatum succeeded in forcing the first commercial treaty between Japan and a foreign power, the Treaty of Kanagawa.[9] Foreigners' veiled threats were ever-present. The American-Japanese Treaty of Amity and Commerce of 1858, while a liberal improvement over British, Russian and Dutch treaties, compelled Japanese acceptance by warning of British intolerance

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[7] While Perry arrived with "only" four warships, this was "the largest naval force and the first steamers ever seen in Japanese waters . . ." Payson J. Treat, Diplomatic Relations Between the United States and Japan 1853 - 1895, p. 11.

[8] "Diary of an official of the Bakufu," in Transactions of the Asiatic Society of Japan, 2d Series, Vol. 7, p. 98, cited in Treat, p. 15.

[9] Historian Charles E. Neu, in The Troubled Encounter: The United States and Japan (Krieger: Malabar, FL, 1981), p. 8, says of Perry's method: "His tactics were typical of the era. He warned the Japanese of the fate of Mexico, threatened to assemble an even larger force, and made it clear that he intended to achieve his aims at whatever cost."

about refusals to trade:[10]

> When the British ask for trade, they say they will come with men-of-war and demand that ports be opened at once. If opened, well; if not, war will at once be declared. There will be a great difference between granting their demands and making a treaty with me, who am consulting the advantage of both countries. It will be greatly to the honor of Japan to do as I say.

Consequently, it is not surprising that 70 percent of the Japanese *daimyo* (feudal lords) continued to oppose opening trade relations with foreigners.[11]

Following the Kanagawa Treaty, other foreign powers insisted on and received access to the Japanese market. Ensuing treaties with Britain, Russia and Holland included the humiliating terms of extraterritoriality. Thereafter, recalcitrant Japanese clans fearing foreign penetration would clash with Western powers enforcing trading rights and extraterritoriality. In 1863, British warships bombarded Kagoshima for the murder of a British citizen (he refused to dismount from his horse when a feudal lord rode by). The following year, an allied force of 17 warships (9 British, 4 Dutch, 3 French and 1 American) attacked Japanese

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[10] Foreign Relations of the United States, 1879, pp. 631 - 634. Statement made to Japanese Commissioners by the first American Consul-General to Japan, Townsend Harris.

[11] For a rich source of internal debates going on in Japan see Ryusaku Tsunoda, Wm. Theodore de Bary and Donald Keene, compilers of Sources of Japanese Tradition (New York: Columbia University Press, 1958).

batteries to enforce free passage through the Straits of Shimonoseki.[12] From the considered perspective of the Western powers, perhaps the advance of civilization and commercial liberty were at stake. But from the viewpoint of Japanese leaders, foreign contact and its unequal treaty terms codified Japan's inequality with respect to other states and threatened the ruling Tokugawa shogunate's tenuous hold over rival clans. The ensuing nationalistic attitude toward foreign trade seemed validated later when the unequal treaty terms helped unify rival clans that toppled the House of Tokugawa responsible for signing the treaties.[13]

By 1868, when samarai leaders who ousted the shogunate began internal reforms that inaugurated the Meiji Restoration, both military and economic development were vital national security concerns to the Japanese state. The sudden external threat of a powerful foreign menace and internal breakdown of Tokugawa feudalism had led to two security imperatives -- a modern military and active government involvement in the economy. Although in theory, the new Meiji government symbolized the restoration of imperial rule, in fact, it more resembled a

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[12] Captain M. D. Kennedy, Some Aspects of Japan and Her Defence Forces (London: Kegan Paul, Trench, Trubner, 1928), pp. 20-22.

[13] A coalition of the four major clans -- the Satsuma, Choshu, Tosa, and Saga -- overthrew the Tokugawa Shogunate in 1868.

politically unstable amalgam of feudal principalities.[14] A state of seige attitude persisted, intensified by severe competition among the treaty powers to secure the most advantageous treaty terms. Official concern about what Japan's response to the foreign presence should be is evident in public speeches and national journals of the time.[15]

Contrasting Perceptions of External Threat

Different Japanese and American historical experiences resulted in varied national perspectives of what constituted a foreign threat to national security. US leaders viewed illiberal regimes with suspicion, while Japanese statesmen saw economic openness and political liberalism as sources of collective vulnerability.

From the perspective of Meiji authorities, Japan's initial contact with powerful Western states had presented a dual problem. Newly installed state leaders had to contend not only with economic and military inferiority, but also with the specter

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[14] See Edwin O. Reischauer, Japan: Past and Present (New York: Knopf, 1958), Chapter 9, "The Creation of a Modern State."

[15] See: Kamekichi Takahashi's The Rise and Development of Japan's Modern Economy: The Basis for 'Miraculous' Growth (Tokyo: Jiji Tsushinsha, 1969), particularly Chapter One, "Policies of Meiji Government Toward Production Industries;" issues of Meiroku Zassi [Journal of the Japanese Enlightenment] (Tokyo: University of Tokyo Press, 1976); and Yukichi Fukuzawa's Keiō Gijuku Hensan [Compilation of Keiō Era Style], 22 vols. (Tokyo: University of Tokyo Press, 1958-1964).

of internal instability and the need for domestic consolidation of power.

Manufacturing technology inherited from the Tokugawa era proved inadequate to stem the influx of British cotton or to produce military armaments on a par with British, French, German and American industries. Warships visibly anchored near the capitol clarified the military threat to Japan's security, and severe economic changes that accompanied sudden contact with the West reinforced fears of foreign investment and goods. The influx of foreign goods displaced less efficient local industries such as cotton and sugar and disrupted basic commodity prices. This was accompanied by a substantial outflow of gold and increase in rebellions.[16]

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[16] E.H. Norman, Japan's Emergence as a Modern State: Political and Economic Problems of the Meiji Period (New York: Institute of Pacific Relations, 1940), pp. 40-42.

Rebellions in Japan
1844 - 1867[17]
1844 - 1851 14
1853 - 1859 16
1860 - 1867 39

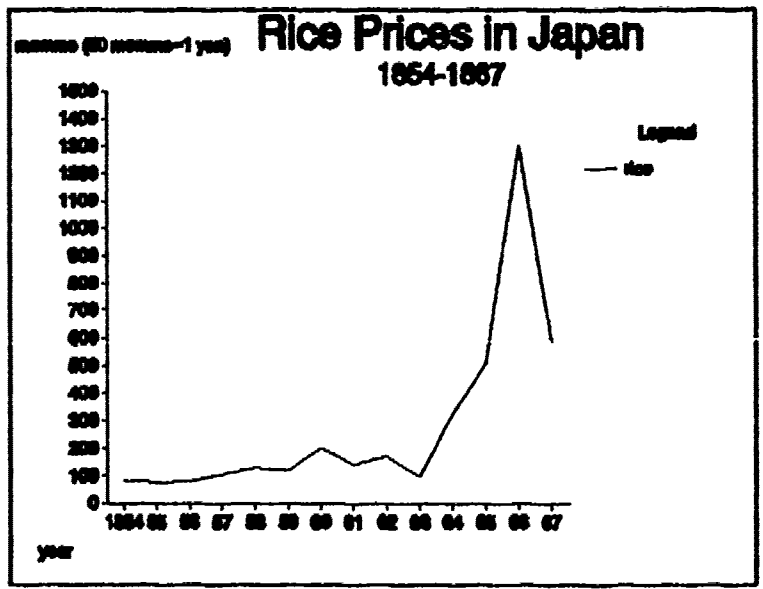


Figure 2.1

As the new government moved to consolidate power away from regional clans, it encountered mounting demands for expanded political participation. Internal reforms and the establishment of institutions such as the Charter Oath (1868), Constitution and bicameral Diet (1889), Ministry of Industry (1870) and Ministry of Education (1871)[18] were meant to centralize the post-feudal state in the face of this combined threat of internal instability and starkly superior foreign presence. In the first decade of

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[17] Kokusho Iwao, Hyakusho Ikki no Kenkyu (A Study of Peasant Revolts) (Tokyo: 1928), pp. 443 - 446, cited in Norman, p. 42.

[18] The electorate in 1890, at the time of the first national elections to the Diet, was 1% of the population. Reischauer, Japan, p. 126. For a history of the centralized feudalism of pre-Meiji Tokugawa rule, see Takahashi, "Relation of Tokugawa Feudal Structure to Post-Restoration Economic Development," Chapter One in The Rise and Development of Japan's Modern Economy, pp. 48-57 (Book One).

Meiji rule, government enterprises proliferated without any real opposition from private entrepreneurs.[19] In this domestic setting, the pressures of external envelopement by superior powers and internal flux produced a xenophobia that saw both relative trade disadvantage and military vulnerability as threatening to the state's overriding need to catch up with the West in military and economic terms.[20]

Japan's economic security dilemma was that foreign commerce was a double-edged sword, serving both as a channel for undesirable foreign influence and as a potential foundation for building a modern, powerful state. From this perspective, foreign capital was regarded as a threat, best deflected with policies of protectionism, cartels and mercantilist expansion. State fear of foreign capital was so great that despite the shortage of capital in Japan, only two foreign loans were taken out in the 19th century, and an Imperial rescript was issued against foreign loans.[21] Economic openness was associated

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[19] For sources see Yoshi Tsurumi, Japanese Business: A Research Guide with Annotated Bibiography (New York: Praeger, 1978), pp. 19-21.

[20] Increased nationalism associated with the interaction of foreign external threat and domestic flux are described in many works. See Marius Jansen, "Tokugawa and Modern Japan," John W. Hall and Marius B. Jansen, Studies in the Institutional History of Early Modern Japan (Princeton: Princeton University Press, 1968), pp. 317-330; and Albert Craig, "The Restoration Movement in Chōshū," in Hall and Jansen, pp. 363-373.

[21] The first, in 1870, borrowed 1 million pounds at 9% interest from Great Britain to finance Tokyo-Yokohama railway construction. The second, in 1873, was a 2.4 million pound

with collective vulnerability and insecurity even as splendid isolationism became an unviable option.[22] With fewer natural resources, limited territorial space, and confronted on their shores with plainly superior Western military power, Japan had to rely on the export of manufactured goods to pay for imports needed for modernization. This required active protection of domestic markets from the threat of foreign penetration, and the acquisition of foreign know-how.

In that regard, Meiji oligarchs sought and received French, German and British instructors and engineers to help build a modern military. In 1868 the Naval School, forerunner of Etajima Naval Academy, opened with 63 cadets under French instruction. Later, the British Gunnery School was modeled there. In 1871, the first of many missions to the United States and Europe was dispatched in an effort to understand the sources of Western modernization and trade, industrial organization, and military power.[23] The following year, French-engineered naval

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British loan to buy bonds to support samurai pension. Takahashi, The Rise and Development of Japan's Modern Economy, pp. 184-185.

[22] For example, of the reasons cited for such a paucity of foreign loans by Sakatani Yoshiro in 1897, Director of the Bureau of Computation in the Department of Finance, the most important one was a late industrializing nation's fear of dependence on foreign capital. External dependence was feared to invite foreign intervention -- Egypt and Turkey were cited as historical examples. Ibid, pp. 222-224.

[23] Akira Iriye, Across the Pacific, p. 46. The Iwakura mission also attempted revision of the unequal treaties of the 1850s, but failed. US insistence on bilateral revision and Japanese demands for a general revision conference in Europe

dockyards in Yokosuka were underway, and by 1876 Japan had acquired its first steam-driven warship. A Meiji government document in 1882 justified the strengthening of military defense in terms of external "developments in the world." In 1888, Home Minister Yamagata Aritomo declared rapid armament as the number one national priority, indicated by the slogan, *fukoku kyōhei* (rich country, strong army). Japan's strategic response to the outside world consisted of military modernization with foreign economic assistance and accomodation to the predominant regional power (Great Britain), and centralization of control over strategic industries such as shipbuilding, mining, railroad, and communications to counter the foreign menace.[24]

American foreign policy also deemed economic expansionism and commerce as vital to national survival; however, a tradition of Western political and economic liberalism limited the state's involvement in the economy to pursue national security. A Ministry or Department of Industry to define the collective economic good and lead national economic policy was notably absent, as a century of democratic institution-building had allowed individual citizens greater influence over economic

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prevented a US-Japan revision. On this point see Chapter 18 in Treat.

[24] For several excellent comparative essays on Japanese definitions of colonialism, formal empire and sense of foreign threats, see Ramon H. Myers and Mark R. Peattie, The Japanese Colonial Empire, 1895-1945 (Princeton: Princeton University Press, 1984).

affairs. By the end of the nineteenth century, economic liberalism had emerged as the alternative to state mercantilism. Adam Smith's free market, David Ricardo's law of comparative advantage, and the normative economics of John Stuart Mill advocated interdependence among nations as the way to maximize wealth. While Japanese authorities viewed the Perry mission as another threatening attempt at commercial aggression, American policy makers saw the advance of free trade and individual liberties.

Insulation from the machinations of continental balance of power politics and lack of palpable external military or economic threats encouraged such American idealism.[25] The European national security system of state-led industrialization and overseas colonies for the purpose of achieving relative advantage over other states had not been embraced by an isolationist America. A strategy of "naval isolationism"[26] seemed sufficient to protect American national security and promote free trade. The lack of a threat of imminent intervention contributed to the passive nature of the state in external security concerns.

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[25] For an excellent discourse of the earliest roots of the tension between idealism and realism in American foreign policy, see Felix Gilbert, To The Farewell Address: Ideas of Early American Foreign Policy (Princeton: Princeton University Press, 1961).

[26] The classic work is that of Alfred T. Mahan, The Influence of Seapower on History 1660 - 1783 (Boston, 1890). "Naval isolationism" is a term coined by Stephen B. Jones in "Global Strategic Views," The Geographical Review, 492-508.

In accounting for this, the role of military technology seems crucial.

In contrast to the backward state of Japanese military technology, the ability of American military technology to stay abreast during a crucial period military historian William McNeill has referred to as "the initial industrialization of war"[27] deterred forced penetration by external powers. From the mid-1800s on, rapid European improvements such as the iron-clad steamship, breech-loading rifle and armor-piercing naval artillery began a revolution in military organization and weaponry that states ignored at the own peril. In rifle manufacturing, US processes were ahead of the British, French and Prussians, exporting automatic milling machines that accelerated the mass production of firearms. If this physical security from foreign intervention had been absent, it seems likely that the US government would have been more active in securing foreign markets and protecting its own domestic market from outside powers. Indeed, in matters of "internal" security such as the forced expulsion of native American Indian populations, the state was quite active in providing land, promoting the western expansion of railroads, and extending military protection for invading American settlers. Instead, even the Monroe Doctrine, which in 1823 warned European monarchs against "any attempt on

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[27] See William H. McNeill, The Pursuit of Power: Technology, Armed Force, and Society since A.D. 1000 (Chicago: The University of Chicago Press, 1982), Chapter 7.

their part to extend their system to any portion of this hemisphere," was part of an overall foreign policy touted as passive, declaratory and isolationist.

Differentiated Concepts of National Security

These differences in Japanese and American perspectives of foreign threat affected the scope of activity defined as national security by each state. A relatively broad Japanese definition of security included active state intervention in achieving economic and military advantage over other states. A narrower American concept considered security limited to military matters -- economic activity was not a matter of national security, but the proper domain of private entrepreneurs and consumers.

Two characteristics of the Japanese state were particularly important in producing the relatively broad definition of national security that accompanied perception of the foreign threat: (a) the dominance of military concerns over private civilian interests, and (b) the nature of state involvement in the economy. Military dominance in civil-military affairs was aided by its early institutionalization. When the Meiji Constitution became effective in 1889, the four institutional parameters of Japanese civil-military relations had already

preceded it:[28]

1. 1871: the creation of a national armed service
2. 1872: conscription system
3. 1878: formation of an autonomous General Staff with "the right of direct access" to the Emperor
4. 1882: Imperial Rescript of supreme command over the armed services, as well as the special relationship to Japanese troops and sailors

Within this civil-military framework, the ability of Meiji leaders to control regional military leaders was weakened by internal instability and the presence of the powerful external threat. The desires of the predominant Satsuma, Choshu and Tosa clans to diminish the influence of lesser clans[29] coincided with the new Meiji government's need for order in the presence of the foreign threat. Needing the support of the powerful clan chiefs to build a credible national military, Meiji leaders had to abandon civilian control of the military.

State involvement in the economy, ranging from direct control of industries to guarantor of markets for private firms, also contributed to Japan's broad definition of national security. The textiles industry was the first key sector actively promoted by the state in Meiji Japan, as a means to earn

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[28] James N. Buck, Civilian Control of the Military in Japan (Buffalo, NY: State University of New York at Buffalo, 1975), p. 13.

[29] Ibid, pp. 5-7.

foreign specie to pay for imported raw materials.[30] In order to stem the flow of superior European cotton fabrics into the home market, the Ministry of Agriculture directed the development of better fibers through research institutes as early as the 1860s. Entrepreneur Toyota Sakichi's subsequent adaptation of the oil engine to the cotton loom spread to other domestic firms, and the Imperial Army's demand for cotton fabric in China after the Sino-Japanese War led to increased textile exports. Other government initiatives included sponsorship of national trade fairs beginning in 1877, importation of spinning equipment, and the financing of local business loans. In the chemical, mining and heavy industries, even privately-owned firms relied on the state for procurements, technical assistance and laboratories. Ministry of Industry officials' alarm over Japanese dependence on foreign sources of iron and steel led to state-initiated projects such as the Kamaishi (1885) and Yawata (1897) Steel Mills, which replaced less efficient domestic hand-craft iron and steel producers.[31]

Although such close business-government interaction did not always ensure state dominance, the process itself brought together interests in economic and military advantage. Business

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[30] In 1880, gold specie comprised 90.7% of the world's official international reserves -- as opposed to approximately 50% today. Peter H. Lindhert, Key Currencies and Gold, 1900-1913 (Princeton: Princeton University Press, 1969), Chapter 2.

[31] Tsurumi, Japanese Business, p. 43.

leaders concerned with attaining international competitive advantage and state bureaucrats pursuing security goals interacted in traditional group forums that sought protection from economic shocks and military strength during times of crisis. The time-consuming political process of seeking consensus rather than accepting majority rule broadened the scope of security matters by incorporating more groups into the decision making process.[32] Even when the Japanese state did not nationalize an industry, as in coal, the state still acted to pursue national economic security by serving as guarantor of private firms. In the electric power and oil industries, where private leaders resisted government controls, the state intervened in market conforming actions or played a role of market guarantor and risk eliminator.[33]

In contrast, the American government's view of foreign capital penetration tended to be more benign, and the prevailing definition of national security excluded economic activities as matters for state action to achieve national advantage. Although industrial lobbyists were able to protect certain markets, the large size of the domestic market thwarted the development of a state seige mentality against foreign capital. Even before the

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[32] On the historical origins of the norm of consensus, as well as its impact on the public policy making process in Japan, see Bradley M. Richardson and Scott C. Flanagan, Politics in Japan (Boston: Little, Brown, 1984), pp. 333-336.

[33] Samuels, The Business of the Japanese State, Chapters 3,4, and 5.

American economy achieved international prominence, the United States was a major borrower and porous recipient of foreign direct investment.[34] In the absence of a visible outside threat and the acute need for a competitive economy to counter it, the prevailing American conception of national security was firmly embedded in liberal economic thinking.

That security was defined largely in terms of military threats rather than economic threats to the nation is evident in American foreign policy of the period, which by any objective account must be considered expansionist. The expansion across the Great Plains was not justified in the name of national economic security articulated by the state, but in terms of individual freedoms and "Manifest Destiny." Regional interventions were portrayed and justified by reference to individual rights and the principle of economic openness, rather than the need for stable markets and secure sources of raw materials. Presidents and state security policy makers expressed an interest in preventing European colonization rather than protecting markets.[35] When American penetration of markets

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[34] See Jeff Frieden, "Sectoral conflict and U.S. foreign economic policy, 1914 - 1940," in Ikenberry, Lake and Mastanduno, The State and American Foreign Economic Policy (Ithaca: Cornell University Press, 1989), p. 63.

[35] This most clearly began with President Monroe's warning in 1823 against the Holy Alliance interfering in Spanish-American republics. It is also apparent in subsequent American resistance to British, Spanish, and French territorial designs in Mexico and Central America in the latter half of the 1800s. See John W. Foster, A Century of American Diplomacy, 1776-1873 (New York:

followed the US government's principled use of force to protect individual freedoms (such as in native American Indian lands and regional interventions), American liberal principles seemed duplicitous.

Nevertheless, American leaders continued to espouse liberal values and define security threats accordingly. US security interests were not yet defined in Asia, but consisted of more regional concerns in Mexico and the Caribbean. The primary motivations were fears of European colonization of the western hemisphere which would inhibit free trade. In the 1860s, Secretary of State Seward promoted a policy of Mexican self-determination to obstruct the expansion of the French and Spanish empires in Mexico. Later American economic penetration of Mexico was initiated by private American citizens and the liberal policies of the Mexican Diaz government.[36] In Caribbean affairs, US Secretaries of State showed only an intermittent security interest and began to express strategic concerns in safeguarding free trade routes only after the decision to build an isthmian canal had been made. Originally, the building of such a canal was supported by the Department of State and ratified by the Senate (by the Clayton-Bulwer Treaty of 1850) to

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Houghton and Mifflin, 1900).

[36] See Chapter 9 in James M. Callahan, American Foreign Policy in Mexican Relations (New York: MacMillan Press, 1932).

exclude British colonies and protectorates in Central America.[37] Later in 1902, President Roosevelt enjoined an isolationist Congress to accept the increased responsibilities such a canal would bring:[38]

> The events following the war with Spain and the prospective building of the Isthmian Canal render it certain that we must take in the future a far greater interest than hitherto in what happens throughout the West Indies, Central America, and the adjacent coasts and waters.

The Taft administration continued the trend of expanding American strategic thinking within the context of progressive economic liberalism. William H. Taft had been the first civilian governor of America's first colonial possession won in a foreign war -- the Philippines.[39] His Secretary of State Henry Knox saw the promotion of economic progress as the best means to prevent European intervention in the western hemisphere. Knox's advocacy of force after failed diplomatic methods was legitimated in terms of protecting American property rights and lives, not the pursuit of the collective economic security of the United

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[37] See Foster, A Century of American Diplomacy, pp. 456-457, for a review of American expectations of British restraint.

[38] Dana G. Munro, Intervention and Dollar Diplomacy in the Caribbean, 1900 - 1921 (Princeton: Princeton University Press, 1964), p. 4.

[39] See Stanley Karnow, In Our Image: America's Empire in the Philippines (New York: Ballantine, 1989), for insightful treatment of this American experiment with "imperial democracy."

States.

In comparison to Meiji leaders' comprehensive approach to achieving state security, US national security interests were defined militarily, focusing on the European balance of power. Interest in maintaining an Asian balance of power was minimal and confined to the sporadic efforts of individuals. In 1882, for instance, thirteen years before the Sino-Japanese War in Korea, Commodore Shufeldt persuaded the State Department to authorize another attempt to open Korea as a matter of personal ambition. A previous expedition in 1871 had failed.[40] Although he succeeded in securing a Treaty of Commerce with Korea, his accomplishment was dismissed by Secretary of State Blaine as insignificant because he saw no political or commercial value in the treaty.[41] It was not until the Russo-Japanese War, by which time Japan had developed a modern navy, that security planners in Washington diverted their attention away from British-German naval rivalry to a potential security threat from Japan:

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[40] In 1866 the American ship "General Sherman," loaded with European wares, was set afire as it attempted to sail up the Taedonggong River to Pyongyang. Five years later, another American attempt to land on Kanghwa Island was repulsed by the Korean garrison there. A Handbook of Korea (Seoul: Seoul International Publishing House, 1987), p. 84.

[41] Neu, Troubled Encounter, p. 24.

Pre War Roots

year	event
1860s	beginning of Japanese Navy: feudal lords privately acquire 93 foreign vessels which are confiscated after M. Restoration
1876	10 capital ships (1 steam-driven)
1894	19 destroyers (15 built in Great Britain and 4 of British design)
1902	Japan builds British-designed destroyers; dispatches naval mission to Great Britain, France and US to study submarines
1904-5	Russo-Japanese War: first use of armored cruisers and 12-inch guns in naval warfare; modern ships and skillful Japanese naval tactics prevail
1907	**US Navy Orange Plan developed for a Far East contingency involving Japan**

US Navy Outlays in thousands of dollars

year	outlays
1870	21,780
1875	21,498
1880	13,537
1885	16,021
1890	22,006
1895	28,798
1900	55,953
1905	**117,550**
1910	123,174
1915	141,836

compiled from data in M.D. Kennedy, Some Aspects of Japan and Her Defence Forces (London: Kegan Paul, Trench, Trubner, 1928), pp. 45 - 46; and Historical Statistics of the United States, Colonial Times to 1970 (Washington, D.C.: Bureau of the Census, 1975), p. 1114.

Chapter 2

Convergence and Divergence of Security Approaches

Security policies soon reflected these national differences of threat perception and concepts of security. The narrow American and broad Japanese national security policies co-existed peacefully as long as each state tolerated the other's different definition of legitimate state competition. Bilateral conflict resulted when the US government rejected Japan's broad definition of security.

The first policy divergence involved the issue of the unequal treaties revision in 1872, and it directly led to Japan's fateful expansion by force. The solution offered by the American Minister-Resident in Japan was for the Japanese government to initiate a complete opening to foreign trade. Meiji authorities called for increased restrictions on foreign trading rights, fearing that the opening of Japan to all foreign trade under an unequal treaty system would simply allow Japanese commercial capital to be overwhelmed by the great trading nations of Europe. In addition, trading restrictions on foreign powers could be used as a means to finance the building of a modern, powerful state. But restrictions such as duties on goods brought in at treaty ports and taxes on Japanese employed by foreigners were treaty violations. Japan seemingly had to accept increased dependence on foreign powers largely disinterested in treaty revision, or

follow the predatory practices of European powers in order to gain colonies for Japan elsewhere. Given the Japanese historical experience with Western powers, it is not surprising that the latter course was taken. The nearby Korean peninsula, comparatively rich in raw materials and arable land, was a natural target. Having repulsed earlier English, Russian, French and American attempts to force commercial relations, it subsequently became the first object of Japanese expansion.

1. Korea

The use of Japanese military force to achieve national economic and military parity with the West was pursued in accordance with the observed practices of Great Power intervention in the Far East. Korea's own 250-year isolation had recently ended with a French expedition in 1866, followed five years later by an American expedition. Five years after that, a Japanese mission of two battleships and three troop ships extracted from the Korean state an unequal treaty modeled after the Anglo-Chinese Treaty (1842) and the American-Japanese Treaty of Commerce (1853).[42] The treaty's effects on the divided

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[42] The Treaty of Nanking of 29 August 1842, and Treaty of the Bogue of 18 October 1843, extracted eight main conditions:

1. a $21 million indemnity
2. abolition of Chinese monopolistic trade practices
3. opening of five ports to British consuls, merchants, and warships
4. cession of Hong Kong

Korean state seemed to include all of the foreign evils from which the Meiji and successive Japanese governments sought to free themselves.[43] Terms included the opening of three ports to Japan, paving the way for an influx of Japanese goods that destroyed native Korean industries. By 1882, Japanese troops had been dispatched to Korea to extract a new treaty after Korean veterans rebelled against pro-Japanese policies, destroying the Japanese consulate.[44] Other foreign powers soon obtained similar treaties of commerce with Korea, although the presence of Japanese military forces in Japan ensured that the bulk of Korean concessions flowed to Japanese business interests.

Increasing Japanese economic and military intervention in Korea culminated in the Sino-Japanese War of 1894-1895, a clash between traditional Chinese interests and Meiji-initiated economic expansionism. No substantial Western interests existed in Korea to deter the use of military force to achieve national economic objectives. The colonization of Korea would not only

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5. equality in official correspondence
6. a fixed import duty (13% ad valorem) and export duty (10.75%)
7. extraterritoriality
3. most-favored-nation status for Great Britain

from Immanuel C. Y. Hsü, The Rise of Modern China (London: Oxford University Press, 1975), p. 243.

[43] By negotiating the revision of the unequal treaties (the *jōyaku kaisei* movement) Japan in 1899 became the first Asian nation to rid itself of extraterritoriality, and obtained tariff autonomy in 1911.

[44] Bong-youn Choy, Korea: A History (Tokyo: Charles E. Tuttle, Co., 1971), pp. 106-107.

gain raw materials and markets, but also deny them to other powers. In addition, Meiji leaders deliberately shifted from a modernizing nation reliant on exports of agricultural surpluses to one that would rely on manufactured goods exports.[45] The Japanese state's use of both economic and military means to achieve national advantage in Korea is evident in government documents of the time. The Foreign Ministry's objective of a stable Korean domestic order for trade was frustrated by inadequacies in the Korean political-economic system. Tokyo repeatedly demanded that Seoul implement massive governmental reforms to maintain stable Korea-Japan trade relations.[46] A later ultimatum demanded that Seoul break its trade agreements with China. When the Korean royal court requested and received Chinese troops to quell domestic uprisings,[47] Japanese troops were dispatched and the Sino-Japanese War had begun. The subsequent Japanese victory secured Japanese economic advantages in Korea, notably in rice production, cotton and wool. Thereafter, security policy makers in Tokyo, who were divided on other issues, agreed that Japanese control of the Korean

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[45] Peter Duus "Economic Dimensions of Meiji Imperialism: The Case of Korea, 1895-1910," in Myers and Peattie, The Japanese Colonial Empire, 1895-1945, pp. 128-171, p. 132.

[46] See Morinosuke Kajima, The Diplomacy of Japan, 1894 - 1922, Vol. I (Tokyo: Kajima Institute of International Peace, 1980), p. 44.

[47] This was the Tonghak [Eastern Learning] Rebellion of 1894, a peasant uprising with strong religious and anti-foreign elements.

peninsula was an essential element of Japanese national security. The economic and military definitions of national security had merged to produce a non-negotiable policy of national security.

In contrast, the United States government expressed no Asian security interests during the Sino-Japanese War, proclaiming neutrality as a peaceful trading nation. After the outbreak of hostilities, the President soon instructed the American Minister in Japan to offer to mediate a peace settlement:[48]

> The deplorable war between Japan and China endangers no policy of the United States in Asia. Our attitude towards the belligerents is that of an impartial and friendly neutral, desiring the welfare of both ... the President directs that you ascertain whether the tender of his good offices in the interests of peace alike honourable to both nations would be acceptable to the Government at Tokyo.

Japanese authorities accepted the offer after achieving the war's objective of driving the Chinese out of Korea and securing Port Arthur and Liaotung Peninsula in 1895.[49] Three years later, a Russo-Japanese Treaty obtained Russian acquiescence to Japanese hegemony in Korea, in exchange for Japanese consent to Russia's 25-year lease of Port Arthur and Ta-lien in China.

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[48] James W. Christopher, Conflict in the Far East (Leiden, The Netherlands: Brill, 1950), p. 35.

[49] The Sino-Japanese War Peace Treaty was concluded on 17 April 1895 at Shimonoseki, Japan.

2. Anglo-Japanese Alliance

Notably, the great powers rewarded Japan's victory. The first agreement on equal terms between Western and Asian powers -- the Anglo-Japanese alliance, was signed in 1902. Achieving national economic objectives through active state involvement continued after the annexation of Korea; key to success was military alliance with the predominant power. The Anglo-Japanese Alliance facilitated the pursuit of national economic independence through military force. By providing an international framework for state policy, military alliance could help prevent Japan from becoming isolated from world powers. For Japan, the military alliance served a political-economic priority apart from collective security aims. In fact, Japan's failure to send military forces to Europe in support of its British "ally" during World War I, in contrast to active US military support of the allied cause, is cited by Japanese scholars and statesmen as the main reason for the eventual abrogation of the alliance.[50] For the moment, however, Japanese interests seemed compatible with the aims of London policy makers who viewed the alliance as a means to preserve a global naval presence while concentrating its forces in European waters.

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[50] Hisahiko Okazaki (Japanese Ambassador to the United States), "The US-Japan Alliance in Historical Perspective," in Dora Alves, ed., Evolving Pacific Basin Strategies: The 1989 Pacific Symposium (Washington: National Defense University Press, 1989), pp. 78-84.

The alliance also satisfied the security interests of three influential cabinet groups that defined Japan's security policy -- the Foreign Ministry, Army and Navy. By obtaining British approval of Japan's free hand in Korea, the Foreign Ministry's concerns for "stabilization" were met. From this perspective, the alliance provided the secure external military environment to maintain access to Manchuria and Mongolia. The importation of timber and minerals from this region, which in turn were used to produce manufactured goods, was seen as essential to economic growth. To accomplish this, Tokyo actually encouraged a larger British presence in the Far East than London was willing to maintain.[51] In 1921, Foreign Minister Uchida lauded the British naval presence as stabilizing the region for trade:

> Japan is naturally anxious to strengthen the ties of friendship and loyal co-operation between herself and the British Empire, which she regards as of the utmost importance to the stability of the Far East.

From the Army's perspective, the alliance neutralized France in the event of a war with Russia, the chief ground threat. Despite the Russo-Japanese Treaty, the Imperial Army viewed the Russian presence in Manchuria as the main threat to Japan's economic control of Korea and Japanese expansion in Manchuria The Foreign Ministry was also deeply concerned with Japanese - Russian competition, but was more willing to compromise on the

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[51] See Friedberg, Weary Titan, pp. 180-182.

establishment of separate Japanese and Russian spheres of interest in order to avoid conflict.[52]

By 1900, however, Russian military forces had substantially increased. In addition to the Russian fleet anchored at Port Arthur, 180,000 Russian troops had been dispatched to Manchuria during the Boxer Rebellion on the pretext of guarding railways. To counter this threat to Japanese economic interests, British naval forces (roughly equivalent to the Russian and French fleets combined) would provide a useful counterweight. For its part, the Imperial Navy recognized its weakness relative to the British and American naval forces, and initially sought to balance naval powers. Later though, as oil-burning fleets replaced coal-burning steamships, oil requirements would vastly increase. This would consume the navy with the problem of oil access to support wartime operations, creating an interest in economic expansion.[53]

Overall, the Anglo-Japanese Alliance served to accomodate British naval preeminence and Japanese economic interests in China. This reduced the requirements for a costly naval buildup, permitting the stable pursuit of economic interests. The Russian

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[52] This was reportedly accomplished in secret negotiations between Ambassador Yamagata and Russian Foreign Minister Lobanov in 1896. See Kajima, The Diplomacy of Japan 1894-1922, Vol. III, p. 439.

[53] For example, consumption of foreign crude oil in 1925 was 43 times greater than in 1916. Kennedy, Some Aspects of Japan and Her Defence Forces, p. 209.

threat to Japanese economic interests in Korea and Manchuria was then eliminated in the Russo-Japanese War of 1904-1905 -- launched by a preemptive Japanese strike at Port Dairen.[54] With the Russian military threat removed, the next outlet for economic expansion was China. As long as regional power interests could be appeased or balanced, foreign resources and markets presumably could be maintained.

3. China

At the time, US security policy toward China was almost non-existent. The Open Door Notes of John Hay proclaimed the territorial integrity of China and right of free trade in the face of harsh reality -- the existence of foreign spheres of influence. In fact, the Open Door notes, which would be used to characterize American policy toward East Asia up to December 1941, were not even a government initiative. The notes had simply stated what had been the activities of early American traders in China, who had not been controlled (as had been their European counterparts) by state-sponsored trading companies. While leaders in Japan moved forward with plans to ensure secure colonies for economic expansion, American security policy makers

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[54] For details of the planning for the strike on Port Dairen and in particular tactics used in naval battles, see chapters 13 - 19 in Edwin A. Falk, Togo and the Rise of Japanese Sea Power (New York: Longman's, Green: 1936).

emphasized principles of free trade, and focused on military capabilities as the main criterion of threats to national security. Only a few naval officers and Asian experts in the State Department, in no position to articulate US security policy, began to view Japanese activities in China as threatening to American security interests.[55]

Over the issue of relations with China, the Japanese Foreign Ministry's pursuit of national economic objectives and the Army's dominant view of national security would become linked as the latter would press for secure access to an expanding list of materials needed to fight a modern war.[56] By 1925, Japan would carry the heaviest burden of military expenditures in the world, measured by percentage of national wealth spent on armaments:[57]

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[55] Michael A. Barnhart, Japan Prepares for Total War: The Search for Economic Security, 1919 - 1941 (Ithaca: Cornell University Press, 1987), pp. 51-52.

[56] There were bitter divisions between the Imperial Army and Navy over an "army first" or "navy first" approach to achieving state power and prosperity that I do not delve into. The roots of these rivalries go back to the initial Meiji strategy of industrial catchup. See Marius B. Jansen, "Japanese Imperialism: Late Meiji Perspectives," in Myers and Peattie, The Japanese Colonial Empire, 1895-1945, pp. 1-79.

[57] Foreign Affairs, October 1925, p. 158.

Chapter 2

Comparative Armament Figures, 1925

state	national wealth (dollars)	appropriations (dollars)	nat'l wealth (percentage)
United States	320,803,862,000	553,861,346	.17
United Kingdom	159,802,400,000	904,354,270	.56
Germany	84,157,700,000	107,705,903	.13
France	74,037,673,000	254,485,150	.34
Japan	**32,178,725,000**	**218,500,000**	**.68**
Soviet Union	30,876,000,000	190,694,000	.62
Italy	29,747,763,000	159,349,200	.52

Table 2.2

In the 1920s, army planners were developing plans for peacetime mobilization of resources for wartime contingencies. These included the use of Chinese territory in Shantung, gained from Germany after World War I. In 1925, the Army General Staff had planned for the construction of railroads in China, and two years later dispatched Japanese troops to protect interests during the Chinese civil war. Despite disagreement within the army over the timing of continental expansion, there was consensus that the Soviet Union was Japan's main military threat, and Manchurian raw materials were needed for an eventual war.[58]

The policy linkage of economic and military means to achieving total national security was still uncertain at this point. The Foreign Ministry shared the army's view that the

[58] Barnhart, Japan Prepares for Total War, p. 30.

Anglo-Japanese Alliance was needed to protect Japanese commercial interests in China, but did not yet advocate military means to pursue them:[59]

> Japan fully realizes that any such venture of aggression would be not only hopeless but destructive of her own security and welfare. She sincerely wishes for China an early achievement of the peace, unity, and stable government ... Her vast commercial interests alone, if for no other consideration, point unmistakably to the wisdom of such a policy. This is a basic principle of the Anglo-Japanese Alliance.

Later in 1925, however, Yoshida reaffirmed Japan's legal claims on the Asian continent, justifying both the Sino-Japanese and Russo-Japanese (1905) wars in terms of an economic menace to Japanese security through the Korean peninsula:[60]

> The economic problem of Japan's future consists in obtaining from China and Siberia her supplies of food and raw materials and seeking to dispose of her goods in the great market on the east.

The Japanese invasion of China followed failed economic measures to preserve Japanese markets and Japanese suppression of local "communist-inspired" Chinese movements which might threaten this objective. While the Foreign Ministry continued to express preference for fiscal and economic methods to ensure economic

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[59] Ibid.

[60] Dower, Empire and Aftermath, p. 49.

access and stability in China, by 1927 a Yoshida memorandum revealed the same policy preference adopted in Korea: the use of the Army to achieve economic interests.[61]

Collision of National Approaches to Security

Meanwhile, US policy makers continued to ignore these national differences in Japan's approach to security. Japan's quest for economic security was met by a US policy mix that simultaneously permitted the shipment of war supplies to Japan while morally condemning militarism in China. American leaders continued to oppose economic sanctions while clinging to liberal principles of the Open Door, even as Japanese troops invaded China in 1928. The Washington Naval Conference of 1921-1922 had ostensibly achieved security in its proper military domain, and the Nine-Power Treaty had announced Chinese territorial integrity.[62] When Japanese military intervention during the 1931 Manchurian Incident led to the establishment of the puppet Manchukuo state the following year, American policy makers

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[61] Dower, Empire and Aftermath, pp. 69-70.

[62] The Nine-Power Treaty was signed by the United States, Japan, China, Great Britain, France, Italy, Portugal, the Netherlands and Belguim. Article one declared: "The Contracting Powers, other than China, agree: (1) to respect the sovereignty, the independence, and the territorial and adminsitrative integrity of China." Cited in Herbert Feis, The Road to Pearl Harbor: The Coming of the War Between the United States and Japan (Princeton: Princeton University Press, 1971), p. 9.

interpreted the action as the work of militarist conspirators. Less considered were the catalytic effects of the Great Depression on domestic definitions of security in Japan. Unemployment in Japan in 1930 had reached 1 million. The price of silk, a good that comprised 30% of Japanese exports, plummeted. Activism by military and right-wing intellectuals increased as the state's pursuit of legitimate national rights seemed constrained by external forces. The Capital Flight Law of 1932, followed by the Industrial Association Law in 1934 and the creation of the Cabinet Investigative Bureau, centralized state control over the military and economic means to achieve security.

In 1934, Japanese displeasure with the 10:6 differential ratio of the Washington Naval Conference of 1921 was made clear at the London Disarmament Conference. By this time, the Imperial Navy was committed to an ambitious naval construction program. Diplomats abroad peddled this drive toward security as legitimate economic expansion. Many Japanese saw little difference between the Japanese state's actions in China and American intervention in its southern sphere of interest. Yoshida, then member of the Cabinet Investigative Bureau and ambassador to Great Britain, consistently attempted to persuade Western powers to condone Japanese actions in China. Citing Japan's overpopulation pressures, need for raw materials and markets, Yoshida hoped Western appeasement would mollify militarists throughout the government.

Chapter 2

The Japanese state's pursuit of broadly defined security initially had meshed well with the American approach that nominally separated military interests from commercial interests. The collision of the broad Japanese and narrow American approaches to security was forestalled by American inability or unwillingness to consider economic affairs as matters for national security policy. Even after the Mukden Incident of 1931, American accomodation to Japan's military pursuit of economic security was eroding but still intact. The following year, Depression-President Hoover, hardly an advocate of government intervention in the economy, opposed an arms embargo against Japan. Secretary of War Stimson opposed economic sanctions until the severity of Japan's military campaign in China led him to consider the possibility that Japanese leaders aimed to establish an economic bloc of exclusion.[63] Finally in 1934, when Japan abrogated the unequal naval arms limitation treaty, Roosevelt and Hull pressed for an arms embargo. Pressure for economic sanctions finally began to build up within the US government. By 1935, Secretary of State Hull countered Yoshida's calls for appeasement with a frank characterization of Japanese objectives in China:[64]

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[63] Barnhart, Japan Prepares for Total War, p. 57.

[64] Papers Relating to the Foreign Relations of the United States, Japan: 1931-1941, volume I (Washington: US Government Printing Office, 1943), p. 242.

> The impression among many persons in this country was that Japan sought absolute economic domination, first of eastern Asia, and then, of other portions as she might see fit; that this would mean political as well as military domination in the end; that the upshot of the entire movement would be to exclude countries like the United States from trading with all of those portions of China thus brought under the domination or controlling influence so-called of Japan.

As an alternative to economic exclusionary practices, Hull proposed reciprocal trade agreements to be the criterion of equality of commerce and fairness among all of the large economic powers, and complained of countries such as Japan sending into the United States "abnormal quantities of highly competitive products to the extent of 20 or 40 or 50 percent of our domestic production."[65] Yoshida stressed that excessive barriers to trade constrained Japanese businessmen, and emphasized Japan's national security requirement for outside trade. Ambassador to the United States Saito Hiroshi defended Japanese vital interests in Manchuria as trading interests directly connected to Japan's very survival: "Japan's recent expansion in her trade is thus the result of her struggle to live."[66]

Hull and Yoshida agreed that international "free trade" did not yet exist, but differed over the appropriate national responses to the illiberal world. A narrow American definition

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[65] Ibid, p. 243.

[66] Japan's Policies and Purposes: Selections from Recent Addresses and Writings (Boston: Marshal Jones, 1935), p. 100.

of national security excluded trade competition and included free trade as an objective, if not an ideal. Free trade meant unencumbered access for all market participants and reciprocal trade agreements were seen as a practical bilateral approximation of that ideal. In contrast, a broad Japanese definition of national security included the state pursuit of national economic advantage. Reciprocal "free" trade with the United States did not seem to be prudent security policy when the rest of the world would not afford similar commercial opportunities. Even reciprocity was deemed unacceptable -- it simply supported the intolerable status quo that denied Japan its fair share and sphere of economic advantage. If free trade were not internationally possible, then security policy makers would seek a secure share of world trade through active intervention.

Increasing Japanese involvement in China was accompanied by the merging of military and economic means to achieving state security. The domestic formula which allowed this to occur was the convergence of objectives of the Foreign Ministry and the Army and Navy. Already the Konoe cabinet was powerless to stop the dispatch of army troops when national security apparently demanded it.[67] Factors such as the pressures of

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[67] For example, when German-Soviet hostilities broke out in 1941, Foreign Minister Matsuoka and Army officials advocated attacking Russia, and dispatched troops for "special manuevers." Prince Konoe had been unable to prevent the dispatch of troops, although a subsquent Imperial Conference limited the troops to use in China "to secure the basis for self-sufficiency and self-defense." Togo, The Cause of Japan, pp. 79-80.

overpopulation, the need for external markets and sources of natural resources, and the overriding objective of catching up with a demonstrably less than benign West, help account for the Foreign Ministry's pursuit of economic security. A domestic political structure which forged consensus among competing groups, each of which used the broad banner of national security to justify initiatives, was also important to the merger. All told, this amounted to state involvement in the economy to achieve security. The military correlates of economic security were broad indeed, contributing to an expanded role for the military in securing the resources needed for modern warfare. In both the Foreign Ministry and the armed forces, the absence of both economic liberal ideas and political controls over the cabinet facilitated the policy linkage of economic and military security.[68]

American reluctance to impose economic sanctions materially allowed the Japanese state's economic-military objectives to be seen as feasible. When the United States finally froze Japanese assets and announced the oil embargo in the summer of 1940, the

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[68] Factors working against liberalism in Japan were several, some of the most often noted being:
(1) The weakness of the Diet in the Meiji Constitution.
(2) Competing centers of power outside public control (the military services, "genro" informal senior statesmen council, the bureaucracy, Privy Council, and Imperial Household members
(3) State control over education
"The High Tide of Prewar Liberalism," in Ryusaku Tsunoda, Wm. T. de Bary, and Donald Keene, ed., Sources of the Japanese Tradition (New York: Columbia University Press, 1958), pp. 718-724.

effect on Japan's national security politics was to merge the economic and military definitions of security. The means advocated by the Foreign Ministry and the armed forces converged; divisiveness among the Army, Navy and Foreign Ministry abated in the face of the ominous economic threat. The historic Japanese peace proposals to Secretary of State Hull on September 6, 1941, reflect the uncompromising nature of a broad definition of national security. In the proposal, Japanese leaders demanded the restoration of full economic relations with the United States and freedom from American interference with Japanese activities in China.[69] When Hull rejected the proposal (in terms of liberal principles) and demanded Japanese withdrawal from China, Japanese leaders realized that there was no basis for a settlement.[70] The only option left which was compatible with the broad Japanese definition of national security was to forcibly expand markets and eliminate military threats to that expansion.

In contrast to this approach to security, the American perspective viewed the Japanese security dilemma quite differently. Even if US policy makers had known about the serious cleavage between the Imperial Army and Navy, fundamental

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[69] The proposals can be found in Foreign Relations of the United States, Japan 1931-1941, pp. 608-609 and 656-661.

[70] See Feis, The Road to Pearl Harbor, p. 277, on the significance of the Japanese proposals of 6 September and Hull's reply of 2 October.

differences in the definition of national security remained unresolved. A relatively benign external environment, large potential internal market, and tradition of political and economic liberalism mitigated against the emergence of state-initiated economic security. Within the State Department in particular, liberal economic ideas prevailed to prevent the inclusion of economic affairs as matters of national security. National security was the proper domain of the state's military, a separation reinforced by liberal democratic structures. From this perspective, the answer to Japan's dilemma was to work toward the ideal of free trade, and "if and as such free trade was realized, Japan would receive her substantial share without any effort or contribution on her part, as would other trading countries."[71] Short of changing the illiberal international system, Japan had no rational recourse but to support principles of free trade. After all, in the September 6th note, Prime Minister Konoye apparently had indicated full support of President Roosevelt's four principles of international relations.[72]

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[71] Statement by Secretary of State Hull to Ambassador to Great Britain Yoshida Shigeru on 12 June 1936. Foreign Relations of the United States, Japan 1931-1941, Vol. I, p. 243.

[72] Foreign Relations of the United States, Japan 1931 - 1941, Vol. II, p. 658. These principles were:

(1) Respect for territorial integrity and sovereigny of each and all nations.
(2) Support of the principle of non-interference in the internal affairs of other countries.

Unfortunately for bilateral relations, definitions of rationality rest upon the preference structures of the actors. Security preferences can differ across states with varying domestic structures and national experiences. When the definition of national security encompasses a broad list of preferences, including economic as well as military competition between states, little room for negotiation remains. Settlement of inter-state affairs tends to become deadlocked. The reluctance of American policy makers to adopt a broader definition of security was accompanied by a normative commitment to, or belief in, a liberal economic order. Just as the Japanese state's pursuit of national economic security would endure the trans-war period, so would this American characteristic. Indicative of post-war US policy objectives, Ambassador Joseph Grew noted in June 1940 a relationship between inter-state conflict and an illiberal economic order:[73]

> Fundamental policy of Japanese Empire based upon mission as stabilizing force East Asia. Obviously Japan concerned not only with China continent but also with South China Seas. Economic relations between Japan and other countries East Asia very close. These countries' territories mutually dependent for prosperity. Japan has deep concern not only for political status quo Netherlands East Indies but also for economic resources, trade, industry, and develop-

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(3) Support of the principle of equality, including equality of commercial opportunity.

(4) Non-disturbance of the status quo in the Pacific except as the status quo may be altered by peaceful means.

[73] Ibid, p. 66.

> ment of those islands. Can nations avoid conflict friction when there exist tariff walls, immigration restrictions, other barriers preventing smooth interchange of goods between nations which are complementary in economic sense? Construction of new world order to come after present European war will require basic settlement of this issue.

Trans-War Continuity

The fundamentally different Japanese and American conceptions of national security persisted to the end of the Pacific War. Neither domestic system was able or willing to concede to the other's definition of what constituted legitimate national security. Despite ominous military setbacks and inadequate resources to prosecute planned wartime operations, Japanese leaders remained in domestic gridlock over security interests. On the US side, the policy of unconditional surrender policy held fast. As military victory seemed to approach, there was no reason to compromise the prevailing definition of security. Late wartime internal debates over how to achieve security would shape the new basis for post-war cooperation.

The inability or unwillingness of American national security policy makers to understand or tolerate Japan's pursuit of economic security is evident in internal American debates over the origins of Japanese aggression, appropriate terms of surrender, and post-war objectives. Most policy makers agreed later that they had misread Japanese intentions, failing to

realize, in Secretary of State Dean Acheson's words, "... that he (General Tojo) and his regime regarded the conquest of Asia not as the accomplishment of an ambition but as the survival of a regime. It was a life-and-death matter to them. They were absolutely unwilling to continue in what they regarded as Japan's precarious international position surrounded by great and hostile powers ..."[74] On the question of the origins of the Pacific War, two lines of thought emerged. One emphasized the assumption of power by militarists whose capable and spirited forces had to be throughly defeated. The Japanese threat to regional security was seen as limited to the militarist element of Japanese society, which needed to be purged forever. The other explanation saw the origins of Japanese aggression as imbedded in a feudal society which allowed the militarists to seize power in the first place. The task, therefore, was to democratize society and allow Japan to reenter the international economy as a peaceful trader. Both explanations converged on the post-war necessity to purge militants, democratize society and promote non-military industrialization. This required terms of surrender that allowed for such sweeping objectives.

FDR's unconditional surrender policy was not only the lone domestically feasible option in the United States after Pearl Harbor; it also was seen to be a practical requirement for

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[74] Dean Acheson, Present At The Creation: My Years in the State Department (New York: W.W. Norton, 1969), p. 36.

correcting the Japanese security problem. Post war demilitarization and democratization of Japan would seem to require such control. This was particularly the view of the Office of War Information, which generated a stream of reports to the President. Its publication Japan's Unconditional Surrender defined the Japanese *gunbatsu* (military faction) problem so broadly that anything less than complete American military victory would be insufficient to extricate militarism from Japan.[75]

In 1944, as military victory seemed imminent, elements of the US government that defined national security were reorganized to plan post war objectives. The creation of the State-War-Navy Coordinating Committee (SWNCC) was foremost among these agencies, and by the spring of 1945 the agency had debated the details of unconditional surrender. Chief among their concerns was the securing of an early unconditional surrender that prevented Soviet territorial expansionism in Manchuria.[76] Complicating

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[75] In this report the "gunbatsu" included not only top military officers but leading industrialists, large landowners, Imperial Household members and top government officials. Papers of Harry S. Truman, Official File 197, Box 685, Truman Library.

[76] Belief in the inevitability of a Soviet invasion of Manchuria was widespread throughout the government, but whether to encourage or dissuade Soviet action against Japanese forces was a subject of disagreement. Joseph Grew, for example, advocated delaying Soviet entry into the war while offering conditional surrender terms to Japan. General MacArthur advocated early Soviet entry into the war to facilitate the American invasion of Japan. Neither knew about the development of the atomic bomb.

this objective was the discovery of the bargain struck at Yalta, while American preparations for the invasion of Japan (set for 1 November 1945) were in full swing and before the atomic bomb had been developed. In February of 1945, FDR reached accords with Stalin and Churchill at Yalta, but failed to inform the SWNCC or State that (a) Russia would soon enter the war and (b) Russian was promised economic privileges in Manchuria and Sakhalin in return.[77] FDR's post-war plans were heavily influenced by Treasury Secretary Henry Morganthau, who as head of the Informal Policy Committee on Germany favored applying such measures to Japan. These included dismantling heavy industry, removing domestic political authority and dividing the country into zones of occupation. FDR's death and Truman's opposition to Morganthau's punitive plan prompted an internal debate to occur over the details of unconditional surrender.

The military and State members of SWNCC naturally focused on different aspects of unconditional surrender. Army and Navy leaders emphasized the total military defeat of Japanese forces on the battlefield. Impressed by the stiff resistance encountered in Pacific battles, most military planners assumed an invasion was necessary to extract unconditional surrender. On the issue of whether or not to demand the elimination of the Emperor institution as part of surrender terms, the Joint Chiefs

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[77] See Michael Schaller, The American Occupation of Japan: The Origins of the Cold War in Asia (Oxford: Oxford University Press, 1985), on this dilemma.

recommended against making a commitment either way: "From a strictly military point of view consider it inadvisable to make any statement or take any action at the present time that would make it difficult or impossible to utilize the authority of the Emperor to direct a surrender of the Japanese forces in the outlying areas as well as in Japan proper."[78] Department of State officials emphasized political means and looked for liberal forces within Japan that might preclude the necessity for invasion.[79] Secretary of State Byrnes also favored ambiguity in reference to the Emperor system, although Secretary of War Stimson and former ambassador to Japan Grew favored guaranteeing the Emperor to ease surrender and promote post-war order in Japan. Stimson and Grew however, were excluded by FDR from participating at Potsdam.

Despite these differences, there was agreement on one point characteristic of the pre-war American approach to national security. The cause of the Pacific War was not viewed as Japan's pursuit of economic security. Japanese militarism, whatever its origins, was seen as the cause. To correct the Japanese departure from legitimate international relations, Japan's domestic order would need to be democratized and its war-making

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[78] Memo to President Truman from Admiral Leahy, speaking one behalf of the Joint Chiefs, cited in Herbert Feis, Japan Subdued: The Atomic Bomb and the End of the War in the Pacific (Princeton: Princeton University Press, 1961), p. 69.

[79] Frederick S. Dunn, Peacemaking and the Settlement with Japan (Westport, CN: Greenwood, 1963), p. 37.

ability removed. This policy consensus was evident in the Potsdam Declaration of 26 July 1945, signed by the United States, Great Britain and China. The Potsdam Declaration was ambiguous regarding the Emperor system and demanded unconditional Japanese surrender. The chief reason was the timely development of the atomic bomb, news of which reached Truman during the Potsdam negotiations. This seemed to provide the leverage to accomplish both American objectives. As a result of this newly acquired dominance however, there would be no compromises or conditional surrender. Consequently, fundamental differences between the Japanese and American states' approaches to national security would not be resolved in the surrender terms.

During the war, Japanese leadership persisted in the problematic pursuit of achieving a self-contained sphere for Japanese economic and military security. The desirability of a Greater East Asian Co-prosperity Sphere was never in doubt. Even the Emperor's surrender announcement of 15 August 1945 to the Japanese people, upheld this aim:[80]

> To strive for the common prosperity and happiness of all nations as well as the security and well-being of Our subjects is the solemn obligation which has been handed down by our Imperial Ancestors, and which we lay close to heart.

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[80] Robert J.C. Butow, Japan's Decision to Surrender (Stanford: Stanford University Press, 1954), p. 2.

> Indeed, We declared war on America and Britain out of our sincere desire to ensure Japan's self-preservation and the stabilization of East Asia, it being far from our thought either to infringe upon the sovereignty of other nations or to embark upon territorial aggrandizement.

Neither did the Emperor's address agree with the American version of the origins of the war. Instead, the address rationalized non-achievement of the objective in terms of "the general trends of the world [which] have all turned against her interest," and due to the fact that "the enemy has begun to employ a new and most cruel bomb, the power of which to do damage is indeed incalculable, taking the toll of many innocent lives. Should We continue to fight, it would not only result in an ultimate collapse and obliteration of the Japanese nation, but also it would lead to the total extinction of human civilization."[81]

During the initial stages of the war, there was no reason to scale down the ambitious wartime objectives of national security broadly defined. As Singapore and the Philippines were captured, and the oil fields of Borneo and Sumatra were seized, Japanese objectives in Southeast and East Asia seemed attainable. On the diplomatic front, the No Separate-Peace Treaty with Germany and Italy, a Treaty of Alliance with Thailand, and assurances of

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[81] Ibid, pp. 2-3.

Soviet neutrality indicated further successes were likely.[82] After the startling defeat of the Imperial Navy at the battle of Midway, however, moderates such as Yoshida began to voice displeasure with wartime objectives.[83] Gradually, as the Kwangtung Army became more deeply mired in Manchuria and American military victories in the Pacific mounted, displeasure with the Cabinet increased. Domestic initiatives to end the war short of establishing the Greater East Asian Co-prosperity Sphere objective but also acceptable to the *gunbatsu* were tried. For example, four days after the Imperial Navy's pivotal defeat at Midway, Yoshida called on Marquis Koichi Kido, the Lord Keeper of the Privy Seal (with direct access to the Emperor), to send Prince Konoe to Switzerland to gather information about likely terms of peace. Later in 1943, Konoe and four of the senior statesmen attempted to get an anti-war individual into the Tojo Cabinet but also failed.[84]

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[82] See former Foreign Minister Togo Shigenori's, The Cause of Japan (New York: Simon and Schuster, 1956) for this perspective. In addition, naval intelligence officer Kinoaki Matsuo's How Japan Plans to Win (Boston: Little and Brown, 1942) -- originally published in Tokyo as The Three-Power Alliance and a United States-Japan War, provides militarist viewpoints on: the righteousness of the co-prosperity sphere, China as the lifeline of Japan, the Washington Conference, and anti-Japanese treatment in the United States.

[83] See Dower, Empire and Aftermath, pp. 231 - 252, on the "Yohansen" anti-war movement in Japan.

[84] Butow, Japan's Decision to Surrender, pp. 14 - 16.

Pre War Roots

Why were these efforts unsuccessful, despite the fact that Kido, Prince Konoe, and Foreign Minister Shigemitsu knew the war was going against Japan? Obviously, the predominant influence of the military, particularly the army, was crucial. But the pervasive dominance of militarists was allowed by a broad definition of national security that legitimated military and economic means of preserving the *kokutai* (the state). A note from the work of Richard Butow reflects the conventional view of the dominant militarist influence, but also recognizes the effect of a broad definition of national security:[85]

> So strong was the army's position that it was impossible for a cabinet to interfere effectively with any course of action followed by the army. The latter, however, could and did intrude upon general affairs of state on the grounds that they were matters pertaining to national defense. The navy possessed the same power but did not abuse the privilege to the extent the army did.

Institutional factors played a key role in ensuring the persistence of a broad security definition. The Army's broad definition of national security had been codified within the Army Ministry and in organizations such as the National Strength Evaluation Board, Cabinet Resources Bureau, and Cabinet Planning Office. Mobilization laws facilitated the intrusion of the army into civilian affairs under the aegis of national security. The domestic elite that defined security -- the Minister of Foreign

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[85] Ibid, p. 25.

Affairs, Army and Navy, "jushin" (senior statesmen), and the Premier -- were deadlocked by a consensus-seeking political structure of the status quo from which movement was incremental.[86] Policy alternatives to the de facto consensus of economic security were squeezed out. This muted the policy proposals of the anti-war movement. Peace proposals which might have succeeded domestically were too demanding to be acceptable to the Allies. Likewise, proposals which stood a reasonable chance of acceptance by the Allies were too conciliatory to appeal to the Army and Navy.

One notable failure was a plan to strengthen the Imperial Navy for a telling blow against American naval forces, so that favorable peace terms might be demanded. Military divisiveness has been noted as crucial to the plan's failure -- the Army would not support the Navy in such a limited objective. The change of cabinet in April 1945, in which Togo was replaced by Admiral Baron Kantaro Suzuki, provided no change in a domestic political structure gridlocked by its broad consensus of economic and military security. Military chiefs viewed the Potsdam demands as "too dishonorable"[87] to accept. Prime Minister Suzuki also

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[86] Robert M. Spaulding, Jr., discusses the impact of the bureaucratic "revisionist-military coalition" in "The Bureaucracy as a Political Force, 1920-45" in Morley, Dilemmas of Growth in Prewar Japan, pp. 33-80.

[87] "The Decision for Peace: Interrogation of Sakomizu Hisatsume" (Chief Cabinet Secretary in Suzuki Cabinet), The ONI Review, Vol.1, No.8, June 1946, p. 14.

needed the army's support for his Cabinet and effectively supported the war to the end as its price.[88]

The results of the domestic deadlock were that there would be no coming to terms with the Allies even as the war had clearly turned against Japan. The Potsdam ultimatum of 26 July was rejected and on 6 August, the atomic bomb was dropped on Hiroshima as an alternative to a massive invasion of Japan. The next day the Prime Minister and Foreign Minister informed the Emperor that more would likely be dropped if the war were not ended. Despite the Emperor's agreement that the war be terminated promptly, a meeting of the Supreme Council failed when military members refused to participate. Even after the second atomic bomb had been dropped on Nagasaki (August 9th), the inner cabinet remained deadlocked during a meeting on August 13th. The main obstacle to accepting surrender was the position of War Minister Anami and Army and Navy commanders, who favored a decisive battle on the Kantō plains. Foreign Minister Togo, Lord Keeper of the Privy Seal Kido, and Prime Minister Suzuki favored ending the war based on the Potsdam ultimatum, which at least in their view was ambiguous regarding the Emperor system. Navy Minister Yonai tacitly endorsed ending the war. For the next day, the inner cabinet debated interpretations of the Potsdam ultimatum, until the Emperor finally spoke in favor of accepting

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[88] See Feis, Japan Subdued, Chapter 16: "Was A Chance Missed to End the War?" on this point.

it as the apparent alternative to national destruction.

Chapter Summary

Initial US-Japanese contact was regarded as threatening by Japanese leaders and as naturally progressive by American policy makers. Divergent perspectives of foreign threat and definitions about the narrow or broad scope of national security matters resulted from external considerations of international position and internal political-economic differences. The absence of external economic threats to US national security, due in part to the ability of American military technology to keep apace with European advances, contrasted to the sudden appearance of starkly superior foreign threats to Japan. Political liberalism in the United States coincided with a period of sudden centralized institution-building in Japan. Minimal American state involvement in the economy for national security purposes contrasted to active Japanese state intervention. Japanese leaders' responses to the dilemma of how to integrate itself into international affairs without becoming dependent on superior powers were markedly different from the more liberal, isolationist course available for the United States.

Accordingly, Japan's approach to achieving national security matters comprised a broader spectrum of state action than the American conception, encompassing economic activities as well as

traditional military concerns. A narrower American definition which tended to nominally exclude commercial affairs as national security matters implied different security policies. The pursuit of national security, in which states attempt to achieve relative advantage by political, economic and military means, contained these important differences.

As sub-national coalitions of Japanese definers of security policy began to link economic and military means to achieving national advantage, American security policy makers continued to separate "security" (read military) matters from commercial activities. American policy makers were inattentive to these differences of national security, misreading Japanese policy through the 1930s. The broad-narrow security policy formula of Japanese-American cooperation in the pre-war period would break down, as American policy makers became unwilling to cooperate with Japan's pursuit of security broadly defined. Each nation entered the Pacific War intent on defending its conception of national security. These definitions of security remained entrenched in each national political system to the war's end and would have important consequences for post-war security cooperation.

In the next chapter, I argue that continuity of these approaches to national security into the post-war period promoted a differentiated exchange of security interests rather than simple agreement on a common threat. Despite the official

emphasis on common military threat, the actual basis for subsequent security cooperation would be a more complex framework that institutionalized different security priorities.

CHAPTER 3

POST WAR SECURITY BARGAIN

Some of the things the Japanese were asking us to do in this letter we would of course do. But we could not begin the occupation by bargaining over its terms. We were the victors. The Japanese were the losers. They had to know that "unconditional surrender" was not a matter for negotiation.1

President Harry S. Truman, 1945.

We can never pull off the so-called rearmament for the time being ... The day we rearm will come naturally if the livelihood recovers. It may sound selfish, but let the Americans handle our security until then. It is indeed our God-given luck that the Constitution bans arms. If the Americans complain, the Constitution gives us adequate cover.2

Prime Minister Shigeru Yoshida, 1956.

Overview

The Potsdam Declaration, accepted by the Japanese Emperor on 15 April 1945, indicated that unconditional surrender would be followed by an occupation. Less expected was that the terms would be negotiated rather than mandated by the victors. In the details of surrender and occupation, predominant American power would not simply implement US government objectives. Instead, a differentiated exchange of American and Japanese military and

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1 Yoshida, Yoshida Memoirs, p. 456.

2 Cited in Tetsuya Kataoka and Ramon H. Myers, Defending an Economic Superpower: Reassessing the US-Japan Security Alliance (Boulder: Westview Press, 1989), p. 16.

economic interests would become institutionalized from 1946-1954 in a framework that exchanged American military security for Japanese economic security:

1. the Constitution of Japan (Nov 1946)
2. Ashida Memoranda (Jul, Sep 1947, Jul 1948)
3. Ikeda Proposal (May 1950)
4. The Korean War and Dulles-Yoshida Dialogues (Jun 1950)
5. San Francisco Peace Treaty and the Security Treaty (Sep 1951)
6. Administrative Agreement signed under Article III of the Security Treaty (Feb 1952)
7. Dodge-Sutō Exchange (Feb 1952)
8. Charter Party Agreement (Nov 1952)
9. Ikeda-Robertson Communique (Oct 1953)
10. Mutual Defense Assistance Agreement and Defense Laws (Mar 1954)

The broad scope of the framework provided for an American military commitment to deter and defend Japan against external attack, in exchange for: Japanese demilitarization and democratization, liberal economic reconstruction, maintenance of internal security, provision of US basing rights, and a promise of prudent rearmament. What did each side receive in this bargain? At a minimum, Japan received the opportunity to pursue economic development at low military and political cost. There also was an expectation that the temporary US military presence would be phased out as Japan assumed responsibility for its own defense. For their part, US security policy makers received overseas bases for military power projection and an explicit promise for Japanese rearmament. Implicitly, US negotiators expected rearmament to occur squarely within the confines of a US military security embrace and assumed Japanese economic

liberalization would follow the democratization of Japan.

How did this exchange of relative security capabilities emerge under the ostensibly one-sided terms of unconditional surrender? Ambiguous key documents noted in the previous chapter, such as the Allied Powers' Potsdam Declaration, the [3] Initial Post Surrender Policy for Japan,[3] and the many directives of the Supreme Commander Allied Powers (SCAP), were contributing factors.[4] But the mere presence of ambiguous clauses is not enough to explain why or how Japanese statesmen were so successful at achieving economic security under the imposing circumstances of unconditional surrender. More central to security relations are differences in defining national interests and priorities, and the question of how such differences interact. This chapter completes the portion of our study on the origins of US-Japan security alliance by inquiring, *why and how did the differentiated exchange framework of security cooperation*

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[3] This document was a product of the State, Navy and War Departments. Acheson's memoirs note the influence of Under Secretary of State Grew, Assistant Secretary of War McCloy, and Secretary of War Stimson on this basic document. Its purposes encompassed the prevention of multilateral occupation zones, demilitarization, democratization, peaceful industrialization, and payment of reparations. Acheson, Present at the Creation, pp. 426-427.

[4] In The Security Factor in Japan's Foreign Policy, 1945-1952 (East Sussex, England: Saltire Press, 1983), pp. 20-22, Reinhard Drifte notes significant ambiguities in key documents concerning (a) whether the existing Japanese government would remain intact, (b) the territorial scope of occupation in Japan, and (c) the application of "unconditional surrender" to only the Japanese armed forces.

emerge? The historical analysis is subsumed under three sections: (1) Continuity of Japanese Economic Security Goals, (2) The Bounded Debate of American Security Policy, and (3) Formula of a Framework.

"Continuity of Japanese Economic Security Goals" illustrates trans-war continuity of Japanese economic security objectives. This accounts for the Japanese side of the security bargain, and establishes why Japanese economic security priorities emerged relatively unscathed from the American Occupation of Japan.

"The Bounded Debate of American Security Policy" explains the American side of the security bargain. Internal divisions among security policy makers over the means of achieving security objectives in post war Japan produced a American position that nicely meshed with Japanese economic security aims.

"Formula for a Security Framework" reviews details of the differentiated exchange framework, extracting key documents, initiatives and agreements during 1946-1954 that institutionalized the different American and Japanese relative security priorities. These accords do not suggest simple agreement on a common external threat, but rather a more complex formula of unlike contributions. In the final analysis, the American priority of military security came to be reciprocated for Japanese economic security objectives.

Post War Security Bargain

Continuity of Japanese Economic Security Goals

In order to explain the continuity of Japanese economic security goals, the key question is not so much the fact of economic security as a goal, but what permitted its pursuit under the paradoxically severe terms of unconditional surrender. Why is it that the one-sided terms of "total victory" did not resolve pre-war differences in national approaches to security? Essentially, the combination of Occupation era political reforms, beginning with the dismantling of Japan's military establishment, and illiberal economic reforms, a need reinforced by the desperate situation of the post war Japanese economy, produced a complement of Japanese economic and American military security priorities. This division of security interests would provide a remarkably enduring basis for post war security cooperation. How did this occur?

From the perspective of key American policy makers, Japanese economic reconstruction would be non-threatening to other states if conducted within the context of democratic political development. Democratization implied minimal state involvement in the economy and firm civilian control of the military. The immediate need to rebuild the Japanese economy, however, demanded political stability. The question of how to achieve these dual aims of democratization and economic reconstruction divided key definers of American post war security interests, manifested in

splits among Occupation authorities and between the Departments of State and Defense.

This interr division bore well for Japanese security priorities. From the perspective of key post war Japanese leaders such as Shigeru Yoshida and Hitoshi Ashida,[5] the national priority of economic reconstruction was seen in the context of regaining national sovereignty. Poor in natural resources and having lost its colonial suppliers, Japan would need to rely on the export of manufactured goods in order to reindustrialize. Economic independence [*keizai jiritsu*] was vital to national well-being, manifested by the urgent desire among Japanese conservatives and liberals alike to trade with communist China.[6] The threat of economic stagnation and subsequent national poverty loomed much larger than the prospect.

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[5] Like other Foreign Ministry officials, Yoshida's and Ashida's anti-communist credentials absolved them from Occupation purges, and they became important intermediaries between SCAP and the Japanese populace. See Drifte, The Security Factor in Japan's Foreign Policy; Dower, Empire and Aftermath; Weinstein, Japanese Defense Policy; Sakeda Sekai, "Kōwa to kokunai seiji" [the Peace Conference and domestic politics], in Hosoya Watanabe, San Furanshisuko e no michi [the road to San Francisco] (Tokyo: Cho Koronsha, 1984), pp. 88-112; and Nishimura, "Senryō-zenki to tai nichi kōwa mondai," in Fainansu.

[6] See Sekai, "Kōwa to kokunai seiji" [The Peace Conference and domestic politics] in Watanabe, San Furanshisuko e no michi. The question of trade with China and Taiwan is cited as the most distressing tension with Washington at the time, complicating the negotiation of a Peace Treaty and establishment of post war security relations. The goal of economic independence hinged on including China in a Peace Treaty, which the US opposed for ideological reasons. Following the outbreak of the Korean War, a compromise was reached which invited neither China to the Peace Conference and left Japan to decide the matter afterwards.

of military invasion. Accordingly, Japan's dilemma was not seen in terms of the dual American aims of democratization and economic reconstruction. Rather, the pressing problem was how to achieve some degree of national independence within the constraints imposed by the Potsdam Declaration and subsequent military occupation.[7] The state's pursuit of economic security, a policy bias carried over from the Meiji era of state-led development, was a most familiar and pragmatic alternative.

Seen in the context of Japan's historical experience since the mid-1800s, the demolished state of the national economy and elimination of military means to pursue national security left few options. The losses in Japanese heavy industrial production alone called for economic priorities:

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[7] Watanabe Shōfu, "Kōwa mondai to Nihon no sentaku" [The Peace Conference problem and Japan's options], in Akio Watanabe and Seigen Miyasato, San Furansisuko Kōwa [The San Francisco Peace Conference] (Tokyo: Tokyo University Press, 1986), pp. 17-56.

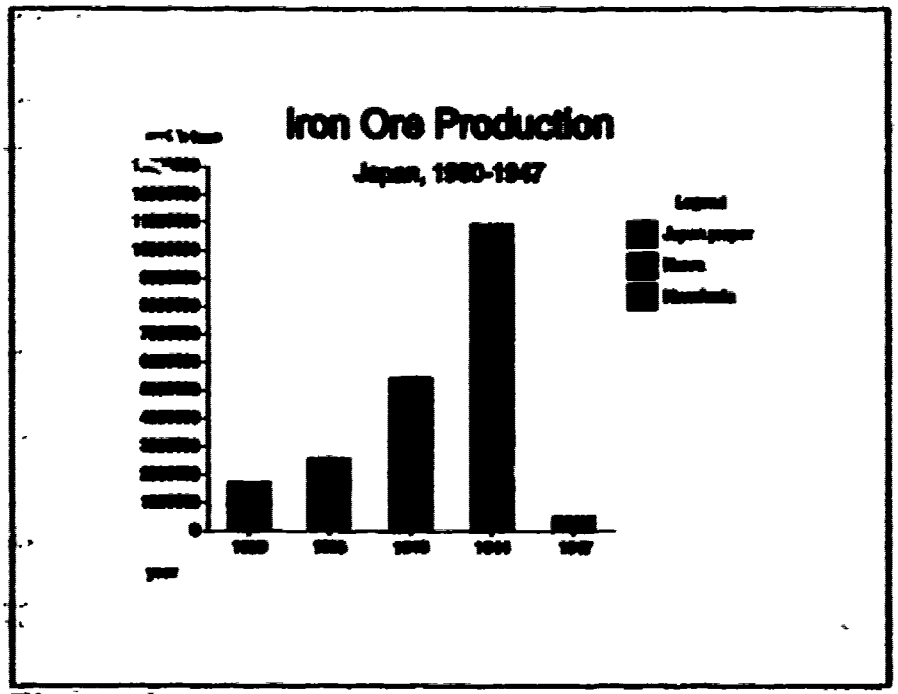


Figure 3.1

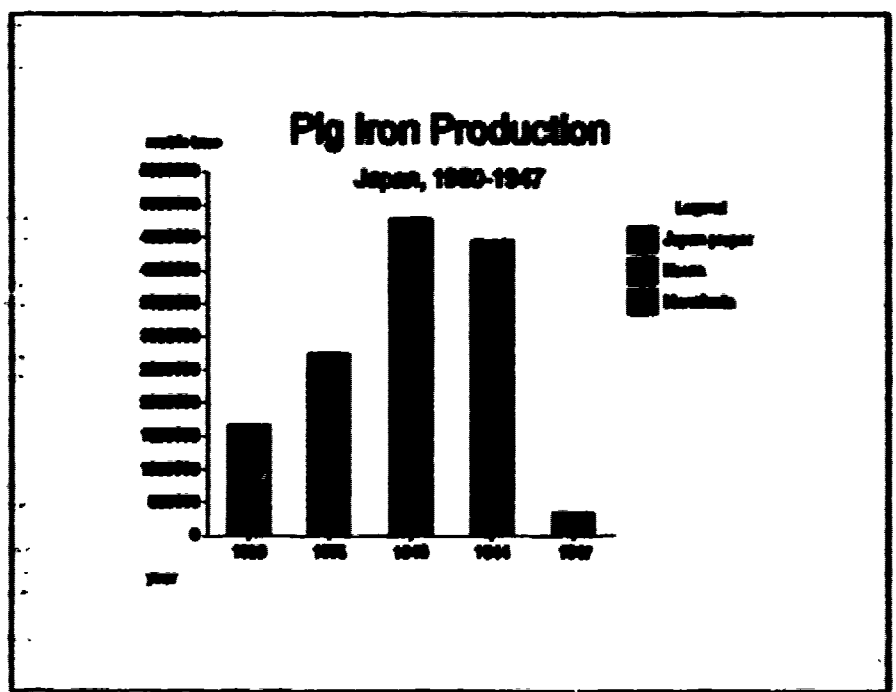


Figure 3.2

Post War Security Bargain

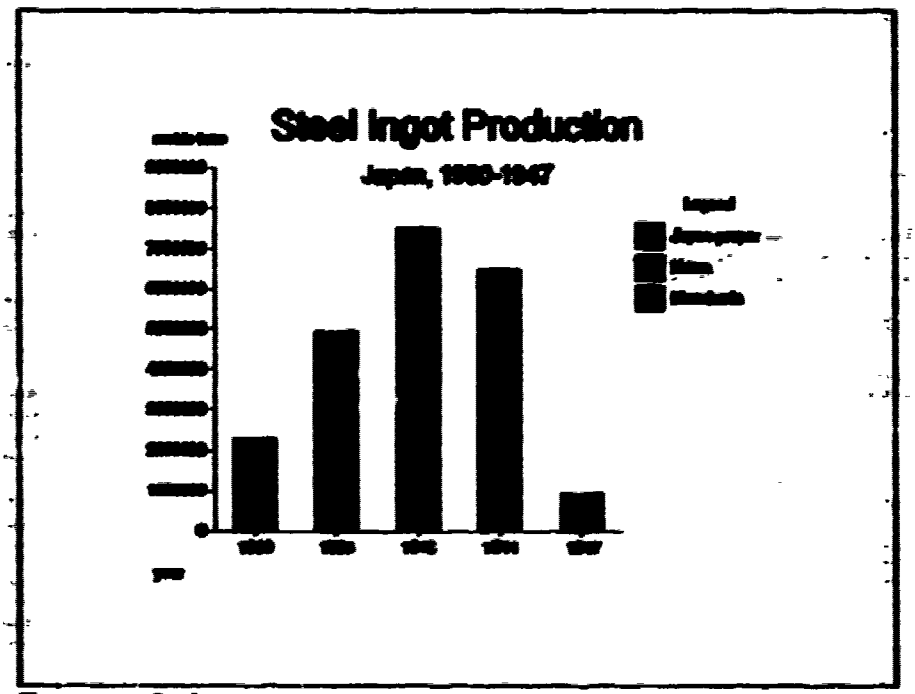


Figure 3.3

compiled from data in Japan SR-38, Central Intelligence Agency, 14 September 1948, The Harry S. Truman Library, Papers of Harry S. Truman, Presidential Secretary Files, Box 258.

Total material losses from the war have been estimated to be ¥64.3 billion -- one-fourth of the remaining national wealth.[8] Thirteen million unemployed, coal and food shortages, and high inflation compounded postwar economic problems. The military option, institutionally limited in the *Heiwa Kenpō* [Peace Constitution] of May 1947, was abjured later in a secret Yoshida-MacArthur agreement where Japanese military facilities were

[8] Takafusa Nakamura, The Postwar Japanese Economy: Its Development and Structure (Tokyo: University of Tokyo Press, 1981), p. 14.

provided for American rearmament in Japan.[9] As a result of these and other agreements (discussed in detail in Section 3 of this chapter), Japan was left to pursue economic security within the confines of a stabilizing military framework, a function provided earlier by the Anglo-Japanese alliance.

For their part, American policy makers continued to produce security policies intended to promote the dual aims of a liberal economic order and countering the illiberal military threat in accordance with traditional balance of power considerations: "Stopping Soviet penetration (by) the development of sound economic conditions in these countries"[10] and preventing "a power vacuum into which the aggressive military power from the mainland of Asia would surely flow."[11] From the perspective of the War and Navy Department leaders that dominated security policy, this required overseas bases, transit and landing rights for naval vessels and aircraft -- in short, a "strategic frontier:"[12]

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[9] "Transcript of a Recorded Interview with Shigeru Yoshida," interviewer Spencer Davis (Princeton University Mudd Library: The John Foster Dulles Oral History Project, 1964), pp. 3-5.

[10] James Forrestal Diaries, Princeton University Library, Vol. II, Box 1, 4 April 1945 telegram to Secretary of State.

[11] Eisenhower Library Dulles Files "JFD-JMA," Princeton Mudd Library, Box 2, A Commentary upon the terms of the United States-Japan security treaty, 19 September 1951, p.1.

[12] Melvyn P. Leffler, "The American Conception of National Security and the Beginnings of the Cold War, 1945-48," The American Historical Review 89, No. 2 (April 1984), pp. 346-400,

Post War Security Bargain

> The Philippines were the key to Southeast Asia, Okinawa to the Yellow Sea, the Sea of Japan, and the industrial heartland of northeast Asia. From these bases on America's 'strategic frontier,' the United States could preserve its access to vital raw materials in Asia, deny these resources to a prospective enemy, help preserve peace and stability in troubled areas, safeguard critical sealanes, and, if necessary, conduct an air offensive against the industrial infrastructure of any Asiatic power, including the Soviet Union.

In contrast to pre-war Japanese colonial designs, plans for maintaining access to resources in the American-dominated post war period meant open access within the ideals of liberal capitalism; strategic denial would pertain only against illiberal, predatory (communist) powers. Thus, a certain continuity of national approaches to security endured in post war bilateral relations. Security cooperation emerged in the 1950s, but not primarily on the basis of common perceptions of threat. Beneath general agreement regarding the existence of a communist threat lay important differences in the relative priority of military and economic security.

At the time, these biases and uncertainties were not at all clear -- particularly from the American perspective, which expected termination of the war rather unequivocally on American and Allied terms -- there would be no negotiation. After all, these terms had been outlined in the Potsdam Declaration, to

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p. 351. This unique article provides penetrating analysis of the ways US security policy makers thought about intentions and capabilities of other powers during this formative post war period (sources are declassified official documents and memoranda).

which the Emperor had declared acceptance. However, Japanese statesmen moved quickly to salvage fundamental security aims as best as the situation allowed, beginning with preservation of the Emperor system.

Initial post-surrender Japanese priorities centered on the maintenance of the *Tennō* [Emperor] for reasons of internal order, domestic identity and cultural continuity. Of course, the Imperial System of authority and obedience legitimated the political influence of traditional conservatives which was put at risk with military defeat. Public attitudes in allied countries and the United States favored elimination, if not execution, of the Emperor himself. As a militarily defeated and economically devastated state, Japanese elites' best hope for wielding influence was that the details of occupation would be subject to negotiation. Several early Japanese initiatives worked toward this end.

A message received from Japanese leaders immediately after the surrender (August 1945) contained four conditions for the victorious allies:[13]

1. advance notification of Allied forces arrival points
2. Japanese troops be allowed to disarm themselves, allowed to retain and wear their swords, and evacuation to Japan be conducted speedily
3. Japanese troops in remote areas be allowed a reasonable amount of time to cease fighting

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[13] Harry S. Truman, Memoirs by Harry S. Truman (New York: Doubleday, 1955), pp. 455-456.

4. Allied troops speedily dispatch food and medicine to remotely located Japanese troops

Also during the month of surrender, Foreign Minister Shigemitsu instituted a War Termination Office to protect Japanese sovereignty and independence.[1] In November 1945, Prime Minister Shidehara and Foreign Minister Yoshida established a committee within the Foreign Ministry to study the Peace Treaty and its related problems. In the fall of 1946, Yoshida and others began compiling seven volumes of economic and political data for American occupation authorities (in English), hoping to use the United States as a positive spokesman in Allied discussions on the Peace Conference.[15] In May 1947 (after the Peace Constitution was instituted), the Foreign Ministry established the *Kakushorenrakukanjikai* [departmental co-ordinating discussion group], which presented a unified Japanese position to the Allies on several topics.

Expectedly, President Truman's reaction to apparent Japanese intentions to negotiate details of surrender was one of surprise, if not irritation. A letter to General MacArthur from the Joint Chiefs of Staff clarified the President's position that American and Allied objectives set forth in the Potsdam Declaration remained the appropriate terms of surrender, and that there

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[14] Mamoru Shigemitsu, Japan and Her Destiny: My Struggle for Peace (London: Dutton, 1958).

[15] Yoshida, Yoshida Memoirs, p. 246.

should be no intrusion of Japanese terms:[15]

> The authority of the Emperor and Japanese Government to rule the state is subordinate to you as Supreme Commander for the Allied Powers. You will exercise your authority as you deem proper to carry out your missions. Our relations with Japan do not rest on a contractual basis, but on unconditional surrender. Since your authority is supreme, you will not entertain any question on the part of the Japanese as to its scope.

Despite this determination, US-Japan security relations would develop as if on a contractual basis, because national security priorities were not identical. Unresolved differences about relative security priorities persisted, allowing the Japanese pursuit of economic security to complement the security objectives sought by American policy makers. The result was less agreement on a common threat than an exchange of unlike contributions by two security-seeking states. In retrospect, three aspects of the American Occupation provided room for Japanese authorities to pursue economic security: (a) the reliance on Japanese administrators by Occupation authorities, (b) the limited character of the economic purge, and (c) the minimal effect of Occupation reforms on pre-war business and government elites.

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[15] Ibid, p. 457.

Post War Security Bargain

SCAP Reliance on Japanese Administrators

The broad scope of SCAP's responsibility relative to its manning authorization made American reliance on Japanese authorities a practical necessity. SCAP was organized into approximately a dozen special sections, the most important of which was the Government Section, whose organization paralleled Japanese cabinet structures. This structure and the flow of communication between American and Japanese policy makers allowed for interpretation of occupation directives. Historian Michael Schaller has emphasized the role of the Central Liaison Office, staffed mostly by former Japanese diplomats who came to interpret and implement reforms.[17] In addition, the ratio of relevant SCAP personnel to Japanese administrators was extremely low. Of the 10,000 Americans residing and working in Tokyo in 1946, only 500 personally took part in the governing of Japan through SCAP directives.[18]

Why was SCAP's span of control so broad? The paucity of Japanese-speaking Americans in the US government was a direct physical limitation.[19] More telling, however, was the

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[17] Schaller, The American Occupation of Japan, p. 28.

[18] Theodore Cohen, Remaking Japan: The American Occupation as New Deal (New York: The Free Press, 1987), p. 101.

[19] Interview with Irving Eisenstein, US Secretary, US-Japan Joint Committee, Tokyo, 24 Jul 90. Dr. Eisenstein served as legal counsel in the Anti-Trust Division, SCAP, during the American Occupation of Japan.

assumption that democratization was necessary to realize national security objectives in the long run. Regardless of the cause to which American policy makers attributed the Pacific War -- a small band of military cliques (General MacArthur's view) or the structure of feudalistic relationships (Secretary of State Acheson's view) -- democratization was seen as necessary to eliminate the long-term threat of militarism. The dual aims of conducting democratization and enacting widespread social, economic and political reforms required a transmission belt to the Japanese people. By the spring of 1946, SCAP had deliberately transformed this transmission belt into a bargaining arena when "the Section abandoned the use of directives, formal or informal, in favor of suggestion, persuasion or advice."[20] The cadre of competent Japanese administrators, most of whom were seen to have acquiesced rather than directed the war effort, literally assumed the role of bargainers.

As a result, less than one year after unconditional surrender, the ability of Occupation authorities to implement details had been intentionally reduced. Although the President had given MacArthur tremendous authority to shape Japan's political, economic and social systems, the means to implement surrender and occupation terms were limited. SCAP reliance on

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[20] "The History of the Government Section, GHQ, SCAP," in Supreme Commander for the Allied Powers, The Political Reorientation of Japan, September 1945-September 1948, Report of the Governmental Section of SCAP (Washington, 1948), p. 792.

Japanese administrators and the liberal nature of the reforms themselves encouraged this process. Consequently, Japanese authorities of cabinet rank had direct access to the highest levels of SCAP, and lower level intermediaries had ample opportunity to question post-surrender directives and modify their implementation.

Limited Economic Purge

The persistence of pre-war Japanese economic security goals can also be attributed to the minimal nature of SCAP's economic purge, which was completed by October 1949. Both the character and scope of the purge were limited in two ways that permitted Japanese economic objectives to be pursued: (1) the non-punitive nature of the purge, and (2) the minimal impact of the economic purge on financial, business, and government economic elites.

In contrast to purges conducted in post-war Germany which sentenced offenders to jail, purges in Japan simply barred individuals from holding certain business and public offices. The multilateral nature of the occupation of Germany and the unambiguously totalitarian nature of the Nazi regime may account for this difference. Even the Director of the American Civil Liberties Union, invited by MacArthur to conduct a three-month survey of civil rights in Japan and Korea, reported the purges in

Japan as fair and their punishments mild.[21] The purge should be distinguished from the case of suspected war criminals, who were to be arrested immediately. War criminals were identified in the JCS' Initial Post Surrender Directive to General MacArthur as (a) members of the Supreme Military Council, Board of Field Marshals and Admirals, Imperial General Headquarters, and Army and Navy General Staffs; (b) *Kenpei* members and other military officers who have advocated militant nationalism and aggression; and (c) high members of ultranationalistic societies. Even in these categories, President Truman later pardoned a number of convicted war criminals whose detention had resulted in economic hardship on their families.[22]

In addition to the war criminals, SCAP was directed to intern certain economic elites, to include:

> All persons who have played an active and dominant governmental, economic, financial or other significant part in the formulation or execution of Japan's program of aggression ...[23]

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[21] Roger N. Baldwin, "Civil Liberties in Japan," Baldwin Papers, Box 11, Mudd Library. The Baldwin Collection at Princeton University's Mudd Library remains a largely unexamined source about civil liberties reforms in American-occupied Japan.

[22] Several cases may be found in Papers of Harry S. Truman, White House Central Files, Truman Library.

[23] JCS Directive 1380/15, "Basic Directive for Post-Surrender Military Government in Japan Proper," in Political Reorientation of Japan, p. 432.

Post War Security Bargain

But the scope of the purge in financial and business circles, as well as relevant government officials, was relatively limited. Why was this the case? The non-punitive character of the Occupation reforms, in which demilitarization was to be followed by democratization and economic reconstruction, again seemed crucial. The economic purges were neither intended to retard economic growth nor control Japanese production, with the notable exception of munitions and armament production. In fact, the industrial production index rose 58% after the purge.[24] Of the 6,851 members of economic organizations screened for dismissal, only 1,535 were purged without reinstatement.[25] Less than 2 percent of Commerce and Industry officials, 4% of Ministry of Finance officials and 6 percent of Ministry of Foreign Affairs officials were purged. This contrasts to the military purge, in which 1,283 of 1,287 career army officers screened were dismissed, none of whom wasreinstated. Career naval officers fared only marginally better, with 792 of the 804 officers screened ultimately purged without reinstatement.[26] Within SCAP, there was divisiveness concerning whether the economic purge list should be long or short. Not surprisingly,

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[24] Ibid.

[25] Economic organizations included a panoply of financial organizations, aircraft, munitions, iron and steel, heavy industrial, chemical, transportation, communications and mining companies. See The Political Reorientation of Japan, Appendix B.

[26] Ibid, p. 557.

SCAP's Finance and Industry Sections urged short lists in order to facilitate industrial recovery. The Anti-Trust and Price Control Section pressed for a long list, believing democratization itself was at stake.[27] In the end, a total of 717,415 people were screened by SCAP and 201,815 purged from government or private positions before April 1946. Of this total, the economic purge accounted for less than 0.8%.

Within Japanese society, organized opposition and the informal structure of power worked to mitigate the effects of the purge. A Purge Appeals Committee, headed by former Minister of Justice Tanimura Tadaichiro, sought to depurge 70,000 of the 200,000 total purges. Banking and industrial officials, and non-policy makers in the government, were among the targeted categories.[28] For his part, Yoshida consistently protested to MacArthur that the purges threatened Japan's number one priority of economic reconstruction. On several occasions, the Prime Minister argued that *zaibatsu* [economic faction] such as Mitsui and Mitsubishi should be exempt from the purge as a matter of practical necessity:[29]

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[27] Cohen, Remaking Japan, p. 155.

[28] Papers of Harry S. Truman, Official File 197, Truman Library.

[29] Yoshida, Yoshida Memoirs, p. 159.

> In the economic world, for instance, nothing was more urgent than increased exports, and the improvement of Japan's position in world markets, but there existed a serious lack of available men experienced in such matters because of the large numbers eliminated by the purge.

The pervasiveness of *jinmyaku* [personal networks] also reduced the effects of the purge on economic elites. Removal from office was a formality that left long-standing personal loyalties to patrons untouched. Leaders of social groups simply continued to make key decisions through routine informal networks.[30] The durability of old networks was evidenced by the 1952 Diet elections, conducted just after the Occupation ended, when 139 depurgees were elected.[31] In addition, the founder of Japan's first television station (Shoriki Matsutaro), the President of Komatsu Heavy Industries (Kawai Yasunari) and two Prime Ministers (Ichirō Hatoyama and Nobosuke Kishi) were among those once purged under the Occupation reforms.

As a result of the limited economic purge, many of the pre-war advocates of economic security remained in the government to articulate Japan's security priorities. With access to SCAP

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[30] The argument that the group rather than the individual is the fundamental social unit in Japanese society has been well established. Chie Nakane's classic societal analysis emphasizes vertical, personalistic ties: Chie Nakane, Japanese Society (Berkeley: University of California Press, 1970). National Character Surveys (*Nihonjin no Kokuminsei*) conducted by the Research Committee on the National Character of Japanese bear out the stability of this trait from the 1950s through the 1970s. Cited in Richardson and Flanagan, Politics of Japan, p. 136.

[31] Dower, Empire and Aftermath, p. 333.

authorities, influential leaders such as Yoshida and Ashida could work to advance national priorities by directly bargaining with key definers of US security interests.

Impact of Early Occupation Reforms on Elites

The failure of Occupation reforms to substantially reduce the influence of business and government conservative elites permitted pre-war economic interests to stay rooted in the Japanese state. Even where SCAP reforms were seen as most successful, as in the military, educational, and agricultural fields, they abetted the concentration of state influence among business and government officials. This was especially true regarding the fortune of Shigeru Yoshida, whose political ascendancy to the Premiership in 1946 was eased when SCAP purged his main rival, Ichirō Hatoyama. Yoshida's determined pursuit of economic reconstruction as Japan's immediate post war national priority is quite evident throughout his memoirs. Examples include: forestalling Japanese rearmament until "economic independence" had been achieved; maintaining full Mutual Security Act status with the United States in order to receive foreign aid; suppressing labor and Communist influence to "prevent them from obtaining control of the unions, so menacing the national economy";[32] subordinating the short-term

[32] Yoshida, Yoshida Memoirs, p. 233.

maintenance of an adequate national food supply to long-term national economic recovery via free competition;[33] and u. ing agricultural reform as a means to increase total production for national economic recovery.

Given the domestic dominance of Yoshida's conservative coalition in the post war era, it is easy to understand how economic priorities of national security came to dominate domestic politics in Japan.[34] Yoshida held either the position of Prime Minister or Foreign Minister from the time of Japan's surrender in August 1945, to the year following the Peace Treaty and Security Treaty, December 1952, for all but 12 months. As we shall see later, when subsequent American initiatives attempted to change the early emphasis on economic security toward military considerations of security, the conservative coalition's dominance would be threatened.

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[33] Ibid, p. 208. See "The Post-war Food Crisis," pp. 204-210. Occupation authorities preferred food rationing in order to control rice and wheat prices, fearing internal discontent would aid Communist influence. After increasing unrest that culminated on 19 May 1946 ("Food May Day"), foreign food aid was increased, and government collection of rice for distribution was initiated over the objections of the first Yoshida Cabinet. In 1952, after achieving national sovereignty, the Yoshida government abolished food control (with the notable exception of rice), and increased food imports.

[34] An interview of Katsuo Okazaki (senior Foreign Ministry official and first head of the War Termination Office) conducted by historian Spencer Davis also supports the claim that Yoshida's decision to forgo military forces was based primarily on economic considerations. "Transcript of a Recorded Interview with Katsuo Okazaki," interviewer Spencer Davis (Princeton University Mudd Library: The John Foster Dulles Oral History Project), 1964.

The means by which post war conservatives came to articulate Japan's security needs were directly aided by early Occupation reforms. First, the removal of the military and its Constitutional subordination to cabinet ministries eliminated the most cohesive and powerful pre-war opposition group to conservative elites. In spite of the fragmented nature of the conservative world during the Occupation, conservative parties dominated the lower house of the Diet:[35]

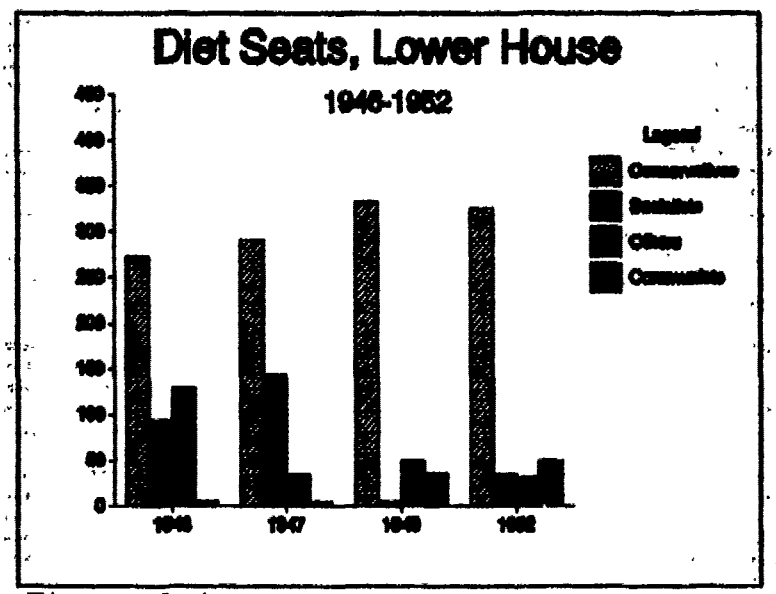


Figure 3.4

Later reforms advocated by Japanese elites served to consolidate conservative dominance. For instance, educational reforms were instigated by the Educational Reform Council, a like-minded group which according to Yoshida, aimed to increase the quality of education but also agreed on the following

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[35] Compiled from Seizaburō Satō and Tetsuhisa Matsuzaki, Jimintō Seiken [The Liberal Democratic Party regime] (Tokyo: Chūō Kōrōnsha, 1986), pp. 356-357.

"pressing problems:" the decline in public morals, excesses resulting from misunderstanding the meaning of freedom, lack of respect for national traditions, and the biased political outlook of teachers.[36] Agricultural reforms, initially successful in redistributing one-third of all farmland to over 10 million people, also were subordinated to economic considerations of national security. Conservatives complained that SCAP's decentralization of farmland weakened national security on two counts. First, the wide distribution of land gave a firmer base of political support to right-wing militarists, traditionally popular in the countryside. Second, economic efficiency was impaired -- larger concentrations of land were more conducive to high agricultural production. Yoshida expressed the proper aim of agricultural reforms as a means to increase total national production, not as a democratic end in itself.[37]

The limited impact of Occupation reforms on economic elites is quite evident in the implementation of aspects of JCS directive 1380/15, which contained "plans for dissolving large Japanese industrial and banking combines or other large concentrations of capital." These plans were submitted to the State and War Departments in March of 1946.[38] However, what

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[36] Yoshida, Yoshida Memoirs, pp. 171 - 172.

[37] Ibid, p. 203.

[38] See Cohen, Remaking Japan, Chapter 19, on the classic liberal economic outlook of Professor Corwin Edwards, head of the State Department's mission to evaluate zaibatsu dissolution.

had worked in breaking up monopolies in the United States (the dissolution of holding companies) was ill-adapted to the actual power structure of Japanese industry. Assuming that a myriad of government laws, ordinances and regulations comprised "the means by which Japanese Commerce and Industry were controlled," the report attributed the unsavory influence of financial elites to institutional defects:[39]

> If the corporate law of Japan and the means of its enforcement had been greatly different, the zaibatsu might not have attained the position which they have come to achieve in the Japanese economy.

The politics of reciprocal consent among government and business leaders in Japan, for whom free competition implied instability, helped unravel JCS 1380/15. Further assistance in doing this came from Washington itself, where opposition to the deconcentration program had grown. By May 1948, a Deconcentration Review Board had been dispatched to Tokyo to ensure democratization did not obstruct economic recovery. Seven months later the Board officially reported the deconcentration program as complete.[40]

Thus, these three factors -- the reliance on Japanese

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[39] Report of the Mission on Japanese Combines: A Report to the Department of State and the War Department (Washington, D.C.: US Government Printing Office, 1946), p. 21.

[40] Dunn, Peace-Making and the Settlement with Japan, p. 75.

administrators by Occupation authorities, the limited character of the economic purge, and the minimal effect of Occupation reforms on pre-war business and government elites -- provided room for key Japanese leaders to pursue illiberal economic security priorities to protect national economic well-being and independence. Despite the constant clamor opposition parties heaped on Yoshida's coalition, there is little evidence that a different Prime Minister, particularly another conservative, would not also have chosen economic security as the overriding national priority. The consistent articulation of these economic security priorities across the political spectrum of post war cabinets[41] is confirmed by the distribution of Japan's key post war security initiatives:[42]

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[41] Even the Democratic Party Cabinet of Ichiro Hatoyama (December 1954-December 1956), which negotiated the Normalization Agreement with the Soviet Union and favored quick rearmament, preferred the US-Japan security arrangement to a more independent course. Hatoyama rejected the Soviets demand of abrogating the Security Treaty as the price for a peace treaty.

[42] Extracted from several historical studies: Dower, Empire and Aftermath; Drifte, The Security Factor in Japan's Foreign Policy; Hosoya, San Furanshisuko Kōwa; Watanabe, San Furanshisuko e no Michi; Weinstein, Japan's Postwar Defense Policy; and Yoshida, Yoshida Memoirs.

Chapter 3

major Japanese security initiatives

1. July 1947 Ashida Memorandum: advocated a positive Japanese role in deciding terms of Peace Treaty, internal security of Japan, reparations levels and economic restrictions.[43]

2. September 1947 Ashida Memorandum: proposed US military forces or UN military forces provide external security for Japan, while Japanese handle internal security.

3. July 1948 Ashida Memorandum: identified US-Japan security agreement as more realistic than UN-Japan security arrangement -- US provides external security and Japan internal security.

4. May 1950 Ikeda Mission: proposes use of US bases in Japan in lieu of Japan's rearmament; links Peace Treaty to Security Treaty.

Socialist Cabinet Tetsuo Katayama May 1947-Mar 1948	Socialist-Democratic Cabinet, Hitoshi Ashida: Mar-Oct 1948	Democratic-Liberal Cabinets, Shigeru Yoshida: May 1946-May 1947; Oct 1948-Dec 1952
Ashida Memorandum of July 1947		
Ashida Memorandum of September 1947		
	Ashida Memorandum of Jul 1948	
		Ikeda Mission of May 1950

[43] The gist of the Ashida memoranda is recounted in Yoshida, Yoshida Memoirs, Weinstein, Japan's Postwar Defense Policy, and Drifte, The Security Factor in Japan's Foreign Policy. All sources agree the memoranda did not explicitly mention US bases in Japan itself, but that the memoranda proposed Japanese forces for internal security and US forces for external security.

Post War Security Bargain

Table 3.1

How was it that these security preferences and initiatives accorded with American objectives? The next section describes post war American security concepts that corresponded with these continuities in Japanese economic security. In later negotiations, the exchange of these different national security perspectives and priorities would provide the basis for security cooperation.

The Bounded Debate of American Security Policy

In addition to a certain continuity in the pre-war Japanese approach to national security, the relatively liberal nature of US security policy contributed to the emergence of the post war security bargain of unlike contributions. American military and economic predominance after World War II brought on unanticipated responsibilities for global security. At the same time, intense domestic pressures for demobilization questioned the economic feasibility of maintaining a global security presence. Internal debates among national security definers revolved around how to deal with America's new-found dilemma. But these strategic debates generally were contained within certain bounds of liberal economic assumptions of national security, and proceeded in the context of a common illiberal enemy -- Sino-Soviet bloc communism. Anti-communist political considerations consistently

received priority over economic definitions of national security, providing room for maneuver by Japanese conservatives stressing economic priorities.

What were the central debates relevant to US-Japan security relations and how and why were they so bounded? The definition of American national security as it related to Japan is evident in two central issues debated on the road to the Peace Treaty and Security Treaty: (a) the payment of wartime reparations, and (b) Japanese rearmament. Both illustrate uncertainties associated with the liberal American self-concept of security, a key ingredient in the post war security framework.

Minimal Reparations

The American position that emerged on the issue of Japanese reparations favored limiting such payments to the minimum amount necessary; there would be no industrial punishment of Japan.[44] The 1946 Pauley Reparation Mission's plan to dismantle 990 industrial units and 1476 military facilities was diluted by the Draper Report two years later, which recommended removing 102

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[44] This decision caused friction with wartime allies. Great Britain and France, for instance, advocated severe restrictions on Japanese shipping and commercial activity even after economic recovery, while the US protected Japanese shipping preferences on the basis of "external financial position and balance of payments." Papers of John Foster Dulles, secret 26 June 1951 Allison to Dulles message, "JFD-JMA" Box 1, Princeton University Mudd Library.

industrial and 540 military facilities.[45] The dominant belief was that wartime damage to the Japanese economy had been substantial enough, and harsh reparations would undermine American attempts to rebuild the Japanese economy. In 1937, Japan's hydroelectric power industry had been the world's third largest; however by 1945, 75% of the combined capacity was unavailable due to bomb damage and lack of maintenance.[46] Truman repeatedly mentioned in cabinet meetings that the capacity of the US economy to meet Japanese and European recovery needs was not unlimited. The US was spending $350 million annually in Japan for food requirements alone, and carried a heavy financial burden in rebuilding Europe as well. Pressure on the US capacity to meet post war worldwide food shortages was strong. Allies involved in negotiating the post war International Wheat Agreement demanded increases in their allotments from the United States as the condition for Japanese and German participation. Great Britain expressed fear of competition among wheat importers, and proposed limiting Australian wheat shipments to Japan as the price for Japan's accession to the agreement.[47] Accordingly, American policy makers tended to desire early

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[45] Nakamura, The Postwar Japanese Economy, p. 31.

[46] Central Intelligence Agency Situation Report 38, "Japan," 14 Sep 48, Papers of Harry S. Truman, Central Intelligence Reports, Box 261, Truman Library.

[47] Papers of Dean Acheson, Memoranda of Conversations, Box 65, Truman Library.

resolution of the reparations issue. Agreement on this issue by the principal sub-national actors, the otherwise divided Departments of State and Defense, occurred in the face of allied opposition and for separate reasons.

Within the State Department, attitudes toward reparations initially were split between the Office of Far Eastern Affairs and the Policy Planning Staff. The former group, headed by Hugh Borton, emphasized the threat of Japanese militarism, and favored stringent reparations. The latter group, headed by George Kennan, feared heavy reparations would cripple the Japanese economy, making it susceptible to Communist influence.[48] By May 1947, the State position reflected Kennan's soft position on reparations which called for liberal economic and political measures to counter communism. A March 1947 Department of State report that emphasized the importance of foreign trade to the Japanese economy provided timely support for Kennan's view. Comparing the external trade of Japan Proper between 1930 and 1943 to projections of Japan's retained imports[49] and total imports for 1950, the study showed the effect of alternative levels of industrial capacity on standard of living. Importantly, the study made "no explicit provision for imports of materials to be used in exports or for such offsetting imports

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[48] Dunn, Peacemaking and the Settlement with Japan, pp. 58-61.

[49] Retained imports are those not needed either for offsets against like exports, or as raw materials for exports.

and exports that might arise with a new development of wide trade relationships by Japan."[50]

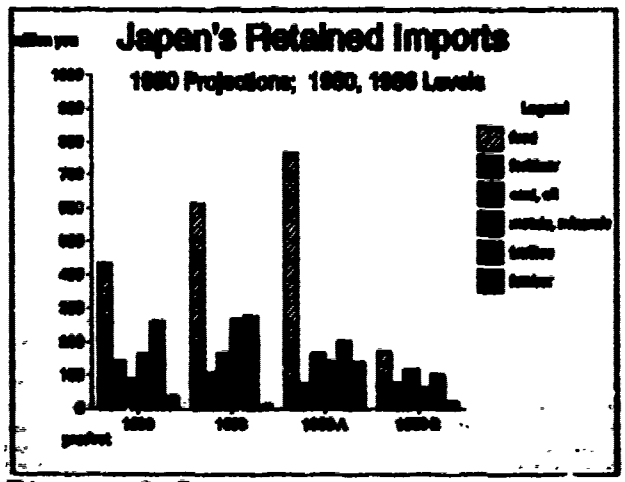


Figure 3.5

Note: "Projection A" assumed productive capacity sufficient for a 1930-Japan standard of living; "Projection B" assumed a more depressed living standard

By conducting the analysis without allowing for export requirements, the conclusions illustrated the need to allow external markets for Japanese economic prosperity. In October 1947, Kennan publicly announced that rebuilding the Japanese economy was top priority, and suggested a Japanese security police force would be needed to maintain internal security. Heavy reparations were seen to jeopardize economic reconstruction, putting internal stability at risk.

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[50] The Place of Foreign Trade in the Japanese Economy, Department of State Intelligence Research Report OCL-2815, 3 October 1946, Papers of John D. Sumner, Box 7, Truman Library, p. 353.

Another State Department initiative in 1947 attempted to deflect the damage that Allied reparations might have on the Japanese economy by maximizing Japanese exports. This plan to revive the national economy urged: (a) developing a detailed export-import and production plan, (b) controlling distribution of food imports to maximize industrial production, and (c) reviving private trade.[51] Secretary of State Acheson spoke of the need to reconstruct Japan as a workshop of Asia, and subsequent State Department documents show more concern with internal instability than with external military threat.

The War Department also was interested in protecting the level of industry in Japan, assigning the stabilization of the Japanese domestic economy high priority. Two factors -- Soviet expansionism and the need to justify appropriations requests for the Occupation of Japan to Congress account for this stance. Against the War Department's position that Japanese industry be salvaged were the security concerns of Asian states that feared Japanese remilitarization. To counter this fear, Army Secretary Royall promoted the idea of an Asian Marshall plan to buy Chinese and other states' acceptance of the American stabilization of Japan's economy.[52] Later, the Mutual Security Program would begin an ambitious Far East recovery program that recognized

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[51] Foreign Relations of the United States, Vol. VI (Washington, D.C.: US Government Printing Office, 1972), p. 185.

[52] Papers of Harry S. Truman, Presidential Secretary Files 1948-1953, Box 220, Truman Library.

Japan's trade imperative for stable South East Asian markets.[53] MacArthur, interested in preserving the democratic reforms and anti-Communist character of *his* occupation, favored the early settlement of minimal reparations. A meeting with Secretary of the Navy James Forrestal indicates all of the military services found agreement at the top[54]:

> To get reparations settled -- let the Japanese know definitely what they are to pay so that their industry can begin to survive. The Japanese economy must be set up on a basis that will enable the people to work and produce sufficient export balances to provide the exchange which will buy the balance of food and clothing which they do not themselves produce.

In NSC meetings in 1948, different economic and political interests converged to produce agreement on minimal reparations. Treasury, Commerce and the President joined the State, War, SCAP and military service positions on low Japanese reparations. Secretary of Treasury Snyder's concerns centered on deficit financing -- why should the US government exact penalties on

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[53] From 1951-1958, MSP's economic assistance for Far East and Pacific states, including defense support, totaled $4.89 billion. Papers of D.D. Eisenhower, Mutual Security Program, Far East and Pacific, White House Central Files, Box 43, p. 2, Eisenhower Library. On the importance of industrial recovery of the Far East, see Jerome B. Cohen, Japan's Economy in War and Reconstruction (London: University of Minnesota Press, 1949), p. 503.

[54] 10 July 1946 conversation between James V. Forrestal and Douglas MacArthur. Forrestal Diaries, Volume 4, Mudd Library, Princeton University.

Japanese businesses to be paid to third parties, and simultaneously write the bill for Japanese economic recovery? Commerce Secretary Sawyer had a similar interest in reducing risks for American business. Reparations represented a sunk cost to investors and reduced opportunities for American enterprises. President Truman's fiscal frugality and pressure from Congressmen also supported minimal Japanese reparations. Truman's sensitivity to burdens on the American taxpayer during this period of global American responsibilities is quite evident throughout his papers. In addition, John Foster Dulles' views on a non-punitive reparations policy, a reflection of his participation in the Versailles Peace Treaty, were amply expressed.[55]

Despite the different reasons for supporting a minimal reparations policy, there was broad agreement on the need for internal stability in Japan, and the necessity for economic growth in order to achieve it. While the State Department emphasized political threats to stability in Japan, the War Department naturally considered military threats; however, both viewed expansionist communism as inherently threatening in both threat areas. Against the politico-military communist threat, the fate of democracy in Japan was assessed, intimately connected to both liberal economic growth and internal stability. The

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[55] Dulles' liberal views on reparations policy are abundantly clear in his papers.

broad based reluctance of key US policy makers to "Morganthau"[56] Japan was a reflection of this conception of national security.

In contrast to the American position, allies viewed the issue of Japanese reparations quite differently. Only two years after the Pacific War had ended, Allies tended to consider an approach to national security that combined economic liberalism with military realism as either patently naive or self-serving. States that had been invaded or whose imperial preferences had been violated by Japanese aggression were quite intent on preventing the renaissance of Japanese economic power. The French government demanded $2 billion in reparations and a Japanese commercial agreement to protect French interests in Indochina.[57] Similar preferences were made evident at the Canberra Conference in 1947 by officials from Australia, New Zealand, and Great Britain, who intended to obstruct Japan's industrial recovery. Allies continued to demand compensation that had only been partially fulfilled. China, the Philippines, Great Britain the Netherlands adhered strictly to Potsdam and Canberra objectives of providing compensation to war victims, while American policies stressed Japanese economic rehabilitation. The primary threat considered by most Pacific

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[56] Reference to wartime Secretary of Treasury Henry Morganthau's plan to reduce Germany to a group of agrarian states.

[57] Acheson, Present at the Creation, p. 541.

states attacked during the war was not the more distant Soviet Union, but a rearmed Japan. Were the Americans ingenuous about Japanese power or was this a bold attempt to expand American influence in Asia? British members of the Far Eastern Advisory Commission in particular became increasingly (and correctly) suspicious that the US favored restoring Japan economically to serve as a bulwark against the Soviet Union over allied reparations interests. British trade in Hong Kong constituted an interest in preventing the resurgence of Japanese economic, as well as military, power.

The American position of mild reparations became evident in drafts of and comments about the proposed Peace Treaty with Japan -- circulated by the State Department among 20 countries. Dulles expressly sought to reconcile Japan's need for raw materials with allied demands for substantial reparations in the following way:

> If these war-devastated countries send to Japan the raw materials which many of them have in abundance, the Japanese could process them for the creditor countries and by these services, freely given, provide appreciable reparations.[58]

US diplomats in such states had the unenviable job of explaining this soft American reparations policy, and foreign resentment mounted. Burma's ambassador to the United States

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[58] Dulles Files, JFD-JMA series, Box 2, Princeton University Mudd Library.

remarked sardonically:[59]

> It is the considered view of the United States that the only form of reparations Japan can practically pay from its fut e production is the processing by Japanese sur s industrial plant and labor of raw materials f..ished by the claimant countries.

In sum, three years after the Pacific War had ended, American policy was moving toward rebuilding the Japanese economy in order to retain Japan as an ally against communist expansionism, while Commonwealth countries were expressing economic and physical security concerns against a resurgent Japan.[60] Such differences of threat perception tended to isolate the United States from the policies of the Allies, reinforcing the American need for Japan as a traditional ally.

Limited Rearmament

Initially, rearmament was far from the goals of US policy makers. As proclaimed in the Potsdam Declaration and Initial Post-Surrender Policy for Japan, "irresponsible militarism" was seen to be the cause of the Pacific War. From the American

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[59] 9 Aug 51 note from Ambassador of Burma to Secretary of State, Papers of John Foster Dulles, Dulles-Allison Files, Box 3, Princeton University Mudd Library.

[60] Dunn, Peace-Making and the Settlement with Japan, pp. 66-68.

perspective, the militarist regime needed to be converted to a benign, liberal democratic, system of government. In fact, MacArthur would later (1951) apply the term "irresponsible militarism" to the Soviet Union, in order to justify a democratized Japan's right to self-defense. Demilitarization became codified in the Constitution, encouraged and largely written by Occupation authorities in January-February of 1946.[61] But by 1947, within the Departments of State and Defense, support for a prudent rearmament program had grown within the context of the containment policy. The Truman Doctrine was announced in March, following the realization of menacing Soviet intentions. A sense of urgency and ideological threat intensified the perceived need by US policy makers to engage Japan as a strategically located ally. Navy Secretary James Forrestal's assessment reflected this sense of crisis in mid-1946[62]:

> Everywhere around the vast periphery of the Eurasian continent the situation had been the same; everywhere there was the same sense of a relentless pressure - acute in some places, latent but no less menacing in others: everywhere there had been need for firmness, action, strength and coherence of policy in meeting this extraordinary threat.

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[61] The scholarly consensus on the origins of the *Heiwa Kenpō* is that it was a US initiative. See Schaller, The American Occupation of Japan, pp. 41-42; and Yoshida, Yoshida Memoirs, pp. 127-135. For a brief history, see Dower, Empire and Aftermath, pp. 318-320.

[62] Walter Mills, ed., The Forrestal Diaries (New York: Viking Press, 1951), p. 187.

Post War Security Bargain

Within this foreign policy context, arguments favoring Japan's rearmament rested on considerations of military strategy, political stability, and financial burden-sharing. The first expression came in a May 1948 Department of the Army study that urged limited military armament of Japan.[63] Later, the case for armament would be made in CIA Strategic Reports and National Intelligence Estimates, and in National Security Council reports conducted from 1948-1952.[64] Each report echoed a common caveat -- military aid to Japan should be accompanied by economic support. This combination of separate yet related categories of security support, economic and military, became codified in the Mutual Defense Assistance Act of 1949, which tied provision of US economic and military aid together under the rubric of security.

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[63] Memorandum from Army Secretary Royall to Defense Secretary Forrestal, 18 May 1948, "Limited Military Armament for Japan," with appendices, Papers of Harry S. Truman, Box 182, File PSF/Japan, Truman Library. This study contained 12 conclusions, citing strategic, economic and political considerations for armament.

[64] SR-38, "Japan," 14 September 1948 concluded, "The future political stability and orientation of Japan depend largely on the attainment of a viable economy." NSC-19, 15 June 1949, and NSC-49/1, "Current Strategic Evaluation of the US Security Needs in Japan cited similar concerns. National Intelligence Estimate-19, 20 April 1951, "Feasibility of Japanese Rearmament in Association with the United States," predicted that "if Japan were accorded sovereignty under a treaty of peace, and if the US provided military protection and economic support, the Japanese Government would move toward reconstituting its armed forces in strength sufficient to defend Japan and could gain popular support for this program." National Intelligence Estimate-52, 29 May 1952, predicted a continued "pro-Western orientation," as long as Japan is able to solve its economic problems. NSC 125/2, 7 August 1952, continued this line of thinking. Papers of Harry S. Truman, Boxes 198 and 253, PSF/CI Rpts, Truman Library.

Initially applied to NATO, it was later implemented toward Japan following the 1951 Security Treaty.

First, there was the external strategic argument. Japan was seen to be conveniently located to contain Soviet expansionism and resist Communism in Asia. With the longest coastline in the world, the Soviet Union lacks warm water ports for naval ingress and egress (except for the Black Sea and Kola coast, which receive Gulf Stream warm water). Only the Pacific port of Petropavlovsk on the Kamchatka Peninsula, 700 miles north of Hokkaido, provides convenient access to the open seas.[65] In addition, Japan lies astride all three North Pacific choke points which could be mined or serve as interdiction points against the Soviet navy: (a) La Perouse Strait between Japan's northern island of Hokkaido and Soviet Sakhalin island, (b) Tsugaru Strait between the Japanese main islands of Hokkaido and Honshu, and (c) Korea/Tsushima Straits between the Korean Peninsula and Japanese main islands of Kyushu and Honshu. If Japan were to come under Soviet influence, the Soviet Union could control Northeast Asian trade routes and threaten the string of US bases in the Western Pacific. A friendly, rearmed Japan would be helpful in preventing regional control due to geographical considerations.

The second consideration was internal to Japan. The specter of an economic crisis sparking political instability evoked real

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[65] A concise explanation of Soviet naval constraints is found in John M. Collins, US-Soviet Military Balance, 1960-1980 (New York: McGraw-Hill, 1981), pp. 240-244.

concern. The industrial potential of Japan, deemed important to resisting regional Communism, was seen at risk by the debilitating effects of instability. On May 1, 1946, for example ("Food May Day"), 500,000 protested in Tokyo over food shortages. Populist and communist agitation reinforced these concerns in the wake of Occupation reforms. Rearmament would at least have to address the apparent need for a national police force to provide order. Yet, the establishment of any Japanese armed forces beyond the scope of a civilian or coastal police was still economically impractical and politically inadvisable.[66]

The third concern was that the American taxpayer was bearing the burden for the defense of Japan. Congressmen who remained sanguine about the impact of democratic political reforms in Japan emphasized the existence of trained Japanese manpower that could support rearmament for at least self-defense. Those who doubted Japanese intentions tended to keep these concerns out of

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[66] Ibid, p. 3. The American concern was to nurture Japan's economy and to eventually rearm Japan within the confines of Constitutional constraints, perhaps including Constitutional revision. This was expressed in conclusion #8 of NIE-19:

"However, the establishment of even limited Japanese armed forces, other than augmentation of the civilian police and creation of a coastal police, is not practicable and advisable at this time, because:

a. Japan's deficient economy cannot now support a program of limited military armament without additional and prolonged outside assistance in the form of food, raw materials for industry, merchant shipping, and military equipment; ...

b. Such action would require amendment by the Japanese of their Constitution, our abrogation of the Potsdam Declaration, and a complete revision of subsequent applicable policy decisions formulated by the United States in conjunction with the other ten (10) members of the Far Eastern Commission, ..."

the open.[67]

The case for rearmament became connected to the issue of repa ations directly. The desire to rebuild a democratic, econcrically prosperous Japan, encouraged by a low reparations policy, involved the expectation of rearmament against a Sino-Soviet communist threat. The American desires of low reparations for economic growth and rearmament, however, created a policy dilemma. Allied pressure against these policies, and the concern that an economically restored Japan eventually would seek removal of the US military presence, deadlocked American policy makers on two fronts. First, Allies sought some guarantee of security from a resurgent Japan. An economically restored and rearmed Japan was seen to threaten regional states in general, rather than being narrowly directed against China and the Soviet Union. This meant that a regional security pact including Japan, which had originally been sought by Truman, was impossible. Second, internal division between the Departments of State and Defense over the nature of the threat to Japan -- political instability or military attack -- prevented policy consensus.

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[67] Congressman Charles B. Deane noted "several disturbing questions" discussed behind the scenes during the Peace Conference of 1951 in a letter to President Truman:

(1) How far has Japan progressed toward democracy?

(2) Do the Japanese have the unity and stability to throw in their lot wholeheartedly with the West in the world ideological struggle?

(3) Can Japan increase her exports and administer her domestic affairs sufficiently wisely so that she can in due course stand on her own feet?

Papers of Harry S. Truman, Official Files 197-C, Truman Library.

President Truman appointed John Foster Dulles to resolve this dilemma by negotiating a peace treaty palatable to the Allies and consistent with the national security interests expressed by the divided US administration. In trips to Japan in June 1950 (before North Korea's invasion of South Korea), January and April 1951, Dulles' positions reflected the American approach to national security, offering low reparations and aid for economic rebuilding, and insisting on rearmament within the framework of a traditional military alliance. Resistance to Japanese rearmament from the governments of Australia, New Zealand, the Philippines would be mollified by establishing separate alliances with the United States.[68] This approach ultimately obtained a Peace Treaty acceptable to 49 of the 52 states attending the September 1951 Peace Conference.[69] The same day the Peace Treaty was signed, Yoshida signed the

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[68] Dulles Papers, Acheson's memoirs, and Dunn's work clearly establish that these separate security pacts were deemed necessary by US policy makers to obtain allied acceptance of a liberal peace treaty with Japan. See "A commentary upon the terms of the Philippine-US Mutual Defense Treaty," "Commentary on the Terms of the Tripartite Security Treaty, signed by Australia, New Zealand and the United States of America at San Francisco, California, September 1, 1951," "Negotiations Leading to Conclusion of Australia-New Zealand-US Security Treaty," "Summary of Negotiations Leading to the Conclusion of the US-Japan Security Treaty," Eisenhower Library Dulles Files, Box 2, Mudd Library; Acheson, Present at the Creation, pp. 687-688; Dunn, Chapter IX, "Security in the Pacific," in Peace-making and the Settlement with Japan, pp. 187-204.

[69] See Dunn, Chapter XIII, "The San Francisco Peace Conference of 1951," in Peace-Making and the Settlement with Japan.

bilateral Security Treaty with the United States as the price the conservatives had to pay to pursue economic security.[70] These and subsequent agreements provided the original framework for post war US-Japan security cooperation.

Formula for a Security Framework

The formula for US-Japan security cooperation, broadly characterized as an exchange of American military security goals for Japanese economic security goals, is a complex quid pro quo consisting of military goals (demilitarization, containment, internal security), expectations (democratization, economic reconstruction, rearmament), and tangible objects (bases, aid). At its core, the bargain consisted of a US military guarantee to Japan against external attack in exchange for provision of US basing rights, and a promise of eventual Japanese rearmament. Reflecting continuities in Japanese economic security practices and the liberal nature of American security policy, a mosaic of ten significant documents and agreements negotiated from 1946-1954 comprised the post war formula for security cooperation:

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[70] In his memoirs, Yoshida mentions the discord among Japan's delegation to the Peace Treaty, preventing co-signing by the other Japanese delegates. Yoshida, Yoshida Memoirs, p. 28.

Post War Security Bargain

1. the Constitution of Japan (Nov 1946)
2. Ashida Memoranda (Jul, Sep 1947, Jul 1948)
3. Ikeda Proposal (May 1950)
4. The Korean War and Dulles-Yoshida Dialogues (Jun 1950, 1951)
5. San Francisco Peace Treaty and the Security Treaty (Sep 1951)
6. Administrative Agreement signed under Article III of the Security Treaty (Feb 1952)
7. Dodge-Sutō Exchange (Feb 1952)
8. Charter Party Agreement (Nov 1952)
9. Ikeda-Robertson Communique (Oct 1953)
10. Mutual Defense Assistance Agreement and Defense Laws (Mar 1954)

Although important agreements continued to be negotiated after 1954, such as the Patent Rights Agreement (1956) and numerous weapon system co-production agreements (1958-present), these later agreements invariably refer to the 1954 Mutual Defense Assistance Agreement for justification.[71] In this sense, the 1946-1954 period is the most important historical period for understanding the institutional foundations of the security alliance. In each of the ten instances extracted from this period, a complement of different security priorities, rather than naive agreement on a common threat, provided a basis

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[71] The 1956 Patent Agreement is typical: "The Government of the United States of America and Japan,

Having agreed in the Mutual Defense Assistance Agreement ... appropriate arrangements between them respecting industrial rights and technical information,

Desiring generally to assist in the production of equipment and materials for defense, by facilitating and expediting the interchange of patent rights and technical information under the Mutual Defense Assistance Agreement,..." "Interchange of Patent Rights and Technical Information for Defense Purposes," United States Treaties and Other International Agreements, Vol. 7, Part I, 1956, p. 1029.

for post war cooperation. The following comparative timeline is provided here to set these agreements in their historical context as security bargaining exchanges (bold items in the timeline correspond to the ten key elements of the framework).

Post War Security Bargain

Timeline of Post War Security Relations, 1946-1954 (Table 3.2)

Japan	United States
Apr 45: Emperor accepts Potsdam Declaration	
	Aug 45: US Initial Post-Surrender Policy for Japan
Aug 45: War Termination Liaison Office established	
	Sep 45: Demilitarization directives issued
	Sep-Oct 45: Political freedoms directives issued
Oct 45: Constitutional Problem Investigative Committee established	
	Oct 45: Constitutional revision advised
Nov 45: Peace Treaty Investigation Board established	
	Nov 45: dissolution of holding companies directed
Dec 45: extension of purges objected to by Prime Minister	
	Dec 45: Rural land reform
	Jan 46: Purge Directive
	Feb 46: Abolition of militarist organizations
May 46: Food May Day riots	
Oct 46: extension of purges objected to by PM	
	Nov 46: purge extension sustained by GHQ
	Jan-Feb 47: Peace Constitution drafted in SCAP
Feb 47: General Strike	
Feb 47: Police Reorganization Plan submitted	
	Mar 47: Truman Doctrine
May 47: **Peace Constitution**	
	Jul 47: dissolution of trading companies directed
Jul 47: 1st **Ashida Memorandum**: active Japanese role suggested	
Sep 47: 2nd **Ashida Memorandum**: bases for military protection suggested	

Sep 47: Police Reorganization plan submitted; centralization sought

Sep 47: Police levels approved; centralization of police disapproved

Oct 47: Kennan Memorandum: bilateral security treaty planned

Jul 48: 3rd Ashida Memorandum: US-Japan security option chosen

Apr 48: Economic Recovery in Occupied Areas program to encourage export-oriented economic recovery supplements humanitarian GARIOA program

Oct 48: NSC 13/2: rebuild Japanese economy

Dec 48: National Public Service Law and Public Corporation Labor Relations Law: prohibits strikes by civil servants and employees of public enterprises

Feb 49: Dodge Line imposes conservative, deflationary economic rehabilitation

May 49: Army advocates limited armament of Japan

Jun 49: Basic Trade Union Law revised to increase government control over labor unions

Jul 49: Anti-Monopoly Law amended to accelerate economic rebuilding

May 50: Ikeda Proposal: Peace Treaty, Security Treaty linked

Jun 50: Dulles' first trip to Japan: no agreement

Jun 50: North Korean attack

Jun 50: North Korean attack

Jul 50: National Police Reserve directive

Sep 50: US position consolidated

Jan 51: Yoshida-Dulles meeting: economic independence sought, rearmament resisted

Jan 51: Dulles' second trip: economic recovery, rearmament sought

Apr 51: Yoshida-Dulles meeting: rearmament promised

Apr 51: Dulles' third trip to Japan: PRC issue resolved,

Post War Security Bargain

Sep 51: **Peace Treaty, Security Treaty**: economic independence sought	Sep 51: **Peace Treaty, Security Treaty**: democratized, liberal, anti-communist ally sought
Feb 52: **Hideo Sutō response** to Dodge: viable economy and economic support of US military	Feb 52: **Dodge Memorandum**: Japanese material support of US military, and rearmament sought
Oct 52: 139 depurgees elected to Diet	
Jan 53: Okazaki-Murphy Notes initiated (FM Okazaki requests USAF air defense against Soviet intrusions)	Jan 53: Okazaki-Murphy Notes (Ambassador Murphy reply to Okazaki): agreed, in the context of regional security
Apr 53: Treaty of Friendship, Commerce and Navigation	Apr 53: Treaty of Friendship, Commerce and Navigation
Oct 53: **Ikeda visit** to US: economic assistance is primary, remilitarization secondary priority	Oct 53: **Ikeda-Robertson talks**: rearming Japanese military forces through MSA is first priority
Mar 54: **Mutual Defense Assistance Agreement, Defense Agency Establishment Bill, Self-Defense Force Bill**	Mar 54: **Mutual Defense Assistance Agreement**

Chapter 3

Elements of the Framework

1. November 1946: the Constitution of Japan[72]

Conservative elites ultimately accepted the American-written Constitution not to democratize themselves, but to preserve the old order put at risk by the victors' objectives. The Matsumoto draft of the Shidehara cabinet (Oct 1945-May 1946) had offered only marginal changes to the Meiji Constitution. Only when MacArthur threatened to take the issue to the Japanese public was SCAP's draft accepted. As a result, the *Tennō* institution was permitted to be retained, but had to be imbedded in a democratic constitution that reduced the Emperor's significance to one of symbolism:

> Article 1. The Emperor shall be the symbol of the State and of the unity of the people, deriving his position from the will of the people with whom resides sovereign power.
>
> Article 4. The Emperor shall perform only such acts in matters of state as are provided for in this Constitution and he shall not have powers related to the government.

American purposes were different from those of conservative elites in Japan, but also self-interested -- to achieve

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[72] Constitution of Japan, Papers of Kenneth W. Bunce, Box 4, Eisenhower Library.

demilitarization through the renunciation of war, democratization by creating a Parliamentary system of government, and some degree of domestic stability with the retention of the Emperor. This would encourage the pro-Western, anti-communist Japan considered vital to US security interests. Furthermore, Japan was to be denied to illiberal countries by an American-controlled occupation. From an American perspective, the repudiation of war served to allow for the preservation of a stable, yet benign *Tennō* system. These different national aims were accomodated in Article IX, the renunciation of war clause:

> 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.

As the first institutionalization of post war security preferences, the *Heiwa Kenpō* [Peace Constitution] strongly affected subsequent international and domestic contexts of Japanese security policy. By forbidding the possession of military forces and war potential, it eliminated the military option as a means to counter external military threats. This also muted domestic articulation of military security priorities, giving economic means of achieving national advantage added importance. As a result, Japan was driven toward seeking an

assurance of military security from some external source, while pursuing more immediate economic security aims. Foreign Minister Hitoshi Ashida's memoranda offered just that to American officials still divided over security priorities.

2. July 1947, September 1947, and July 1948: Ashida Memoranda (see page 134)

The Ashida Memoranda are the earliest documented Japanese post war security initiatives made to US authorities. On their face [*tatemae*], the memoranda indicated that elites sought a United Nations military guarantee of Japanese security if external power relations (US-USSR) were stable, and a United States military guarantee in the event of external instability. As US-USSR tensions escalated, the latter objective was chosen, and a division of roles proposed. Internal security was to be handled by Japanese police forces and external security guaranteed by US military forces. But the desire to obtain military security from the United States was not solely intended to guard against the possibility of external attack.[73] A more central yet subtle aim [*honne*] was to allow Japanese resources to concentrate on the overriding national priority of economic

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[73] The most likely scenario, based on the fact the Soviets had not demobilized after the war and illegally occupied the northern territories, was a Soviet attack on Hokkaido. Weinstein, Japan's Postwar Defense Policy, pp. 30-31.

reconstruction. Japan could not yet afford the necessary forces for defense from external attack. Internal police forces seemed a more pressing need for domestic stability essential to economic reconstruction. Indeed, a few months prior to the first Ashida Memorandum, Socialists and Communists had called for a general, nation-wide strike.

In light of these internal and external security considerations, the foreign policy option of US alignment was the only one likely to allow for the focused pursuit of economic security goals. Help from the Allies was unthinkable, as they and regional states favored harsh war reparations and tighter industrial restrictions against Japan. Stalin's desire to partition Japan into zones of occupation contrasted to the American aim of preventing a multi-lateral allied occupation. As a result, alliance with a militarily predominant, economically liberal state minimized the many uncertainties associated with rebuilding the national economy, thereby achieving some measure of independence [*keizai jiritsu*]. To accomplish this, however, a Peace Treaty would first have to be obtained. On this issue, Japanese socialists, conservatives and revisionists were in basic agreement.[74] The Ikeda proposal followed, intent on securing this first step of national sovereignty.

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[74] The main difference among these groups on this issue concerned the inclusion of China and the Soviet Union in a Peace Treaty.

3. May 1950: The Ikeda Proposal

> The Japanese Government desires to conclude a peace treaty at the earliest possible opportunity. Even after such a treaty is made, however, it will probably be necessary to allow US forces to remain stationed in Japan in order to guarantee the future security of Japan and the Asian region. If it is difficult for this desire to be tendered from the American side, the Japanese Government is willing to study the matter in which it might be offered from the Japanese side. Concerning this point, we are consulting the studies of various constitutional scholars, and these scholars indicate that there would be few constitutional problems if an article pertaining to the stationing of American forces were included within the peace treaty itself. Even if the Japanese side tenders a request for the stationing of troops in another form, however, that also will not violate the Japanese constitution.

The above offer by Finance Minister Hayato Ikeda[75] to provide bases in Japan for US forces was made in a meeting with special ambassador Joseph Dodge.[76] On its face, it was designed to obtain an explicit guarantee of US military forces to provide for Japan's defense from external attack. Despite the presence of over 200,000 American troops in Japan, Japanese had doubts about US resolve to protect Japan itself, suspecting more

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[75] Ikeda had been a career official in the Ministry of Finance for over 35 years before serving as Minister from 1949-1952, and 1956-7. He later became Minister of International Trade and Industry.

[76] Dower, Empire and Aftermath, p. 374.

self-interested American aims.[77] In addition, however, and of more fundamental importance to achieving national security, was the need for economic reconstruction. Until a peace treaty could be negotiated to end the state of war and reduce uncertainty about reparations policy, pre-war obligations and post war commercial relations, incentives for economic reconstruction would be muted. From the Japanese perspective, the invitation to have foreign troops on one's soil was a somber price to pay in order to obtain an early Peace Treaty needed for national sovereignty and economic independence. Under the circumstances, early admission into the international political-economic system presented the best prospect for national welfare and security.[78] The American rejection of the Ikeda Proposal was made one month later, during Dulles' first trip to Japan.

4. June 1950: The Korean War and Dulles-Yoshida Dialogues

Three days before the North Korean surprise attack on South Korea, Dulles visited Tokyo to urge Japanese remilitarization.

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[77] Army Secretary Royall, in a February 1949 Tokyo press conference, suggested American forces in Japan should be withdrawn, due to the difficulty of defending Japan against Soviet attack. This instilled fear of abandonment, as an American presence was preferable to Russian imperialism. Harry E. Wildes, Typhoon in Tokyo: The Occupation and its Aftermath (New York: MacMillan, 1954), p. 291 -- a very readable, personal and informative account.

[78] Ibid, p. 375.

Yoshida rejected this on economic grounds, pressing for an early Peace Treaty and a bilateral security arrangement with the United States instead. By this time, both negotiators were deadlocked by the positions of key domestic groups attempting to define security issues.[79]

Yoshida was constrained mainly by leftists and rightists on the issues of (a) revising the no-war Constitution, (b) aligning with the United States by concluding a bilateral security pact, (c) seeking rearmament, and (d) deciding how comprehensive the Peace Treaty should be:

Key Issues and Stances (Japanese actors)

issue/group	Socialists	Yoshida	Revisionists
No-War Constitution	yes	yes	no
Bilateral Security Treaty	no	yes	yes
Rearmament	no	not yet	yes
comprehensive Peace Treaty	include China and Soviet Union	exclude Soviet Union	include China and Soviet Union

Table 3.3

On the issues of Constitutional revision and rearmament, Yoshida balanced the socialists against revisionists. On rearmament, Yoshida's position of waiting until Japan's economy was on solid ground steered the middle course between both domestic groups. There was socialist-conservative-revisionist

[79] Terminology of groups compiled from the analysis by Kataoka and Myers, Defending an Economic Superpower, pp. 9-23.

consensus on the national priority of obtaining a peace treaty, needed to regain sovereignty and control over the national economy. However, on this fundamental point, it was the US administration that was deadlocked:

Key Issues and Stances (US actors)

issue/group	State	Dulles	Defense
No-war Constitution	yes	no	no
Timing of Bilateral Security Treaty	delay	early	delay
Rearmament	eventual	yes	yes
Timing of Peace Treaty	delay	early	delay

Dulles confronted both State and Defense on the peace treaty and security treaty issues. Kennan's State Department Policy Planning Staff and the Joint Chiefs of Staff had recommended not pressing for a peace treaty, largely due to uncertainty about Soviet intentions.[80] On the other issues, Dulles found himself trying to reconcile opposed positions.

The outbreak of the Korean crisis in June 1950 altered each set of domestic alignments in separate ways. The US side

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[80] Kennan preferred to wait out Soviet behavior -- if the Soviets "changed for the better," demilitarization of Japan would be acceptable. If the Soviets became a threat, "limited remilitarization" of Japan would be prudent. In either case, delaying the signing of a peace treaty was seen to give the US control over Japan's rearmament option. The JCS advocated delaying a peace treaty for similar reasons of control. See Foreign Relations of the United States 1947, Vol. 5, p. 691.

experienced realignment. Top decision makers read the attack as a Soviet-inspired communist threat. Dulles warned that if the Soviets controlled both Korea and Sakhalin, "Japan would be between the upper and lower jaws of the Russian Bear."[81]. The North Korean attack led to the State Department favoring an early peace treaty to permit a degree of Japanese remilitarization. This allowed Dulles to prevail over objections by the Joint Chiefs of Staff, and provided Yoshida an opportunity to achieve a peace treaty. The domestic alignment in Japan, however, remained intact, as socialists and revisionists hardened their positions. As a result, although the Korean conflict led to a compromise -- Dulles accepted the Ikeda proposal and Yoshida promised to rearm -- the ability of Yoshida to deliver on his promise remained weak. First, there remained the problem of what the promise exactly was. Dulles had repeatedly pressed for force levels adequate to defend against a Soviet invasion, and share the burden of defending not only Japan, but also South Korea, Taiwan, and the Western Pacific. Yoshida had never assented to such a high degree of military capability.[82] Second, the relative security priorities of each side remained unchanged, with US policy makers caught up in the immediacy of the military

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[81] John Foster Dulles papers, Box 304, Princeton University Firestone Library.

[82] Weinstein, Japan's Postwar Defense Policy, pp. 78-79. Weinstein also cites several *Mainichi*, *Asahi* newspaper reports indicating Dulles desired Japanese defense of Guam as well.

threat, and Japanese conservatives more sensitive to the conflict's long term impact on economic revival and internal political stability. The following year, the San Francisco Peace Treaty and US-Japan Security Treaty formalized this disparity in American and Japanese threat assessments.

5. September 1951: San Francisco Peace Treaty and the Security Treaty:

The Peace and Security treaties coexisted as one diplomatic package in order to satisfy conflicting security interests. The Peace Treaty, which Japan deeply desired for admission into the world economy and the ending of the Occupation, could not have gained Allied and regional support unless Japan were disarmed. Yet the Security Treaty clearly contained an American expectation of Japanese rearmament. In the end, the Security Treaty with the United States was the price Japan had to pay to obtain a Peace Treaty palatable to key Allies, yet acceptable to American security policy makers.

Several articles of each treaty are worth noting because they indicate the importance of economic security to Japanese conservative elites and the significance of military security to the dominant definers of US national security. Articles 12 and 14 respect Japan's economic priorities:

Article 12	"Japan declares its readiness promptly to enter into negotiations with each of the Allied Powers of treaties or agreements to place their trading, maritime, and other commercial relations on a stable and friendly basis"
Article 14	"...Japan should pay reparations...Nevertheless it is also recognized that the resources of Japan are not presently sufficient, if it is to maintain a viable economy, to make complete reparation for all such damage and suffering..."

Conspicuously, Article 12, a statement of Japanese intent to engage in trade and commerce as soon as possible, is the only Japanese declaration in the Peace Treaty. All of the other articles are directives required of Japan. Article 14 indicates the priority of Japanese economic reconstruction over the payment of wartime reparations, including a proviso "not to throw any foreign exchange burden upon Japan."

On the other hand, Articles 3, 5, and 6 contain military priorities of national security:

Post War Security Bargain

Article 3	US receives right to administer various Japanese islands, "with the right to exercise all and any powers of administration, legislation, and jurisdiction over the territories and inhabitants..."
Article 5	"...Japan as a sovereign nation possesses the inherent right of individual or collective self-defense...Japan may voluntarily enter into collective security arrangements."
Article 6	"All occupation forces of the Allied Powers shall be withdrawn from Japan as soon as possible...Nothing in this provision shall, however, prevent the stationing or retention of foreign armed forces in Japanese territory under or in consequence of any bilateral or multilateral agreements..."

Article 3 referred to Okinawa and other lesser islands deemed strategically important by the Joint Chiefs of Staff to provide military security against communist aggression. Articles 5 and 6 legally allowed for subsequent agreement of a bilateral security treaty with the United States.

The exchange of relative economic and military security priorities occurs with the addition of the Security Treaty to the Peace Treaty. The notion of common threat formally justifies the existence of the bilateral security pact, an avowedly temporary arrangement due to the disarmed situation of Japan:

> ...Japan desires, as a provisional arrangement for its defense, that the United States of American should maintain armed forces of its own in and about Japan so as to deter armed attack on Japan.

In order to adhere the US military guarantee to Japan, Yoshida's promise to rearm was codified in the treaty:

> The United States of America, in the interest of peace and security, is presently willing to maintain certain of its armed forces in and about Japan, in the expectation, however, that Japan will itself increasingly assume responsibility for its own defense against direct and indirect aggression, always avoiding any armament which could be an offensive threat or serve other than to promote peace and security in accordance with the purposes and principles of the United Nations Charter.

The American military guarantee served at least two pragmatic purposes for Japanese security. Of course, it deterred external attack.[83] Japanese leaders had chosen alliance with the United States in part due to US-USSR conflict and the unreliability of a United Nations military guarantee. But the treaty's broader importance was to provide a politically acceptable, economically inexpensive military framework that would allow for post war economic growth. Domestic opposition and regional resistance to Japanese rearmament militated against

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[83] A joint intelligence estimate conducted by the CIA, Air Force, Army, Navy, and Joint Staff, concluded that an attack against Japan was unlikely due to the damage US forces could inflict in such an attack: "The majority concludes, therefore, that a Soviet assault on Japan in 1951 is unlikely except in the event of a major war." Special Intelligence Estimate 11, p. 4, Box 258, Papers of Harry S. Truman, Truman Library.

pursuing both commercial expansion and rearmament.[84] The cost of even four Japanese divisions, considered a minimum level needed to complicate a Soviet invasion, could be financed only with external assistance.[85] Moreover, basic needs such as raw materials, food and fuel comprised over 80% of Japanese imports. Japan had to accomodate major trading partners, as the ability of Japan to import constituted the chief limit to economic growth.

Due to these constraints, political stability and economic growth were at a premium. As a result, the Security Treaty's immediate military value was one-sided. Japan secured tangible US military protection, and the United States received a vague promise of eventual Japanese rearmament. Taken together, both the Security Treaty and the Peace Treaty formalized a quid pro quo of national military and economic security priorities.

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[84] In the lower house national elections prior to the signing of the peace and security treaties, the Japan Communist Party, the party most vehemently opposed to rearmament, had increased their share from 4 to 35 seats.

[85] A secret memo, undated in 1951, titled "Probable Effects on Soviet Intentions of Arming the Japanese National Police Reserve as Four Fully Equipped Divisions," estimated: "The creation of four full[illegible]-equipped, combat-efficient, and tactically-disposed Japanese divisions would limit but could not in itself effectively reduce Soviet capabilities to invade Japan." Memorandum for the President, Box 258, President's Secretary's Files, Papers of Harry S. Truman, Truman Library.

6. February 1952: Administrative Agreement

Article 3 of the Security Treaty referred its implementation to an administrative agreement that would negotiate details of cooperation. Areas subsumed under the lengthy accord include matters of criminal jurisdiction, facilities and areas, rights and claims, and defense measures.

Sensitivities expressed by the Japanese side during negotiations included objections to: continued facilities procurements by United States Forces Japan (USFJ), utilities rates for USFJ comparable to those accorded the Japanese National Police, import exemptions to contractors buying goods for USFJ, and personal withholding taxes exemptions for USFJ personnel. Japanese demands included the notification of commercial cargo and passengers on aircraft and ships used for official US government purposes, denial of contractors that filled orders for USFJ the same privileges given to civilians, and Ministry of Finance "over-all supervision" of American banks handling military payments.

The strongest objections were in the area of defense measures, Article 24. The American proposal gave the commander of USFJ the right to take whatever actions necessary to ensure the security of US forces in the event of hostilities or threat

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[86] See Foreign Relations of the United States, Vol. 13, Part 2, pp. 1095-1102; 1197-1207.

of hostilities. Pressure on the Yoshida government from opposition parties and the press on this issue, reminiscient of extraterritoriality, was high. The final version of Article 24 vaguely directed that the governments would "consult together with a view to taking necessary joint measures for the defense of that area..." Generally, the agreement was criticized by the press as an unequal arrangement.

In spite of this domestic pressure, the Administrative Agreement obtained for Japan, in the absence of a credible Japanese military force, deterrence and defense against external threats. For the United States, the use of an avowedly temporary overseas staging base for military containment of communism was obtained. Notably, Yoshida's promise of Japanese rearmament was not institutionalized in the agreement. Instead, cost sharing was instituted (Article 25), whereby Japan would subsidize the American military guarantee by providing transportation and services support ($155 million in fiscal year 1954).

7. February 1952: Dodge-Sutō Exchange

The same month the Administrative Agreement settled details of the Security Treaty, higher level officials exchanged the first formal long-range visions of bilateral economic cooperation since Japan regained national sovereignty with the Peace Treaty. The result was an exchange that displayed substantial differences

about the primary threat to national security. Presidential economic advisor Joseph Dodge, in a memorandum to Japanese economic authorities, indicated that in the post-treaty period the US would rely on Japan to contribute against the common communist threat. Dodge urged Japan to provide:[87]

> a. Production of goods and services important to the United States and the economic stability of non-Communist Asia.
>
> b. Cooperation with the United States in the development of the raw material resources of Asia.
>
> c. Production of low cost military material in volume for use in Japan and non-Communist Asia.
>
> d. Development of Japan's appropriate military forces as a defensive shield and to permit the redeployment of United States forces.

The response of Sutō Hideo, head of the *Keizai Antei Honbu* (Economic Stability Headquarters) on 12 Feb 52 from the Japanese government perspective, made it clear that economic cooperation would be forthcoming, but only in accordance with a long list of Japanese economic security priorities:[88]

> 1. Japan shall establish a viable economy as quickly as possible by
>
> a. Increasing production by utilizing her work force and unutilized industrial capacity,
> b. Promoting and tightening her economic cooperation with the United States, South East Asian countries and other democratic countries in order to contribute to

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[87] Cited in John Dower, Empire and Aftermath, p. 426.

[88] Ibid, p. 427 (verbatim).

> their defense production and economic development and,
> c. Assuring at the same time the volume of imports necessary for Japan.
> d. Raising living standard,
> e. strengthening progressively her self-defense power.
>
> 2. Japan will vigorously implement the following measures along the lines mentioned above:
>
> a. Japan will contribute to the rearmament plan of the United States, supplying military goods and strategic materials by repairing and establishing defense industries with the technical and financial assistance from the United States, and thereby assure and increase a stable dollar receipt.
> b. Japan will cooperate more actively with the economic development of South East Asian countries and thereby increase the imports of goods and materials from this area and thereby improve the balance of sterling trade.
> c. Japan will promptly increase the electric power supply, the shortage of which is proving to be the biggest bottleneck of the production increase necessary for such economic cooperation, with financial assistance from the United States.

A significant difference in the two perspectives on economic cooperation lay in the security purposes of economic growth. From the dominant American perspective, Japanese economic growth and military procurement were to be directed against the common communist threat. At least since January 1950, US policy had been to combine economic and military aid to the Far East in order to counter communism and promote Japanese economic development. A chief problem had been that Japan's post war exports had shifted away from traditional pre-war markets. Although Asian markets had received over 70 percent of Japanese exports in 1938, less than half of Japan's exports in 1950 involved Asian outlets:

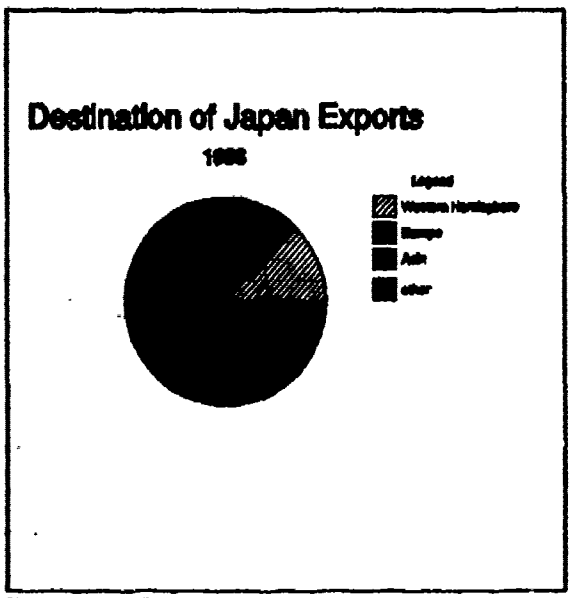


Figure 3.6

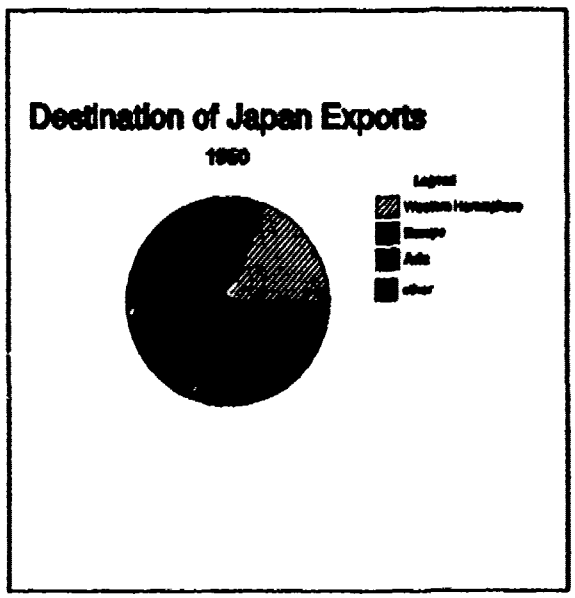


Figure 3.7

compiled from the Economic Cooperation Administration's Far East Data Book (Washington, D.C.: US GPO, 1951), p. 51.

By managing a regional military assistance and economic aid program that provided aid to non-communist Asian countries, the US plan was to revive Japan's economy through exports. This in turn would increase regional trade, because the chief obstacle to balanced Japanese economic growth was assumed to be the inability of Asian markets to purchase Japanese manufactured goods.[89] NSC 48/2 noted the miniscule trade between communist Asia and Japan, asserting that "Japan's economic recovery depends upon keeping Communism out of Southeast Asia, promoting economic recovery there and in further developing those countries,

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[89] Ibid.

together with Indonesia, the Philippines, Southern Korea and India as the principal trading partners for Japan."[90]

From the Japanese perspective, military procurement was needed in the short term until reliable markets were developed. Although such contracts served to better adhere the US military guarantee to Japan, their material benefits had been particularly compelling since the outbreak of the Korean War. Since then, Japan's economic expansion had become dependent on military procurement by USFJ, rather than on developing markets of East and Southeast Asia. The dollar income from *tokuju* [a "special procurement" boom] in the first three years alone ($590 million in 1949 and 1950; $894 million in 1951) amounted to 70% of Japanese exports.[91] This gain constituted a powerful Japanese incentive for a continued bilateral security relationship with the United States, the chief threat being that US military procurement might be curtailed before Japan acquired other substantial markets.[92]

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[90] "NSC Policy Paper on Asia," 10 January 1950, President's Secretary's Files, Box 198, Papers of Harry Truman, Truman Library, p. 2.

[91] Nakamura, The Postwar Japanese Economy, p. 42. This sudden dollar income erased a negative balance of payments.

[92] Dower, Empire and Aftermath, p. 428.

8. November 1952: Charter Party Agreement

The Charter Party Agreement illustrated the difficulty of implementing Yoshida's rearmament promise made under the Security Treaty. Anxious to enforce the stipulation that "Japan will itself increasingly assume responsibility for its own defense," American security officials worked toward joint defense planning by focusing on Japanese force goals and defense production. The Charter Agreement took an initial step in developing Japanese self-defense capability by leasing 7 patrol frigates to Japan's National Safety Force[93]. This provided the loan authority for 61 more vessels over the next 10 years, 80% of which would be extended on a five-year basis.[94] Both sides preferred the relatively quiet leasing of military hardware to formal agreements, as opposition party pressure against rearmament constantly haunted the viability of the Yoshida government. But beyond the loaning of Coast Guard-type vessels to Japan, implementing details of rearmament in ground and forces, as well as military planning, proved quite difficult.

In the area of ground forces, American planners desired a 10-division Japanese army (325,000 troops), while the Diet had

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[93] The National Safety Agency (*Hoanchō*) was responsible for "security" or "safety" forces until the Defense Agency (*Bōeichō*) was created in 1954.

[94] The total included 18 patrol frigates and 50 large support landing ships. See United States Treaties and Other International Agreements, Vol. 9, 1958, pp. 55-56.

authorized a much smaller force of 110,000. The equipping of Japan's ground forces was financed with US Army appropriations ($528 million in fiscal year 1953), as DOD had not yet obtained Congressional approval for a bilateral mutual security program. The prospects for a credible air force self-defense capability seemed even dimmer, as even the nucleus of a defensive air force had not yet been established. Despite the considered view of General Clark, Commander-in-Chief, Far East, that in 1953 the "most immediate and greatest single threat to security Japan lies in Commie air threat,"[95] political and economic arguments against developing a warplane capability remained strong. Finally, a Joint Military Planning Board was established, but no institution existed to deal with the political and economic considerations of rearmament.[96] This would have drawn public attention, compromising the confidential nature of efforts to implement Yoshida's promise of rearmament.

9. October 1953: Ikeda-Robertson Communique

US-Japan differences in relative security priorities became more evident in negotiations between Finance Minister Hayato Ikeda and the Assistant Secretary of State for Far Eastern

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[95] Ibid, p. 1390.

[96] Foreign Relations of the United States, Vol. 14, Part 2, 1952-1954, pp. 1392-1394.

Affairs Walter S. Robertson. On the subject of military force levels, the Japanese and American positions diverged, perhaps surprisingly with respect to naval forces:

	DOD Defense Program	Ikeda Defense Program
land forces	325,000 troops -- 10 27,500-man divisions	180,000 troops -- 10 18,000-man divisions; cost: ¥92.6 billion (Japan 65, US 27.6)
naval forces	108 vessels (18 frigates, 50 landing craft, 40 minesweepers)	210 vessels (103 patrol boats, 74 frigates and destroyers, 31 minesweepers); cost: ¥263 billion (Japan 190.5, US 72.5)
air forces	600 aircraft (225 jet interceptors, 75 all-weather interceptors, 150 fighter-bombers, 54 tactical reconnaissance, 96 transports)	518 aircraft (150 fighter-bombers, 36 all-weather interceptors, 300 trainers); cost: ¥4.5 billion (Japan 1.7, US 2.8)

Table 3.5
source: Foreign Relations of the United States 1952-1954, Vol. 14, Part 2, pp. 1527-1528, 1530-1531.

During the negotiations, Ikeda persistently pressed for economic and military assistance, even offering to increase the 180,000 ground force level to obtain it. But economic assistance was initially rejected by the US side, citing a now positive Japanese balance of payments position as the disqualifying criterion. Military assistance under the Mutual Security Program was agreed to in principle, but only if Japan would increase

defense expenditures from ¥155 billion to ¥200 billion in fiscal year 1954, and ¥235 billion the following year.

In the joint statement upon the conclusion of the talks, the issue of military assistance was deferred "to the near future ... with a view to reaching a definite understanding."[97] Having said that, the joint statement went on to say that in spite of "the necessity of increasing Japan's self-defense forces in order to protect her from possible aggression, ... under present circumstances there are constitutional, economic, budgetary and other limitations which will not allow the immediate building of Japan's self-defense forces to a point sufficient for self defense." Following the latter logic, $50 million in commodities would be given to Japan under the Mutual Security Act "to help develop the defense production and the industrial potential of Japan through offshore procurement and investment." This would later broaden into a mixture of credits, trade and military assistance justified in terms of the communist threat.

For its part, the Ikeda-Robertson talks had produced an agreement that recognized the insufficiency of Japanese rearmament efforts due to various constraints, while simultaneously providing aid for reindustrialization. In the expectation of eventual rearmament against the common threat, US security policy makers now tolerated Japanese economic security priorities imbedded in a domestic structure the Occupation helped

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[97] Ibid, p. 1550.

create.

10. March 1954: Mutual Defense Assistance Agreement and Defense Laws

The Mutual Defense Assistance Agreement (MDAA) and the Defense Laws passed by the Diet in the same month completed the institutionalization of the post war security framework. Rather than uncomplicated unanimity on a common threat, these agreements also reflect the complementarity of different security priorities of the American and Japanese governments.

In the 1950s, while US security policy makers sought to contain communism by constructing military alliances and promoting the national economies of American competitors, three important pieces of legislation overcame domestic pressures for protectionism. The Mutual Defense Assistance Act of 1949, Defense Production Act of 1950, and Mutual Security Act of 1951 reversed the "Buy American" Act of 1933, allowing military procurement officers and government contractors to purchase goods more efficiently for an accelerated defense production program. Overseas production was sought in order to find more cost-efficient alternatives to US production.[98] US officials, while holding a liberal self-image of minimal government intervention in the economy, extended military assistance and

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[98] "Memorandum For The President," 3 August 1950, Papers of Harry Truman, White House Central Files, Box 41, Truman Library.

defense support via the Mutual Security Program (MSP). The point of contact, of course, was a recipient government,[99] provided for by Article I of the MDAA. The MDAA, MSP and Japanese food requirements were incorporated into the MDAA Joint Communique (8 March 1954) which provided for $50 million of surplus agricultural produce (largely wheat) to be "sold" to Japan. 20% of the surplus would be in the form of yen grants to assist Japan's defense industry, and 80% would be used by the United States to purchase goods and services in Japan as part of the Military Assistance Program.[100]

The upshot of the legislation was that MDAA tightened the exchange of relative military and economic security priorities by providing US military assistance and related procurement contracts without obtaining a commitment to external defense by the National Safety Forces or amendment of the Constitution. In addition, the MDAA's stated purpose to "provide for the furnishing of defense assistance by the United States of America" included another reminder of Japan's special economic priorities:

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[99] The conditionality of American military assistance to Japan paralleled its NATO predecessor. The Mutual Defense Assistance Act of 1949 followed on the heels of the NATO alliance, extending US military aid to countries in return for an anti-communist commitment. "Statement by the President," 27 January 1950, Papers of Harry Truman, White House Central Files, Box 41, Truman Library.

[100] The United States would pay dollars to purchase the agricultural produce and the Japanese government would deposit a yen equivalent in the Bank of Japan in the favor of the US. This deposit would be applied as yen grants and a MAP support account. Department of State Press Release No. 117, 8 March 1954.

> Recognizing that, in the planning of a defense assistance program for Japan, economic stability will be an essential element for consideration in the development of its defense capacities, and that Japan can contribute only to the extent permitted by its general economic condition and capacities.

If the MDAA tightened the quid pro quo of unlike contributions, however, the Defense Agency Law and Self-Defense Force (SDF) Laws were necessary first steps toward real alliance. Passed by the Diet almost simultaneously with the MDAA, these laws reorganized Japan's military force, creating the Japan Defense Agency (subordinate to Cabinet-level ministries) and a separate air self-defense force. With military reorganization came a steady expansion of the SDF, whose authorized strength rose from 152,110 at the time of the SDF Law to 230,935 by 1960 (actual manned strengths were 146,285 in 1954 and 206,001 in 1960). The primarily internal security role of the self-defense forces remained unchanged, far from a real self-defense capability or regional role envisioned by Dulles. But from the US administration's perspective, the Defense Agency and SDF Laws provided a framework for rearmament which, together with the MDAA, were directed against the external communist threat. Japan was incorporated as the vital link in the American Pacific defense line that contained the perimeter of Chinese and Soviet communism. In the 1950s, MDAAs provided over $1 billion annually in a network of military assistance and defense support to the 10

free nations in the Far East.[101]

Staying the Rearmament Promise

For Yoshida and other conservatives susceptible to domestic political pressures, the economic imperative continued to rule over military considerations. Mutual Security Act status was desired not for rearmament, but in order to qualify for American aid needed for "domestic security." Even the external defense mission of the SDF, considered by American security policy makers to be the core requirement of a national military force, was sought by Yoshida for the purpose of gaining full MSA status for Japan[102]:

> Something needed to be done to bring Japan into line with the law's requirements if my country was to be granted full MSA status, and as the situation also, both in Japan and abroad, required such steps to be taken, it was decided to include among the duties of the new Security Forces that of repelling foreign invasion, and to frame a new law for that purpose.

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[101] Japan's share of military assistance rose from $65 million in 1956 to $170 million in 1958, second behind Korea's $286 million of military assistance and $270 million of defense support. Other Far East nations that received MDA funds were Burma, Cambodia, Indonesia, Laos, Philippines, Taiwan, Thailand, and Vietnam. Mutual Security Program 1958, White House Central Files, Box 43, Eisenhower Library, p. 7.

[102] Yoshida, Yoshida Memoirs, p. 188.

Yoshida's determination to obtain MSA status and delay rearmament can be explained by domestic political pressures. Leftist opposition parties, while severely divided, managed to keep the public aware that "the big string which the United States will attach to the MSA is a request for increase of Japan's defense forces."[103] On the right, the Reform and Liberal parties, who together accounted for one-fourth of the Diet seats, had been calling for dramatic increases in defense spending. By gaining MSA status, thus acquiring defense-related, civilian business opportunities, the two main leftist and two main rightist opposition parties could be materially compensated.[104] At the same time, MSA funds could be used to start development of a Japanese military capability with minimal economic impact on the populace. From 1951-1954, the Ground, Maritime and Air Self-Defense Forces received over ¥175 trillion yen of material assistance for new equipment, weapons systems, ammunition and supplies. By 1957, this Mutual Assistance Program funding total soared to over ¥345 trillion yen, providing the

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[103] Foreign Relations of the United States, Vol. 14, Part 2, p. 1455.

[104] See Calder, Crisis and Compensation, Chapter 10, "The Residual: Defense," pp. 411-439, for relevant domestic structural factors that explain low Japanese defense spending.

foundation for a modern, re-equipped Japanese military.[105] Crucial to gaining MSA status was timing; submission of a defense assistance agreement prior to budget deliberations in the Diet could generate funding leverage central to domestic political outcomes. To this end, Foreign Ministry negotiators obtained American consent to sign the agreement one day before Diet budgetary talks were scheduled.

The domestic political success of adopting the demands of both opposition groups turned on the ability to visibly dilute American demands for rearmament and gain material benefits for Japan. This was done rather well with respect to force levels and military procurement. Dulles' demand for a Japanese force commitment of 10 divisions had been blunted with reminders to the American negotiators of the tenuousness of Yoshida's conservative coalition.[106] Procurement contracts from mutual security programs were substantial. Of the 10 nations in the Far East receiving military assistance obligations, Japan placed highest

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105 See "MSA taisei to jieiryoku zenzō," (MSA system and gradual increase of self-defense forces)in Nihon no Boei to Keizai (Japan's Defense and Economy), Vol. 9 of Nihon no Anzen Hoshō (Japan's Security) (Tokyo: Asahi Shinbun Sha, 1967) pp. 168-171.

106 US Ambassador to Japan Allison and State Department negotiators seemed very aware that they could push the Yoshida government too far, risking the ascendancy of a more radical regime. See Foreign Relations of the United States 1952-1954, Vol. 14, Part 2.

in unliquidated obligations in 1957.[107]

Yoshida's relative success in resisting rearmament and gaining MSA status did not extend to the issue of export controls, where the American anti-communist position prevailed over Japanese preferences to relax controls on trade with China. Advocates of expanded trade with China included MITI Minister Okano, who pressured Yoshida to exempt non-strategic trade from export controls. The Chinese market had absorbed 42% of Japan's Asian exports in 1938, yet accounted for only 5% in 1950.[108] American pressure to restrict Japan-China trade put Japan in a difficult situation, with the only feasible alternative being reliance on the American economic and military security system.

By impressing US negotiators with the need to minimize unpopular military expenditures lest the Yoshida government fall, Japanese negotiators were able to stay the promise of rearmament. This further skewed the scope of security assistance toward economic considerations.

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[107] Mutual Security Program 1958, White House Central Files, Box 43, Eisenhower Library, p. 11.

[108] Economic Cooperation Division's Far East Data Book, No. 3, (Washington, D.C.: USGPO, 1951), p. 51.

Post War Security Bargain

Chapter Summary

This chapter completes our inquiry about the origins of US-Japan security relations, focusing on the question, *why and how did the differentiated exchange framework of security cooperation emerge?*

Under the imposing conditions of unconditional surrender and American Occupation, Japanese pre-war economic security concerns became dominant over the military means of pursuing national security. Occupation-led political reforms aimed at demilitarization and democratization and economic reforms directed at maintaining political stability and reconstruction fostered economic priorities. Japanese state initiatives to preserve basic security goals began immediately after surrender, in a successful effort to negotiate details of the Occupation. During this period, the threat of economic stagnation and elimination of military means to achieving national security left Japanese elites few alternatives to seeking *keizai jiritsu* [economic independence]. In retrospect, three aspects of the Occupation allowed for the trans-war continuity of Japanese economic security policies: reliance by Occupation authorities on Japanese administrators, the limited effect of the economic purge, and the minimal impact of Occupation reforms on conservative government and business elites. As a result, economic security became the leitmotif of national security

policy for all post war Cabinets. To accomplish this goal, Japanese leaders sought a diplomatic formula that would readmit a sovereign Japan into the international political-economic community and afford some guarantee of military protection.

In addition to this continuity of pre-war Japanese economic security interests, the compatability of American security goals with Japanese economic priorities enabled the differentiated exchange security framework to emerge. While key US policy makers differed over how to meet America's newly found global responsibilities during post war demobilization, liberal assumptions of national security dominated. There would be no de-industrialization of Japan. A split emerged between the Department of State and Department of Defense over the relative importance of military and political-economic threats to security, but consensus existed on the basic need to liberalize the Japanese state. Goals of demilitarization, democratization, and stability for economic growth were reflected in the issues of wartime reparations and rearmament. While US security policy makers sought to minimize reparations, maximize exports, and protect Japanese industry. Allied resistance to reviving a potent economic competitor mounted. The American pursuit of re-arming a democratized Japan encountered even wider opposition. partly mollified with a network of bilateral alliances with the United States. Internal differences among DOD and State security policy makers were resolved after the June 1950 North Korean attack on

South Korea. This sudden verification of the broad political-military-economic threat, communism, consolidated American policy and accelerated the negotiation of a liberal Peace Treaty with Japan.

The institutional expressions of the framework of security cooperation are found in a patchwork of ten key documents, initiatives and agreements negotiated from 1946-1954:

1. the Constitution of Japan (Nov 1946)
2. Ashida Memoranda (Jul, Sep 1947, Jul 1948)
3. Ikeda Proposal (May 1950)
4. The Korean War and Dulles-Yoshida Dialogues (Jun 1950)
5. San Francisco Peace Treaty and the Security Treaty (Sep 1951)
6. Administrative Agreement signed under Article III of the Security Treaty (Feb 1952)
7. Dodge-Sutō Exchange (Feb 1952)
8. Charter Party Agreement (Nov 1952)
9. Ikeda-Robertson Communique (Oct 1953)
10. Mutual Defense Assistance Agreement and Defense Laws (Mar 1954)

Each of these bilateral interactions involved a complex exchange of relative security priorities rather than agreement on a common threat. The core of the security arrangement worked out by Japanese and American policy makers in the nine years following the Pacific War consisted of the following: provision of an American military guarantee of external security in exchange for Japanese economic rehabilitation, maintenance of internal security, provision of basing rights, and a promise of rearmament. Its problematic proviso was that until Japan were rearmed, basing rights for United States Forces in Japan would be

provided. This would provide some measure of military security and promote American influence as Japan proceeded with economic reconstruction.

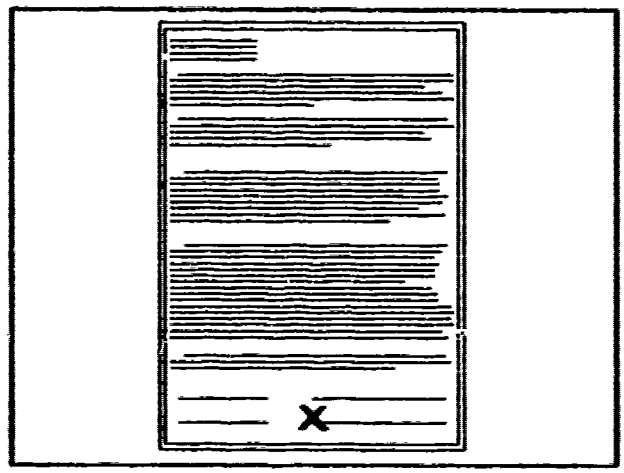
These original intentions, however, were only partially met, as differences between American and Japanese positions concerning the scope of rearmament persisted. American desires to rearm Japan included not only defense against Soviet invasion, but also regional security, a role rejected by Japanese conservatives. Moreover, the salience of Japanese domestic security considerations over military balance of power calculations were firmly imbedded in a political-economic structure the Occupation helped create. Prime Minister Yoshida's promise of rearmament was not firmly institutionalized. The institutional foundation for rearmament was erected by American Mutual Assistance Program funds that re-equipped and maintained a minimal Japanese self-defense role in a fiscally painless manner. The net effect was a complex quid pro quo in which American military security priorities were exchanged for Japanese economic security priorities.

The ensuing three chapters shift from explaining the historical origins of the US-Japan security bargain to the question of alliance change. Given its complex origins, how and why has the relationship been transformed? As we focus on the key instances of change to the original security quid pro quo, what are the dimensions of subsequent security bargains, how did

they emerge and why? In the next chapter, I argue that Security Treaty revision in 1960 recast the original bargain of different security priorities, achieving domestic legitimacy in Japan while loosening some restrictions on eventual Japanese rearmament.

CHAPTER 4

1960: DIPLOMATIC REVISION



Overview

The 1960 Treaty of Mutual Security and Cooperation stands as the only overall diplomatic change to the institutionalized security priorities detailed in the previous chapter. Essentially a modified version of the original security bargain, the revised Treaty broadly redefined US-Japan security relations across its political, economic and military dimensions. The other two formal changes to the original quid pro quo have been military and military-economic adjustments that transpired over 20 years later, in 1981 and 1987.[1] A look at US-Japan defense agreements negotiated since 1954 (last chapter's endpoint)

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[1] These latter two changes, the 1981 Reagan-Suzuki Agreement to share military roles and missions, and the 1987 FS-X co-development and co-production agreement, are the focus of chapters 6 and 7.

reveals the enduring nature of the 1960 Treaty, as the vast majority of subsequent arrangements have been acquisition and production arrangements made under authority of the 1960 Treaty:[2]

Major US-Japan Defense Agreements, 1954-1987 (Table 4.1)

1954:
- Mutual Defense Assistance Agreement (MDAA)
- return of equipment to US under MDAA
- transfer of military equipment to Japan

1955:
- furnishing of military equipment to Japan under MDAA
- program of aircraft assembly in Japan

1958:
- cost-sharing for production and development in Japan of P-2V anti-sub aircraft

1960:
- **Treaty of Mutual Cooperation and Security**
- facilities and Status of Forces (SOFA) agreement under TMCS
- assembly and manufacture in Japan of F-104 interceptor aircraft

1963:
- cost-sharing for US-furnished air defense systems (NIKE and HAWK surface-to-air missiles)

1964:
- cost-sharing for production of equipment and technical assistance for the base air-defense ground environment system (BADGE)

1967.
- production program in Japan for NIKE and HAWK missile systems

1969:
- acquisition and production in Japan of F-4EJ fighter aircraft and related equipment

1969:
- Military Assistance Advisory Group (MAAG) reorganized as Mutual Defense Assistance Office (MDAO) under MDAA

1977:
- acquisition and production in Japan of Sparrow missile

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[2] Treaties in Force: A List of Treaties and Other International Agreements of the United States in Force on January 1, 1988 (Washington, D.C.: USGPO, 1988), pp. 124-125.

system for ship-to-air role

1978:
- acquisition and production in Japan of F-15 fighter aircraft
- acquisition and production in Japan of P-3C anti-sub aircraft

1983:
- transfer of defense-related technologies from Japan to the United States

1985:
- acquisition and production in Japan of the Patriot missile system

1986:
- assistance in field training of defense services and civilian personnel
- development of XSH-60J helicopter weapon system
- Japanese financial contribution for US administrative expenses for fiscal year 1987 under MDAA

1987:
- Japanese participation in Strategic Defense Initiative (SDI) research
- co-development and co-production of FS-X fighter; involving Japanese technological modifications to American F-16 fighter

Given the persistence of the 1960 arrangement and the absence of other formal changes to the alliance until the 1980s, this case of alliance change merits close attention. Our central questions are, what were the dimensions of the 1960 security bargain, and how did it evolve? What were the forces in its formulation? Why did change occur? The dimensions and forces of the 1960 security arrangement are explored under three headings that explain the "what," "how," and "why" of this change.

"The Bargain" explains the new dimensions of the 1960 Treaty as a security bargain by untangling how treaty revision changed the original security framework. "Historical Analysis" recounts

how revision was negotiated in terms of the different mixes of Japanese and American security priorities. "Explaining Treaty Revision" analyzes political, military and economic factors that recast the dimensions of the security bargain.

The Bargain

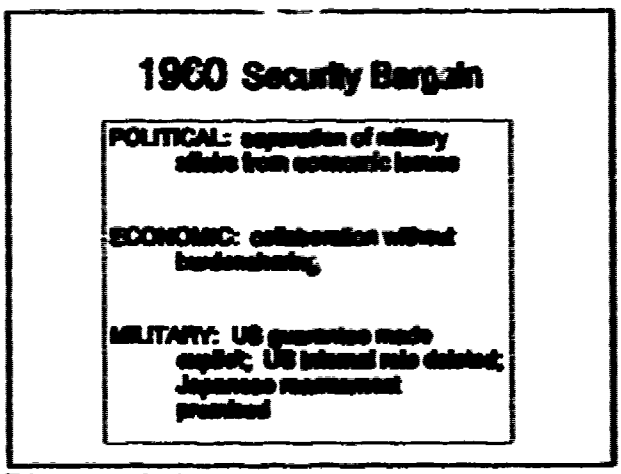


Figure 4.1

The 1960 treaty essentially was a more legitimate, broad redefinition of the original exchange of relative security priorities between Japanese and American security policy makers. The new agreement provided a more domestically acceptable structure that accommodated continuities of different national constraints and security goals, yet was flexible enough to allow for incremental change. Two new characteristics of the 1960 bargain stand out. First, military matters were separated from

economic affairs. This allowed for Japan's special military relationship with the United States to be protected from annoying linkages with economic disputes. At the same time, bilateral economic collaboration was formally encouraged without linkage to burdensharing arrangements. The separation of political and economic relations, *seikei bunri* [politics-economics separation], promoted this dualism. Second, without involving an explicit promise to rearm, Japanese rearmament took a few important steps forward. Constitutional constraints on Japanese military capability were emphasized, replacing the more restrictive limitation of "no offensive" capability. The American external military guarantee of Japan was stated unambiguously, and the US internal security role in Japan was deleted. This role now fell to the National Police Force, established by a 1950 MacArthur directive as a proto-military force after the North Korean invasion of South Korea. While temporarily conceding American administration of islands over which Japan possessed residual sovereignty (principally Okinawa and the Bonin Islands), Japan now gained participation in their joint defense. Now a UN member, Japan embraced the American external military guarantee and a Japanese self-defense role within the context of UN principles.

What had not changed in the new bargain was the diverse array of alliance benefits conferred on each partner. Security alliance continued to confer on each partner a different mix of

political, economic and military benefits. The overall quid pro quo of American military for Japanese economic security goals was retained. Japan continued to receive the US military guarantee against external attack while concentrating on economic development and internal security. The US retained basing rights and a tacit promise to rearm against the common threat. Politically, these changes mollified Japanese domestic opposition to alignment with the United States, and won American willingness to revise the 1951 Treaty. Mutual economic interests played a central role in overcoming political barriers to cooperation, and differences about the common military threat endured. Militarily, the development of Japanese self-defense forces was made possible amid disagreement about the scope and speed of Japanese rearmament.

Like the original framework of security cooperation discussed in the last chapter, the 1960 Treaty accommodated these mixed motives of alliance in two ways. First, the Treaty codified the separate American military and Japanese economic security priorities. Second, the Treaty tolerated absolute changes within those relative priorities -- this allowed for the tacit promise of rearmament needed for US acceptance, and the "economics first" strategy needed for Japanese domestic support. To illustrate this dynamic, the next two sections establish how the Treaty reconciled the different relative security priorities and how domestic tolerance of absolute changes within those

relative priorities was achieved, permitting bilateral cooperation to occur despite unlike contributions to security.

Codification of Relative Security Priorities

The 1960 Treaty codified unlike Japanese and American contributions to security by explicitly separating military from economic cooperation, sanctioning Japanese constitutional constraints on the former and calling for conflict reduction in the latter. This tolerated the continuity of different military and economic security priorities of each state, while allowing for absolute changes within those priorities needed for continued cooperation. Article III formalized Japan's constitutional constraints on developing a capability to resist external attack ...

> The Parties, individually and in cooperation with each other, by means of continuous and effective self-help and mutual aid will maintain and develop, **subject to their constitutional provisions**, their capacities to resist armed attack.

... while Article II reemphasized the need for economic collaboration and conflict reduction:

> The Parties will contribute toward the further development of peaceful and friendly relations by strengthening their free institutions, by bringing about a better understanding of the principles upon

> which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between them.

This separation defined an important aspect of the new security bargain -- military affairs were to be officially protected from the intrusion of economic disputes, even as American defense-related aid to Japan mounted. Each side had nuanced reasons for accepting this secularity. On the one hand, American security policy makers viewed military and economic assistance as necessary to build a Japanese self-defense capability without risking an economic downturn. Economic instability, it was feared, would derail rearmament efforts. At a minimum, economic stagnation implied a lengthening of the time when Japan could share the burden of defense more equitably. At its worst, it could propel Japan away from the US security embrace altogether. On the other hand, Japanese security policy makers sought US military assistance and deepened economic collaboration to aid reindustrialization and build a reasonable defensive capability without provoking domestic unrest or assisting opposition parties.[3] Both sides' fears seemed

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[3] The dual importance of the Treaty's economic clause for Japanese competitiveness in the international political economy and domestic welfare is evident in proceedings of the Ad Hoc Committee on the US-Japan Security Treaty, 15 June 1960. A Record of Interpellations is available in Morinosuke Kajima, Modern Japan's Foreign Policy (Tokyo: Tuttle, 1971), pp. 59-85.

substantiated by Japanese labor unrest from 1945-1949, a period of widespread food and energy shortages, inflation and unemployment.

By codifying only **constitutional** constraints to Japanese self-defense capability, the treaty defined another key facet of the new security bargain -- the linkage of Japanese military force improvements to constitutional interpretation, rather than more restrictive constraints. In particular, the 1951 Security Treaty's major impediment to building a credible self-defense capability -- one which was **not** included in the 1960 Treaty -- was that of "... avoiding any armament which could be an offensive threat..." This constraint, **not** contained in the Constitution of Japan, would have ruled out a realistic Japanese self-defense contribution. Why?

From the perspective of security planners responsible for the details of military operations, the distinction between offensive and defensive capability depends on how weapons and forces are to be used, not on the weapon itself. In practice, defense against hostile military forces requires interdicting supply routes, destroying munitions depots, communications networks and troop concentration points, controlling naval choke points outside Japanese territorial waters, and eliminating offensive air forces **before** they reach Japan. To defend basic Japanese security priorities such as access to raw materials, safe sealanes and a secure industrial base, certain minimum

military missions have to be developed. In 1958, after seven years of existence under the old security bargain, this had not happened. Japanese self-defense capabilities consisted of a ground force able to perform minor defensive operations, naval forces capable of limited escorts of coastal convoys, and an air force with restricted tactical capability. By banning offensive military capability, the Japanese contribution to the security alliance before 1960 was consigned to a non-military role, chiefly the provision of bases and cost-sharing support for US forces in Japan. How did the 1960 codification of Japanese constitutional constraints allow for growth beyond this?

The constitutional prohibitions most relevant to the treaty's objective of resisting armed attack are the dispatch of Japanese troops overseas, and possession of war potential. Neither proviso prevented a positive Japanese role in defending against potential military attack ... as long as American military capability was included. The assault capability of the Soviet Union was estimated as an initial landing of three 12,000-man divisions and 9,500 airborne troops. If the initial assault succeeded, 6 more divisions could be docked immediately thereafter. Supporting this attack would be the Far Eastern Fleet of over 40 major combatant ships, and a 2000-plus air force capable of generating 1000 sorties a day. Japanese defenses against this potential threat only amounted to a 6-division Ground Self-Defense Force, a Maritime Self-Defense Force

consisting of 9 major combatant ships, and a 14-squadron Air Self-Defense Force. On the bright side, enemy naval support for the operation would be detectable and vulnerable to mining, and Soviet air forces would be vulnerable to Mutual Security Program-supplied F-86 Sabrejets (an aircraft that enjoyed a 14:1 shootdown ratio during the Korean conflict).[4] But the level of Japanese forces needed for autonomous defense was politically impossible in Japan. Military capability that could be construed as war potential, or as that which afforded the Self-Defense Forces the ability to be dispatched overseas, had to be eschewed. By including regional US military assets, Japanese conservatives could realistically plan to develop a self-defense capability. Modest yet positive Japanese force improvements were constitutionally permissible within the context of US-Japan security ties.

The new security bargain further sharpened the military-economic exchange of relative security priorities with an explicit American commitment to provide military security against external threats (Article V). What the Americans received in return was the Japanese contribution of continued basing arrangements for United States Forces Japan (Article VI). The

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[4] F-86D fighters were being provided in the late 1950s at the rate of over 100 per year under the MSP. The 1950-1956 MSP helped build the combat core of the Japanese Air Self-Defense Force, providing equipment and ammunition for 14 squadrons. Mutual Security Program-Japan, White House Central Files, Box 43, Eisenhower Library.

only burdensharing costs agreed to were incorporated in the Status of Forces Agreement (SOFA) under Article VI of the Treaty, where Japan agreed to furnish base facilities and areas.[5] In effect, Japan would receive physical security from external attack, and the United States would receive overseas bases:

> Article V. Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes.
>
> Article VI. For the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East, the United States of America is granted the use by its land, air, and naval forces of facilities and areas in Japan.

Notably absent in this deal is an explicit Japanese promise to rearm, despite a strong American desire that this be a prerequisite of treaty revision. Instead, economic collaboration sweetened agreement by enabling both sides to partially achieve their relative security goals. For Japan, a deepening of bilateral economic ties was essential due to Japanese dependence

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[5] Agreement Under Article VI of the Treaty of Mutual Cooperation and Security Between the United States of America and Japan, Regarding Facilities and Areas and the Status of United States Armed Forces in Japan, Article XXIV, paragraph 2, Headquarters, United States Forces, Japan. In paragraph 1 of this Article, the United States agreed to "bear for the duration of this Agreement without cost to Japan all expenditures incident to the maintenance of the United States armed forces in Japan except those to be borne in paragraph 2." When US officials requested cost-sharing and host-nation support in the late 1970s, this SOFA clause would be regretted.

on the American economy. Japan had gained a windfall of US military procurements since the Korean War, having increased tenfold since 1950-1951. The special dollar income in 1956 converted what would have been a deficit of goods and services into a $205 million surplus. During the same period, Japanese exports to the United States had doubled. By 1959, Japanese exports to the United States increased by 50% over the previous year, and the US absorbed 30% of all Japanese exports.[6] Relatively low equity capital ratios of Japanese firms in the 1950s were one-half that of pre-war levels, indicating a relatively high demand for funds at a time when American aid was rapidly expanding in the form of Mutual Security Program funds. Somehow, Japan would need to contribute non-militarily to the alliance to retain the American military guarantee and all of its financial benefits.

For American security policy makers, regional military security needs were paramount and they sought to use Japan's acute need for American markets, raw materials and foodstuffs to adhere Japan to the US regional containment system. From 1950-1958, the Mutual Security Program disbursed over $663 million to Japan.[7] But US leverage was also limited due to a perceived need for the other partner. By virtue of Japan's strategic

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[6] Japan 1960, p. 2, Ann Whitman Files/International Series, Box 31, Eisenhower Library.

[7] Mutual Security Program Year 1958, White House Central Files/Subject Series, Eisenhower Library, pp. 6-7 and 11-12.

location, industrial capacity and military potential, security planners felt a need to deny Japan to Soviet or Chinese influence -- regardless of Japan's level of military contribution to security. American business interests were less anxious than security policy makers to commit their resources to Japan, resulting in Japanese inducements designed to attract American loans, such as the establishment of the Asian Development Bank and the issue of dollar-denominated bonds. As these attempts were shrugged off by American businesses seeking more politically stable investment opportunities,[8] Japanese anxiety over the reliability of the American security commitment increased.

Thus, the American provision of a military guarantee from external threats and the Japanese provision of military bases that were codified in the 1960 Treaty accommodated each state's relative security priorities, but left both sides only partially satisfied about the overall arrangement. Amid uncertainty about an American promise to defend Japan and a Japanese promise to rearm, the troops-for-bases exchange continued to provide a tangible basis for security cooperation. Japan would be able to pursue economic growth and market access with minimal economic and political costs that would have come with greater Japanese military capability. The United States could better pursue ideological goals of deterring communist influence in Japan and

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[8] See Calder, Crisis and Compensation, pp. 89-92, on the apprehension of American investors and Japanese conservatives during this period.

the Far East. Within this framework of unlike contributions to security, each state's absolute contribution could vary. The next section establishes how Japanese domestic acceptance of this arrangement was achieved.

Elimination of Formal Inequalities

The new Treaty gained tacit Japanese domestic acceptance of increased US-Japan security cooperation by removing politically objectionable aspects of the 1951 treaty. Overall Japanese objections to the original treaty centered on its unequal nature, which threatened the domestic political viability of the US-Japan security relationship itself. The most irritating aspects of the 1951 Treaty have been cited as:[9]

1. The absence of an explicit American commitment to defend Japan, in spite of the granting of military bases to USFJ.
2. The lack of an American requirement to consult with Japanese officials in force and weapons deployment decisions -- particularly dispatching US combat troops to foreign areas and storing nuclear weapons in Japan.
3. The apparent loss of Japanese sovereignty over the Ryukyu and Bonin Islands.
4. The visible failure of Japanese authorities to exert some degree of control over American troops in Japan -- as

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[9] Compiled from Weinstein, Japan's Postwar Defense Policy; Dwight D. Eisenhower, Waging Peace 1956-1961 (New York: Doubleday, 1965); Dan Kurzman, Kishi and Japan: The Search for the Sun (New York: Obolensky, 1960); Packard, Protest in Tokyo, and Dulles-Eisenhower Memoranda, Ann Whitman Files, Box 31, Eisenhower Library.

illustrated in the Girard Case of criminal jurisdiction.[10]

5. Omission of any reference to the United Nations (Japan was not a UN member in 1951).

6. The prerogative of USFJ to be used in an internal security role.

By renegotiating the old security bargain, Japan Socialist Party and Japan Communist Party opposition complaints that the nation's security ties had been forged during foreign military occupation, before Japan had regained national sovereignty, could be countered. Revision itself would be a painful process, but its proper repackaging could reduce opportunities for opposition socialist and communist parties to exploit its unequal terms. This was particularly important in two foreign policy issues that had emerged in the late 1950s as the opposition's great jeremiad against conservative rule -- nuclear weapons and trade with China.

Since 1955, when the Japan Socialist Party had unified left and right wing socialists (the same year that the Liberal and Democratic Parties merged to form the Liberal Democratic Party), increased public discontent about American nuclear testing in the Pacific and the possibility of American-introduced nuclear weapons in Japan pressured the still fragile conservative

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[10] The case of US Army Specialist William S. Girard involved the shooting of Mrs. Sakai Naha with a blank grenade launcher cartridge in an army training area on January 30, 1957. Jurisdiction was ultimately given to Japanese authorities. Girard was tried in a Japanese court and given a three-year suspended sentence.

coalition. At stake was no less than the policy of close security ties with the United States, since nuclear weapons were an indispensable part of the Eisenhower administration's "New Look" defense strategy. Given the global reach of American postwar security commitments, reliance on the relatively inexpensive nuclear edge allowed for affordable containment of communist aggression, while the free flow of liberalism would destroy Communism in the long run.[11] Japanese sensitivity to nuclear weapons became connected to other issues, all of which reflected fears that the US nuclear and conventional military guarantee imperiled rather than protected Japanese security. In January 1955, a US-Japan agreement compensated Japanese fishermen for damages resulting from Bikini Islands nuclear weapons tests. The following year, the Ministry of Foreign Affairs asked the State Department to take precautionary safety steps during the planned Eniwetok nuclear test. Meanwhile, the Diet passed a resolution calling for an American nuclear test ban. In July 1955, a Department of Defense official suddenly declared the US Army's intention of deploying atomic weapons launchers in Okinawa and nuclear-capable Honest John missiles in mainland Japan. This contributed to the increase of anti-Security Treaty rallies in Tokyo for the next two years. In 1957, the Girard case seemed to

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[11] Both Truman and Eisenhower were keen to the need to preserve both American economic and military power over the long run of the Cold War in order to prevail. See Truman, Memoirs of Harry S. Truman, pp. 231-239; and Eisenhower, Waging Peace, p. 370.

reinforce the specter of an uncontrolled US military presence in Japan, uniting leftist socialists and rightist nationalists under a nationalist banner of state sovereignty.

Treaty revision neutralized these anti-alliance pressures in several ways, helping to legitimate absolute increases in US-Japan military security cooperation. The "prior consultation" clause in the First Exchange of Notes (19 January 1960) of the Treaty gave some assurance that the United States would not entrap Japan in an unwanted conflict. The broad scope of "prior consultation" included US force deployments and changes in equipment:

> Major changes in the deployment into Japan of United States armed forces, major changes in their equipment, and the use of facilities and areas in Japan as bases for military combat operations to be undertaken from Japan other than those under Article V of the said Treaty, shall be subjects of prior consultation with the Government of Japan..

Key to the success of the prior consultation clause was a certain degree of ambiguity and its passive nature. Ambiguity allowed for differences of interpretation to exist about what constituted a matter for prior consultation. The passive nature of prior consultation, from a Japanese perspective, lay in the practicality that the decision of when to initiate prior consultation was an American one. Unknown at the time, a secret verbal agreement had been made between US Ambassador MacArthur

and Foreign Minister Fujiyama that condoned the passage of nuclear weapons-carrying ships and planes through Japanese waters and airspace.[12] If this had been public knowledge in 1960, opposition pressures likely would have been galvanized against, instead of neutralized for, subsequent bilateral security cooperation.

The placement of the Treaty within the context of the UN Charter and deletion of an internal security role for US troops enabled conservatives to parry opposition thrusts that Japanese sovereignty was being violated. The issue of criminal jurisdiction, brought to public attention in the Girard case, was settled in the Status of Forces Agreement (negotiated under Article 6 of the 1960 Treaty).

In addition to helping deflect charges of conservative indifference about nuclear weapons and testing, Treaty revision countered opposition to the policy of banning official trade with China. The American provision of Mutual Security Program funds had been made contingent on Japanese participation in the US and North Atlantic embargo on strategic goods to Communist-bloc countries. A panoply of private groups, socialists, communists and government officials favored sanctioning and expanding trade with this pre-war export market and source of raw materials.

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[12] Based on comments made to the press by former Ambassador to Japan (1961-1966) Edwin O. Reischauer, on 19 May 1981. The Harvard University professor's comments seemed motivated, ironically, by a desire to emphasize the importance of sensitivity to Japan's domestic political constraints.

Especially active private *nichū* (Japan-China) groups were the Association for the Promotion of International Trade, Japan and the Japan-China Importers and Exporters Association. Both the Japan Communist Party and Japan Socialist Party had established a Special Committee for Trade between Japan and China. In 1949, JSP General-Secretary Inejiro Asanuma[13] led a delegation to Peking that ultimately issued a joint declaration naming the United States as the common enemy of the Chinese and Japanese people. The Sino-Japanese Trade-Promoting Diet Members Union comprised fully 50% of the Diet Members in 1958. Trade with China from 1955 (the year trade relations were reopened) to 1960 represented only 2% of Japanese foreign trade, but the potential for needed foodstuffs and raw materials (especially chemicals) from China, and the export of some Japanese capital goods drew business interest. Several factors favored an increase in China trade: geographical advantage, Japan's imbalanced dependence on American special procurement contracts, increased export competition from the European Economic Community, and a general desire to find stable export outlets to finance industrialization. Even MITI, in its 1956 White Paper on Japan's Trade, called for improving the international trade environment

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[13] Asanuma was later killed by a rightist fanatic during a 1960 election debate over the Security Treaty in Hibiya Hall, Tokyo.

by dropping the government ban on official trade with China:[14]

> Another major problem for Japan is the restriction on exports to Communist countries. Relaxation of restrictions is desired particularly in the case of Communist China, in view of the complementary nature of the industrial structures of the two countries.

The new security bargain directly countered this broad-based opposition with its call to deepen US-Japan economic and trade relations. Compared to the tremendous potential of increased US-Japan trade flows and economic ties, the outlook of Japan-China trade seemed bootless. Given the central role US dollars played in the global economy and US creditor status, Japan-US trade was clearly a more attractive prospect. In addition, other states competed for favorable US diversion of scarce dollar reserves, a point well understood in Japanese business circles. In 1959, Japan was relatively deprived of world monetary reserves and was rapidly increasing its share of reserves vis a vis the other large states competing for dollars:

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[14] White Paper on Japan's Trade: 1956, Embassy of Japan Trade Report Summary, Vol. III, No. 11, 10 July 1957, p. 8.

Comparison of Monetary Reserves (in $ hundred million)

State	1957	1959	% increase
France	7.78	16.34	110
West Germany	46.34	55.29	19
Italy	15.32	28.29	85
Holland	9.24	17.10	85
Great Britain	23.74	31.86	34
Japan	**5.24**	**12.90**	**146**

Table 4.2 data compiled from Asahi Shinbun, 18 December 1959, p. 2.

The economic growth benefits of increased US-Japan economic relations could diffuse opposition to the official ban of Japan-China trade. The national priority of capital reindustrialization required importation of food and raw materials. Trade expansion through exports could earn the dollars needed to purchase imports and develop key industries. And increased trade with the United States offered the best road to rapid expansion.

Thus, the 1960 modification of the original security framework preserved the complementary exchange of US military security and Japanese economic security, allowing for each partner to reap a different mix of political, economic and military benefits from security alliance. This was accomplished by incorporating different Japanese and American relative security priorities, and eliminating domestically objectionable aspects of the original 1951 Security Treaty. By providing a more legitimate, negotiated security bargain that allowed for the

focused pursuit of reindustrialization, modest and incremental increases in Japanese military contributions could be tolerated. Japanese conservatives had finally achieved codification of the security goals contained in the 1947 Ashida memoranda and 1950 Japanese draft treaty.[15] American security policy makers had achieved progress toward a traditional military alliance based on a common threat. The process of how this exchange of different security priorities came to be reagreed upon is explained next.

Historical Analysis

Partially a consequence of overlapping interests against communism and partially the output of negotiations for relative advantage over one another, the path to reagreement on a quid pro quo was not a lockstep march of identical priorities. In each major negotiating step in the process, alliance presented both partners with a different mix of military, economic, and political benefits.

The first formal step to treaty revision was a Japanese initiative. On 26 August 1955, a conservative delegation featuring Foreign Minister Shigemitsu (Progressive Party) and Democratic Party head K shi was sent by Prime Minister Hatoyama (Liberal Party) to confer with Secretary of State Dulles. Shigemitsu sought revision of the Security Treaty, offering a

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[15] Weinstein, Japan's Postwar Defense Policy, p. 87.

six-year rearmament scheme that contained annual increases of 10,000 GSDF troops. Under this plan, the present 150,000 troop level would increase to 180,000 in three years, reaching 260,000 by 1960. This promise, however, fell short of Dulles' reported demand for a force level of 300,000.[16] In the joint communique that followed, it was apparent that the American price for treaty revision was a more credible Japanese rearmament plan:[17]

> It was agreed that efforts should be made, whenever practicable on a cooperative basis, to establish conditions such that Japan could, as rapidly as possible, assume primary responsibility for the defense of its homeland and be able to contribute to the preservation of international peace and security in the Western Pacific. It was also agreed that when such conditions were brought about it would be appropriate to replace the present security treaty with one of greater mutuality.

Behind this formal agreement to increase Japanese defense efforts and contribute to regional security were uncertainties and internal differences about what the scope of Japanese rearmament should be. Upon their return to Tokyo, Shigemitsu and Kishi confronted a broad front of Japanese officials and politicians who expressed shock about Japan's apparent commitment to greater military force levels and broadened geographic

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[16] Packard, Protest in Tokyo, p. 56.

[17] "Joint Statement of August 31, 1955," Department of State Bulletin, Vol. 33, No. 846, pp. 419-420.

responsibility. Debate ensued over whether the definition of "Far East" included China and Taiwan or just the northern Philippines and Japan's proximity. As opposition to the joint communique mounted, Ministry of Foreign Affairs officials pared down the definition used by US authorities.[18] The Director-General of the Defense Agency rejected any Western Pacific role for the Self-Defense Forces, citing a prohibition against overseas operations in the Defense Agency Law. Socialists, Liberals and Democrats alike accused the Hatoyama cabinet of negotiating an illegal and unconstitutional agreement.[19]

On the American side, consensus about the need for Japanese rearmament contained differences over exactly how broad and vigorous the rearmament should be, as well as its timing. During the talks, Dulles expanded the regional role desired for the SDF from the Far East to the Western Pacific (including Guam).[20] Historical evidence suggests this new American position was seen by Japanese negotiators as less a serious proposal than a move to postpone revision pending the results of the forthcoming Japanese elections.[21] Likewise, Eisenhower administration desires for

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[18] See Nichi-bei anpō jōyaku no shoten [Focus on the Japan-US Security Treaty] (Tokyo: Asahi Shinbun Sha, 1967), pp. 179-180.

[19] Weinstein, Japan's Postwar Defense Policy, pp. 79-80.

[20] Asahi Shinbun, 2 September 1955, p. 1.

[21] In a later interview, Kishi explained Dulles' rejection of Shigemitsu's revision proposal in terms of the fragmented domestic situation in Japan. Transcript of a Recorded Interview

Diplomatic Revision

Constitutional revision (Constitutional revision was considered a likely catalyst for Japanese rearmament) turned on the prospect that a relatively stable Japanese conservative coalition would be elected. The opposition of the National Security Council to revising the Security Treaty until Liberal Democratic Party predominance seemed intact can explain why, despite a subsequently downgraded American position on GSDF force levels from 300,000 to 200,000, Dulles rejected Shigemitsu's proposal of 260,000 troops.[22] The ability of fragmented Japanese conservatives to make good on such a proposal was, in the light of Yoshida's failed rearmament promise, very much in doubt.

For their part, Shigemitsu and Kishi cited rising anti-Americanism and communist influence in Japan in order to encourage immediate Treaty revision, downplaying the prospect of conservative unity. Although the Japanese delegation emphasized the importance of early revision for bolstering Japanese conservatives' election hopes, Kishi had been waging a two-year personal campaign to forge conservative unity. Notwithstanding the positive effect that brokering a Liberal-Democratic merger had on Kishi's becoming Prime Minister (chiefly by ending Yoshida's "arrogant" dominance), Japan's security predicament also called for conservative cohesion for two reasons:

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with The Honorable Nobusuke Kishi, interviewer Spencer Davis, The John Foster Dulles Oral History Project, Mudd Library, p. 11.

[22] Mainichi Shinbun, 31 August 1955, p. 1.

(a) to preserve the internal priority of economic reconstruction, and (b) to achieve external credibility necessary for American agreement on Treaty revision. From early on, Kishi stressed the need for conservative cohesion and economic priorities of security. Two excerpts of Kishi's Diet election speeches in 1953 are representative:[23]

> Japan cannot be reconstructed as long as it is flooded with small parties eternally struggling for power. Indispensable for a truly democratic government is a two-party system ... However, judging from the present political state in Japan, it appears that the conservative parties alone, when unified and regulated, can stabilize the political system and improve the life of the people.
>
> Independent Japan can be defended only through close cooperation with the defense plans of the other free nations. However, we cannot rush into a defense build-up. Our defensive strength can only be increased gradually as our economy is reconstructed.

The basic argument for revision put forth by Shigemitsu and Kishi to Dulles was that unless the Security Treaty were revised, the conservatives would not fare well in the coming elections.[24] Dulles, concerned about the reliability of Shigemitsu's rearmament promise, reversed this logic. In Dulles' view, the uncertainty of a conservative merger and successful

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[23] Kurzman, Kishi and Japan, pp. 274-276.

[24] This is corroborated in another Spencer Davis interview with Ichiro Kono, present with Shigemitsu and Kishi during these initial talks with Dulles. Transcript of a Recorded Interview with The Honorable Ichiro Kono, interviewer Spencer Davis, The John Foster Dulles Oral History Project, Mudd Library, pp. 20-21.

election made Japanese rearmament doubtful, so he demurred on Treaty revision until after the Japanese elections.

The second major step toward US-Japan reagreement occurred in June, 1957 -- four months after Liberal-Democratic Party merger had been achieved and Kishi had been elected Prime Minister. In the lengthy joint communique which followed the talks, replete with the usual pledges to prevent aggression and preserve freedom and justice, actual agreement was reached on the following:[25]

(a) the prompt withdrawal of all US ground combat forces and reduction of USFJ
(b) a high level of bilateral trade and economic relations
(c) formation of an inter-governmental committee to discuss problems and matters of jurisdiction

Bilateral differences noted in the communique were:

(a) Eisenhower's stress on the need to control exports of strategic materials to communist countries versus Kishi's emphasis on the necessity of Japan to increase its trade
(b) US continued possession of residual (administrative) sovereignty over Okinawa and the Bonin Islands vs. Japan's strong desire for their return to Japan

Although the communique was introduced as the inauguration of a "new era," old differences in relative security priorities still outlined the workable parameters for agreement. The agreement on the withdrawal of US combat forces simply stated

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[25] Department of State Bulletin, Vol. 37, 8 July 1957, "Joint Communique of June 21, 1957 issued by President Eisenhower and Prime Minister Kishi," pp. 51-53.

what had been already occurring as a result of the end of the Korean War, passage of the Defense Reorganization Bill, and implementation of a global drawdown plan drafted under Joint Chiefs of Staff Chairman Admiral Arthur Radford.[26] The real significance of codifying the American withdrawal in the communique was that Kishi could present it domestically as tangible proof of an American concession. From the perspective of Japanese negotiators, the imperative of Treaty revision was not driven by desires for a substantive change in burdensharing arrangements, but by the need to preserve domestic support for the bilateral security bargain over the long term. At least for the conservative Kishi coalition, revision was deemed most important to ease frictions between USFJ and Japanese citizens.[27]

US definers of national security viewed revision as a momentous opportunity to achieve perhaps two contradictory goals: (1) solidify the US-Japan security relationship and (2) obtain a more equitable formula for military burdensharing. The first aim paralleled Kishi's desire to achieve domestic legitimacy of the US-Japan security relationship. Department of State and Defense officials would work to remove certain irritants in bilateral relations, but stopped short of Japanese demands that did not

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[26] US troops in Japan had decreased from 210,000 in 1954 to less than 90,000 in 1957.

[27] Transcript of a Recorded Interview with Nobusuke Kishi, interviewer Spencer Davis, 2 October 1964, pp. 3-5.

recognize the military realities of the Far East.[28] At a minimum, top State and Defense Department officials desired Japan to be a "defense industrial base" for the Far East. If this could not be preserved, alternative areas would be sought (Dulles suggested Australia). The second American aim of improved military burdensharing was sought by linking accelerated Japanese rearmament to the prospect of Treaty revision. The withdrawal of combat US Forces Japan was explicitly tied to increases in Self-Defense Forces in the communique. Noting the emerging dominance of Japanese conservatives interested in long range US-Japan strategic partnership, Dulles considered this an auspicious time to achieve both aims. Although rearmament was desired, it was even more important to ensure the continuation of the US-Japan security embrace, which Dulles hoped would sway other free Asian nations to align against Communism.[29]

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[28] State Department officials also worked on invalidating laws in Alabama and South Carolina that discriminated against Japanese textiles, and in overcoming DOD resistance against repatriation of Bonin Islanders.

[29] Dulles expressed these thoughts to Eisenhower in a letter one week before Kishi's visit to Washington:

> After a period of drift, sentiment in Japan is now beginning to crystallize, and we stand on the threshold of a new era in our relations with Japan. The Prime Minister's visit affords a unique opportunity to influence the pattern of this new era in the critical period of the next decade or more. A strong, cooperative Japan is fundamental and essential to our position, and the road that Japan chooses to follow will influence greatly the path which other free Asian nations take.

Memorandum for the President, Dulles-Eisenhower, 12 June 1957,

Japanese negotiators officially recognized no such link between rearmament and Treaty revision. To do so would provide the amorphous domestic opposition a terrific opportunity to congeal against the apparent remilitarization of Japan. Instead, officials consistently made distinctions between increases in Japanese defense expenditures and the Treaty issue of alliance burdensharing.[30] Treaty revision had to be clearly disassociated from the prospect of militarism, despite loud public American pressure to rearm. In this regard, the Kishi Cabinet policy goals for Treaty revision were not directed solely at securing a military guarantee from the United States, but also served to mollify opposition concern about rearmament. Japanese negotiating positions such as placing the Treaty within the context of the United Nations Charter, stressing constitutional constraints on Japanese defensive forces, agreeing on prior consultation, and deleting the American internal security role, were intended to lessen fears of irresponsible rearmament:

Ann Whitman Files, International Series, Box 31, Eisenhower Library.

[30] Later Foreign Minister maintained this separation later. See Transcript of a Recorded Interview with Aiichiro Fujiyama, interviewer Spencer Davis, 23 October 1964, pp. 26-27.

Diplomatic Revision

Treaty Revision Policy Goals of the Kishi Cabinet[31]

(1) Clearly state the connection between the new Treaty and the UN Charter
(2) Clearly state an American duty to defend Japan and a Japanese duty to stay within Constitutional constraints
(3) Obtain Japanese consultation before US troops on bases in Japan are used for other than the defense of Japan
(4) Rid the treaty of an internal security role for American troops
(5) Obtain a limited Treaty term

The distance between American and Japanese negotiating positions did not narrow until the summer of 1958. By then, the gravity of the domestic constraints on the Japanese negotiating agenda was realized by Ambassador MacArthur, who appealed to Dulles to soften US demands. In June, MacArthur advised Dulles that Japanese domestic opposition to the 1951 Security Treaty was so acute that failure to allow its revision jeopardized Japanese alignment with the United States.[32] MacArthur further urged that unless Dulles scaled down the definition of Japan's responsibility for mutual defense to include only the home islands (the four main islands, Ryukyuus and Bonins), the Japanese would likely interpret this policy stance as lack of US interest in treaty revision. Key to MacArthur's sense of urgency was the apparent strengthening of Kishi's hand in the LDP

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[31] "Kaitei no hōkin," [Settlement on a policy line] Nihon Anzen Jōyaku no Shoten, pp. 58-59.

[32] Telegram from MacArthur to Dulles, Ann Whitman Files/International Series, Box 30, Eisenhower Library.

electoral victory of May 1958, the first general election since the Liberal and Democratic parties had merged. This broader conservative coalition seemed to provide a window of opportunity for favorable Treaty revision.

Three months later, Foreign Minister Fujiyama met Secretary of State Dulles with Ambassador MacArthur in Washington, reaffirming the importance of increased bilateral trade, the Communist threat to peace, and setting the schedule for treaty revision negotiations in Tokyo.[33] During the negotiations, which continued for the rest of the year and throughout 1959, US negotiators considered US-Japanese security policy within the broader US foreign policy context, the central problem being how to create Asian bulwarks against communism. For their part, Japanese conservatives were constrained by the one-third minority the Japan Socialist Party had won in the 1958 election -- enough to block Constitutional revision needed for rearmament. Moreover, domestic turbulence in 1958-1959 pressured the Japanese negotiating position, virtually prohibiting an increased defense role.

Diffuse opposition to a Japanese military role in the security alliance mounted in a series of events, adding a sense of domestic instability to the negotiating process. In October 1958, Kishi attempted revision of the National Police Bill in

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[33] See "For the Press" No. 528 and 533, Department of State notes on the Fujiyama-Dulles talks of 11 and 12 September 1958. Papers of John Foster Dulles, Box 130, Mudd Library.

order to prevent labor unrest deemed threatening to reindustrialization. This provoked demonstrations the following month, amid charges that Kishi was marching down the road to militarism. Although Kishi ultimately backed down, his brazen attempt to railroad the bill through the Diet left him vulnerable to opposition critics. Support for Treaty revision from rightists, who in July had held the largest convention since the war to oppose the JSP position, was counterproductive. Groups interested in preventing Japanese militarism associated any resurgence of Japanese military power as militarist, hindering rational discussion of actual Japanese military security needs. Although Ministry of Foreign Affairs officials held numerous public sessions throughout 1959 to argue the foolishness of neutrality in a bipolar world marred by US-USSR conflict, Japan's domestic climate continued to favor non-defense priorities. This was particularly true during October-December, the period of intense bilateral negotiations in Tokyo. In November, for instance, a leading newspaper reported Japan's Air Self-Defense Force and Maritime Self-Defense Force as already being Asia's first and second largest.[34] In December, a large steel strike at Miike mines focused public attention on the vulnerable economy. In the same month, the Supreme Court afforded some relief to negotiators in a ruling on the "Sunakawa Incident," which sanctioned the pursuit of self-defense including "a common

[34] Asahi Shinbun, 8 and 12 November 1959.

defensive system with a specified country."[35]

US negotiators were confronted with these domestic constraints in the form of Japan's "special characteristics" (*tokusei*) of security. In the face of Japanese domestic unrest, achievement of both DoD and State goals of rapid rearmament and a domestically stable security treaty seemed politically impossible. The Eisenhower administration's fear of Japanese neutrality and perceived need for Japan to be an anti-communist fortress in the US global chain of containment favored domestic stability over rearmament. A US-aligned Japan, with a future possibility of rearmament, was preferable to risking a strengthened anti-American neutrality movement associated with premature rearmament. The negotiated outcome was a modification of the old military-economic quid pro quo, and one which met all five of Kishi's Treaty Revision Policy Goals.[36] As before, Japan promised Constitutional rearmament and basing for US forces capable of regional defense in exchange for US external defense and nuclear deterrence for Japan. Now, however, deeper Japanese-American economic relations would be encouraged. From the American perspective, this entailed the expectation of rearmament

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[35] Kajima, Modern Japan's Foreign Policy, p. 296.

[36] In addition, the cost sharing agreement (Article 25 of the Administrative Agreement to the 1951 Security Treaty), whereby Japan would subsidize the American military guarantee by providing transportation and services support, was discontinued. See Chapter 4, sixth element of the security framework, Administrative Agreement.

against the common political-military-economic threat of Communism. In addition, bilateral economic relations were to to be reciprocal and open, in accordance with the 1953 Treaty of Friendship, Commerce and Navigation.

From the dominant Japanese government perspective, however, rearmament against Communism was secondary to economic priorities. The Defense Agency remained subordinate to powerful ministries such as Foreign Affairs, Finance, and International Trade and Industry. National security required rapid economic growth and the achievement of international competitiveness. This required protection of certain domestic industries (particularly heavy and chemical industries), rather than the development of a liberal anti-communist bulwark per se.[37] Japanese liberalization would occur only after international competitiveness had been established. Japan was still in a position of requiring external defense yet self-constrained in contributing militarily. At least the provision of bases in Japan secured an explicit American military commitment. This commitment now provided a legitimate structure for restrained absolute increases in Japanese military power.

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[37] In 1960, while the Foreign Ministry affirmed the principles of liberalization, MITI worked to increase the number of items designated for protection by introducing such bills to the Diet. Agricultural commodities, automobiles, petrochemicals, machinery, electronics, were among the sectors designated for "non-liberalization" in order to increase international industrial competitiveness.

The revised Treaty and notes were signed in January of 1960, and ratified by the US Senate and Japanese Diet in April. In Japan, violent anti-Treaty demonstrations occurred as the Diet deliberated on Treaty approval. The LDP had the majority needed for passage, forcing the measure through the Diet in a hastily declared session designed to avoid violence and disapproval by the opposition. Kishi was forced to resign thereafter. Since then, scholars have debated whether the mass demonstrations in the spring and summer of 1960 were directed against Japan's security alignment with the United States, or were the result of political opportunism (including conservatives) against Kishi.[38] What is most relevant to our study here are the terms of the treaty, rather than its temporarily tumultuous aftermath. The fact remains that Kishi did press uncompromisingly for passage of the revised Treaty worked out between Ministry of Foreign Affairs officials (headed by Fujiyama) and Department of State officials (chiefly MacArthur and Dulles). Kishi did secure its passage by excluding leftist opposition, mechanically made possible by an LDP's lower house majority in the Diet. Moreover, the Treaty has endured with at least the tacit support of the Japanese people to this day. Why Treaty revision assumed the dimensions that it did is the subject of the next section, which assesses alternative explanations of

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[38] See Ichirō Saitō, Anpō Tōsō Shi [Security Struggle History] (Tokyo: Sanichi Shobo, 1962), for the former view and Packard, Protest in Tokyo, for the latter view.

this alliance change.

Explaining Treaty Revision

The two main characteristics of the new security bargain discussed earlier -- the agreement to separate military matters from economic affairs and the tacit promise of rearmament -- provided a vague basis for security cooperation. What did each partner get from this framework? At a minimum, Japan received military security at minimal economic cost, and a favorable climate for trade and industrial expansion. Conservative LDP political dominance was also preserved. The price for Japan was the stationing of foreign troops on home soil, and the abnegation of an autonomous military role. The United States leastwise received forward bases for military operations, at a price of economic and military assistance. However, the US also incurred the opportunity cost of rapid Japanese rearmament against the common threat, a highly touted objective in the Eisenhower administration.

In the security bargain that negotiated political, economic and military security interests within and across national systems, national strategic priorities were nonetheless evident. For Japanese security policy makers, the overriding need continued to be post war industrialization for national economic competitiveness; for American security policy makers, the need

was to counter an ideological threat of communism. What were the political, economic and military factors that recast the US-Japan military-economic quid pro quo?

Political Factors

The central political forces of the 1960 security bargain were persistent Occupation-era institutional biases and Japanese domestic turbulence. Institutional factors can account for the continued suppression of military security priorities in the Japanese negotiating position, and the salience they enjoyed among makers of US security policy. Domestic unrest and the resultant need for internal stability can explain the timing and negotiated outcome of Treaty revision.

Derived from a Constitutional power structure written by American occupation authorities, Japanese security policy making occurred within a relatively small group of non-military officials. Among these, the civilian Director General of the Defense Agency ranked last. In addition to being limited to planning budgets and weapons systems within a self-defense role, the military institutions that traditionally articulated military priorities of security were subordinated to those dominated by diplomats and economic ministers. The ministries of Foreign Affairs, Finance, and International Trade & Industry dominated security policy making, ensuring economic priorities would

receive precedence over military considerations of security. Prime Minister Kishi had served as wartime Minister of Commerce and Industry in the Tojo cabinet. Foreign Minister Fujiyama was a dominant figure in financial and business circles, having served as President of the Japan and Tokyo Chambers of Commerce and Industry. Finance Minister Eisaku Sato was Kishi's younger brother, and served for 24 years in railway and transportation ministries before the war. Mitsujiro Ishii, senior factional chief in the LDP and member of the 1960 Treaty signing delegation, served as Minister of Commerce and Industry, and Minister of Transporation.

In the official forum for security policy making, the National Defense Council (NDC), these players stifled rapid military rearmament. Created in 1956, the NDC was given the role of advising the Cabinet. Its members were the Prime Minister, Deputy Prime Minister, Foreign Minister, Finance Minister, Director of the Economic Planning Agency, and Director General of the Defense Agency.[39] Within this circle of economically-minded officials, Defense Agency planners had to present their budgets and make major procurement proposals.

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[39] It was not until July 1986 that the National Defense Council was replaced by the National Security Council under Prime Minister Nakasone's reforms. The 1980s also saw the formation of special Diet committees on defense, allowing for a broader discussion of defense needs. Interview with John E. Endicott, Director, Institute for National Strategic Studies, National Defense University, May 1988.

In the top American forums of national security policy, however, matters of national security had a legacy of economically liberal assumptions that stressed the traditional state pursuit of military advantage over state activism in economic security. In Cabinet and National Security Council meetings during the Truman administration, strategic export controls against communist states aimed to foster development of allied economies. The intention of American security policy makers was not to deliberately build and strengthen a future economic competitor, but to assist their war-making capability. US export controls were resisted by European allies and Japan, but their need for American credit and desire for economic assistance was too compelling. The Commerce and Agriculture Departments, representing interests that would favor a freer export policy, were specifically targeted for Defense and State intelligence reports that promoted the need for export controls against the communist threat. As a result, the development of an active state-led industrial policy aimed at achieving international economic advantage was consistently rejected.[40] Instead, economic controls were justified in terms of increasing war making capability against illiberal, communist adversaries. The National Stockpile Administration pressed for repeal of the

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[40] Sources include: Papers of Harry S. Truman, President's Secretary's Files, Foreign Affairs Files, Box 182; NSC Meetings, Box 220; Papers of John W. Snyder, Secretary of the Treasury, Box 20; White House Files, Boxes 41, 905-906, Truman Library.

"Buy American" Act of 1933, because it impeded acceleration of defense weapons production by eliminating foreign producers from consideration. The National Security Resources Board recommended a national rubber policy as part of an industrial mobilization policy for wartime. Similar initiatives include the Atomic Energy Commission, Economic Cooperation Program, and shipbuilding expansion.

During the Eisenhower administration, evidence that military alliance against a commmon threat received priority over considerations of national economic advantage is even clearer. In 30 recorded NSC meetings that occurred between 4 April 1958 and 13 May 1960 -- the period of US-Japan Treaty revision negotiations -- Commerce was excluded from attendance in 21. In the 9 meetings where Commerce representatives' comments have been recorded, Commerce proposals and their outcomes were[41]:

(a) extending preferential oil imports to Canada (rejected by State)
(b) retaining international controls on steel rolling mills to the USSR, to preserve American dominance in this area (supported by DOD and State)
(c) urging the Commerce Department to become the agency to promote US trade relations by issuing guidance to American business (subject to a veto by State)
(d) stimulating non-strategic trade with Soviet satellites (rejected by State)
(e) urging the US to seek multi-lateral agreement aimed at preventing fluctuation in international commodity prices (agreed on case-by-case basis for "other Free World nations")

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[41] Compiled from the Papers of Dwight D. Eisenhower, Ann Whitman Files, NSC Series, Boxes 3, 10-12, Eisenhower Library.

Ostensibly, national economic advantage was considered a matter of national security only when directed against an illiberal, communist state. Added to the institutionalized neutralization of Commerce was the fact that the two principal negotiators of Treaty revision, MacArthur and Dulles, were well known for their economically liberal, anti-communist, military conception of national security.

In addition to the national negotiating positions, the timing and outcome of revision needs to be explained. A need for internal stability in the face of domestic opposition explains both the urgent desire by Japanese conservatives for Treaty revision, and ultimate US agreement to enter revision negotiations without demanding explicit Japanese rearmament. At the onset of official bilateral talks about Treaty revision, Japanese negotiators felt competing pressures from the domestic opposition and US officials. The Japan Socialist Party alone controlled 166 of the 467 Diet seats, enough to block Constitutional revision needed for rapid rearmament, yet US negotiators demanded rearmament as a precondition to Treaty revision. Political opposition rallied around the unequal nature of the 1951 Treaty, and rising demonstrations and labor unrest threatened conservative political dominance. The realization that Japanese foreign policy neutralists were gaining ground against the Kishi government led US ambassador MacArthur to urge that Dulles abandon the US stance that Treaty revision must

include rearmament. Japan Socialist Party and Japan Communist Party opposition to American testing and deployment of nuclear weapons, and opposition to the official trade embargo on China, had reached levels that threatened the US-Japan security tie itself. The need for domestic stability had been a concern of the Kishi government, demonstrated by the unsuccessful October 1958 attempt to strengthen the authority of the national police to put down civil disorders (the Police Duties Execution Bill). This concern intensified during the Treaty negotiations amid large-scale coal and steel strikes. Public opposition to the specter of Japanese rearmament under a new Security Treaty increased, as rearmament was seen to be connected to militarism and a growing rightist movement. In view of these domestic political pressures, the conservative coalition believed treaty revision without explicit rearmament was needed to preserve internal stability and to retain their domestic predominance.

Economic Context

The economic setting was very much a part of the American and Japanese differences in relative security priorities that shaped the contours of the security bargain. Japan's persistent priority of rapid industrialization was expressed in terms of perceived monetary and trade needs. On the American side, active state involvement in industrialization was diluted by consumerism

and liberal assumptions.

Japan's basic monetary needs were defined as increasing dollar reserves and attaining a positive balance of payments, both considered central to building Japan's industrial base. Japan was in relative need of monetary reserves behind other major US allies competing for dollars to finance development (see chart on page 214), and was intent on increasing its share. In addition to the level of foreign currency holdings, Japan's top leaders paid close attention to the balance of payments. Despite record increases in exports, MITI White Papers expressed alarm over increased imports, and the potential of industrialized countries' protectionism against exports. The promotion of exports and technological improvement of the export structure -- away from more volatile commodity exports to heavy machinery and chemical products -- received consistent emphasis as a way to improve dollar holdings and balance of payments.

National trade needs as seen by the conservative leadership comprised stable markets for Japanese exports and the preservation of sources of raw materials. Japan's commodity export structure, where Japan sold consumer goods (chiefly textiles) to less developed states and machinery and chemical products to industrially advanced nations, was considered a weakness. Economic stagnation in less developed countries reduced their utility as commodity export markets, while they remained important suppliers of raw materials. To offset this

weakness and gain stable export markets, MITI sought to increase foreign sales to advanced states through technological improvements and export promotion. Japanese exports were to be made competitive with other industrialized nations' products. Special tax credits for export-related products were provided (unʻil 1963). Excessive competition [*katō kyōsō*] among Japanese commercial firms was seen as unhealthy, hindering national advantage in the global market. This was used as justification for enacting national industrial policy measures. Raw material imports would be paid for by increased exports. The national imperative of actively strengthening national trade advantage would reduce Japan's economic vulnerability to foreign protectionism and dependence on raw materials.

By contrast, American security policy makers deliberately avoided a heavy government hand in the economy as a means to achieve relative industrial advantage over other states. First, it was not necessary, as American economic dominance was still unchallenged. US exports accounted for one-fifth of the world total, balance of international payments were still positive, and real GNP more than six times greater than the next highest competitor, West Germany [42] Second, state intervention was not wanted -- competition was considered healthy, anti-communist, and

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[42] An international comparison of real GNP (in $US millions) in 1960 is found in Nakamura, The Postwar Japanese Economy, p. 103: US - 511; West Germany - 74; France - 60; Great Britain - 72; Japan - 43; Italy - 34.

contrary to consumer interests. Finally, market competition had dispersed power throughout the US economy. This relatively decentralized structure frustrated attempts to implement an industrial policy even if one were desired.[43]

Instead, active state involvement in the economy was secondary in importance to the achievement of political goals. Japan and other US military allies were not considered threats to US security by virtue of being economic competitors. Japanese industrialization and economic success received significance from its assumed connection to Japanese democratization and rearmament. In accordance with liberal assumptions prevalent in the State Department, as long as the nature of the Japanese regime was democratic, Japan would at least be a benign factor in the calculation of US security interests. At best, a democratic Japan would rearm against the common ideological threat of communism. The fate of parliamentary democracy in Japan was seen as partially dependent on the level of prosperity. During economic upheaval, communist agitation increased, threatening the democratic process which fundamentally kept a state from becoming a threat to US security interests. By assisting Japanese economic priorities, an undemocratic Japanese regime was prevented, and future rearmament made possible.

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[43] On the dispersion of power in the American state, see Robert Pastor, Congress and the Politics of US Foreign Economic Policy, 1929-1976 (Berkeley: University of California Press, 1980).

Diplomatic Revision

Military Considerations

Compared to the formative impact that political and economic factors had on the nature and timing of the new security bargain, rational military considerations played a subtler role. For both sets of leaders, military factors were important when connected to political and economic needs.

For the Eisenhower administration, renegotiating the security bargain intended to prevent the military-economic potential of Japan from falling under the influence of communist states. Treaty revision itself brought no immediate change to US military containment policy in the Far East, which continued to counter Soviet and Chinese military power unassisted by Japanese military strength. Given the unlikelihood of Japanese rearmament under a revised Treaty, there was no purely military reason to press for Treaty revision -- accordingly, the Joint Chiefs of Staff preferred the generous terms of the 1951 Security Treaty. After revision, the American military external guarantee of Japan remained unchanged, as did the US use of military bases in Japan. Indeed, the later gradual rearmament of SDF capability was more a subtle consequence of revision than a prefigured factor in revision itself. Only if we allow for a high degree of omniscience by US security policy makers about future increases in Japanese military capability could we say the military factor was singly important to Treaty revision.

On the Japanese side of the negotiations, military factors were important to the extent they served political and economic purposes. The removal of USFJ's internal security role was politically motivated, as noted earlier. While there was realization that a more legitimate bilateral security arrangement could loosen the development of SDF capability, this was a secondary consideration in the new bargain. Military factors remained a residual force on the domestic side of the Japanese bargaining position, because the benefits that would accompany increases in military capability were politically unimportant. An institutionally subordinated Defense Agency was no match for Finance, Foreign Affairs, and the Economic Planning Agency in the competitive forum that defined security priorities. By renegotiating a military division of labor that relied on USFJ for external protection and gave SDF a limited defense role, industrialization could proceed without the political and economic costs imposed by explicit rearmament.

Chapter Summary

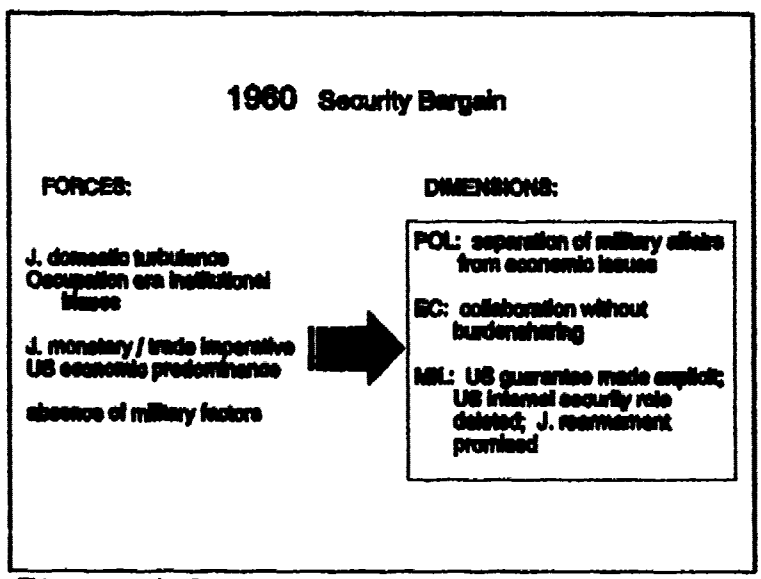


Figure 4.2

The key questions of this chapter inquire, *what were the dimensions of the 1960 security bargain, and how did it evolve? What were the forces in its formulation?* Several new dimensions of the 1960 security bargain stand out. First, military affairs were separated from intrusive economic disputes. In the context of this separation, the American military commitment to Japan was made more explicit, even as bilateral economic collaboration was formally encouraged. This allowed for the continuation of the bases-for-external security deal; the United States provided a defensive umbrella and retained a military foothold while Japan focused on economic development and promised rearmament. Second,

without explicitly promising to rearm, Japanese rearmament took a few steps forward. The "no offensive capability" limitation of the 1951 Treaty was dropped, the US internal security role deleted, and Japan formally proclaimed its self-defense role under the United Nations Charter. In sum, the 1960 security bargain remained a creature of unlike contributions and nuanced national priorities, but with loosened constraints on Japanese rearmament.

How this exchange of different security priorities came to be agreed upon is best understood as a complementary mix of political, economic and military benefits. Domestic Japanese opposition was mollified by removing objectionable aspects of the 1951 Security Treaty, such as: the American role of maintaining Japanese internal order, lack of a treaty termination clause, absence of an explicit US commitment to defend Japan, and lack of prior consultation with Japanese authorities about US military deployments in and from Japan. The retention of US forces in Japan enabled Japanese conservatives to proceed with the stated "economics first" priority of Japanese reindustrialization, while appeasing American desires for Japanese rearmament. Japanese leaders had finally achieved codification of the security goals contained in the 1947 Ashida memoranda and 1950 Japanese draft treaty. American security policy makers had achieved progress toward a military alliance based on a common ideological threat.

Diplomatic Revision

The primary forces for Treaty revision were domestic political and economic. Political forces consisted of Occupation-era institutional biases and the fear of domestic unrest in Japan. Institutionalized suppression of military security priorities in Japan, and of state-led economic security in the United States, explains differences in national negotiating positions. Mutual interests for domestic stability in Japan account for Japanese desires for a new Treaty and US agreement to revision without rearmament. When domestic unrest led to a perception that the US-Japan security alignment itself was imperiled, American negotiators relented to the conservative coalition's goal of revision without explicit rearmament.

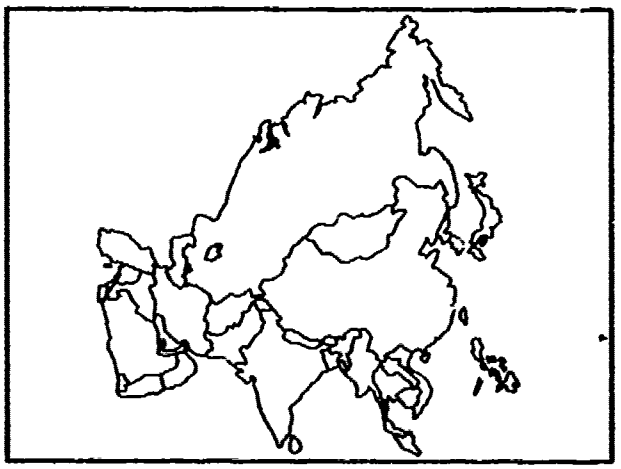
Just behind political forces in importance to revision were economic factors, very much part of the calculus of US and Japan security needs. The relative Japanese priority of rapid industrialization is explained by perceived monetary and trade needs. On the American side, an active state industrial policy was diluted by consumerism and liberal assumptions. In contrast to the leading roles played by political and economic factors, military considerations were peripheral determinants of the terms and timing of the security bargain. Only when military factors were connected to perceived political and economic needs did they affect the terms of the new agreement. Indeed, except for the official removal of an American internal security role, the division of labor in US-Japan military roles remained the same as

before revision. Real security considerations that were reflected in the security bargain were the US desire to deny the economic-military potential of Japan to communist influence, and Japan's desire to acquire a politically benign and economically inexpensive self-defense capability.

The next chapter applies the security bargain approach to explain the key military change in US-Japan security relations, the 1981 military role-sharing agreement. I argue that the 1960 bargain becomes militarily expanded and economically tightened, but at a cost of increasing political uncertainty about the nature of the "alliance."

CHAPTER 5

1981: MILITARY ROLE-SHARING



Overview

The 8 May 1981 Reagan-Suzuki Joint Communique is unique in being the only formal military change since the 1960 Treaty of Cooperation and Mutual Security. For the first time, state officials publicly announced the US-Japan security relationship as an "alliance" based on a division of roles. Following the release of the joint communique to the Japanese press, a domestic furor arose in Tokyo over the military connotations of US-Japan "alliance," ultimately resulting in the resignation of the Foreign Minister. It was as if diplomatic vagueness were necessary to indulge national differences in security priorities, yet also claim bilateral agreement. The ambiguity of the security arrangement is evident in the broad areas of vague

agreement between President Reagan and Prime Minister Suzuki, as stated in the lengthy joint communique (these are direct quotations):

> ... pledged that they would work closely together in pursuit of world peace and prosperity ... recognizing that the alliance between the United States and Japan is built on their shared values of democracy and liberty ...
>
> ... reaffirmed their position that the Soviet intervention in Afghanistan cannot be condoned ... the problems of Poland should be resolved by the Polish people themselves ...
>
> ... agreed:
> - to continue respectively to expand cooperative ties with the People's Republic of China;
> - to promote the maintenance of peace on the Korean peninsula as important for peace and security in East Asia, including Japan;
> - to continue their cooperation in support of the solidarity of ASEAN [Association of Southeast Asian Nations] and its quest for greater resilience and development of its members.
>
> ... agreed that an early and comprehensive political settlement of the Kampuchean problem, including the withdrawal of foreign forces ...
>
> ... affirmed that the maintenance of peace and security in the Middle East, particularly in the Gulf region, is highly important... the determined efforts of the United States in the face of fragile security conditions in the region contribute to restoring stability, and that many countries, including Japan, are benefiting from them.
>
> ... recognized the role that international efforts toward genuine arms control and disarmament should play in advancing world peace and stability ...
>
> ... that all Western industrialized democracies need to make greater efforts in the area of defense, world economic improvement, economic cooperation with the third world, and mutually supportive diplomatic initiatives.

Military Role-Sharing

> ... reaffirmed their belief that the US-Japan Treaty of Mutual Cooperation and Security is the foundation of peace and stability in the Far East and the defense of Japan ... acknowledged the desirability of an appropriate division of roles ... recognized their common interest in contributing to the defense of Japan.
>
> ... agreed upon the importance of the relationship between the industrialized countries and the developing countries ... affirmed that political, economic, and social stability of developing countries is indispensable for the maintenance of peace and stability of the world.
>
> ... expressed their concern about the rising pressure toward protectionism ... determined to continue their efforts to maintain and strengthen free and open trade.
>
> ... expressed satisfaction with the close bilateral economic relationship ... contribute to the long term development of the United States-Japan economic relations.
>
> reaffirmed the need for the two countries to make further efforts, together with other industrialized countries, in such fields as increase of energy production, promotion of development and use of alternative energy sources, and conservation of energy.
>
> reaffirmed the need to promote international efforts ... preventing the spread of nuclear weapons ... cooperate further in promoting the peaceful uses of nuclear energy.

Separate from these formal areas of agreement, Prime Minister Suzuki provided two statements:

> stated his view that it is important for the industrialized democracies to have a shared recognition of the various political, military and economic problems of the world and to cope with them in a consistent manner in order comprehensively to provide for the security of the West as a whole.

> stated that Japan, on its own initiative and in accordance with its Constitution and basic defense policy, will seek to make even greater for improving its defense capabilities in Japanese territories and in its surrounding seas and airspace, and for further alleviating the financial burden of US forces in Japan.

Similarly, President Reagan furnished the following input:

> endorsed the view of the Prime Minister that reprocessing [of spent nuclear fuel] is of particular importance to Japan.

In order to understand the historical significance of the 1981 military role-sharing agreement, it should be placed in its broader military, economic, and political context. Using the security bargain approach, the guiding questions are: *what were the dimensions of the 1981 agreement, and how did it evolve? What were the forces in its formulation? Why did change occur?* The "what," "how," and "why" of this change are conceptualized as dimensions and forces of a security bargain.

The first section, "The Bargain," interprets the significant new dimensions of the 1981 security bargain in terms of the key military, economic, and political changes to the 1960 security framework. Then, "Historical Analysis" relates how the 1981 security bargain emerged in terms of external and internal events since 1960. Finally, "Explaining Military Role-Sharing" relates why the security bargain changed in 1981, identifying the primary military, economic and political factors that shaped the new framework.

Military Role-Sharing

The Bargain

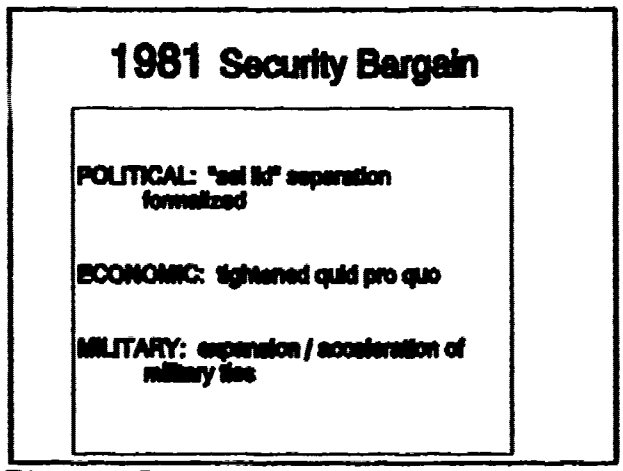


Figure 5.1

At first glance, the 1981 agreement appeared to leave the 1960 security framework intact. The American external security guarantee remained tangibly adhered by Japanese basing arrangements. There still existed no reciprocal obligation on the part of Japan to support the United States in case of attack. No explicit Japanese commitment to rearm against a common military threat was stated or evidently forthcoming. In fact, on the eve of his departure from Tokyo for Washington, Prime Minister Suzuki publicly rejected the idea of an anti-Soviet military buildup, while threatening trade retaliation should

Congress pass protectionist legislation.[1] Also unaltered by the 1981 agreement were the relative military and economic security priorities codified in the 1960 Treaty. These differences were reinforced in the communique by the references to Japan's Basic Defense Policy and Constitution, as well as through the lingering policy of separating military affairs from economic issues. Finally, Japanese military force levels remained constrained by Constitutional interpretation, albeit in the form of new policy guidelines such as the Miki administration's 1% of GNP cap on military expenditures "for the interim,"[2] and the problematic "no offensive weapons" limitation.

Despite these continuities, the security framework had changed in other ways. For the first time, state officials publicly announced an expansion of military relations, referring to the US-Japan security relationship as an "alliance" based on a division of roles. The United States military no longer was the sole provider of Japan's external security, as the Self-Defense Forces committed to re-arming in order to secure sealanes of communication (SLOCs) up to 1000 miles from Tokyo. There were also new economic and political ingredients to security cooperation. Japan's burdensharing efforts increased in the form of strategically directed foreign aid and offset payments for the

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[1] New York Times, 5 May 1981.

[2] Defense of Japan 1976, p. 79.

maintenance of US forces in Japan, clearly intending to compensate the United States for its provision of external military security. Both leaders reinforced the official separation of military affairs from economic issues begun in 1960, elevating military security to the status of a special "sacred area" [*sei iki*].[3] Prime Minister Suzuki obtained Presidential recognition of a mutual need to be consulted on broad matters of vital interest, specifically including trade and political issues. In order to characterize the basis for security cooperation in 1981, these changes are related as military, economic and political components of a security bargain.

Expanded Military Relations

The most obvious change in the 1981 agreement was the commitment made by Prime Minister Suzuki to defend and secure sealanes out to 1000 miles from Japan. Unravelling this commitment reveals its great extent. Bilateral military relations and Japanese military capability had expanded across a wide range of activities such as planning for a larger defensive zone; intensified coordination and control; joint intelligence

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[3] This Japanese term characterizes a Reagan/Weinberger administration policy to consider national defense matters as special areas to be insulated from political and economic disputes. Interview with senior official in Japan Defense Agency, 10 August 1990, Tokyo.

collection; frequent joint training in command and operational exercises; and greater allied standardization[4] through modern weapons acquisition.

The SLOC security role required a greater military capability than before, whether achieved quantitatively by devoting a higher percentage of national wealth toward defense, or qualitatively through force modernization. Notwithstanding its self-defense appellation, Japan's naval forces had in fact, through incremental acquisitions and force improvements over the years, acquired an offensive capability. In 1960, the maritime force fielded only nine major combatant ships, and had been entirely dependent on US naval power for any credible external defense. But by 1980, MSDF surface forces comprised 32 Naruna class 4700-ton destroyers, 32 Nachikaze class 3850-ton destroyers and 25 Chikugo class 1870-ton escort ships (1870-ton). In addition, 20 1850-ton submarines, 14 mine-sweepers, and 14 military transport ships represented dramatic increases in naval capability which could work with US naval forces in a positive external defense role. For political reasons, Japanese offensive capability was defined as tactical, within an overall strategically defensive posture. That is, offensive operations were intended to be conducted only **after** an attack on Japan. But in the event of an all out attack on Japan, the MSDF could and

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[4] Standardization enhances "interoperability" -- greater ease of joint maintenance and military operations.

would attack enemy forces outside Japan's national boundaries.[5]

Employing Japanese forces to defend the sealanes involved a significant expansion in geographic area of responsibility, exceeding the 1960 division of labor. In addition to the greater linear distance from Japanese coastal waters to endpoints 1000 miles away, the sealane area became formally defined (publicized in the 1983 Defense White Paper) as a **zone** extending from Tokyo to Guam to the Taiwan Straits and to Osaka:

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[5] Foreign Minister Ito and Director of the Cabinet Legislation Bureau Tsunoda testified before the Diet that the "defense only" policy allows the SDF to engage the enemy only after Japan were attacked. Director-General of the Defense Agency Jōji Omura testified that the SDF could take offensive action within the context of a strategic defensive posture, and that this included attacks on enemy forces outside Japanese territory. Japan Times, 29 March 1981.

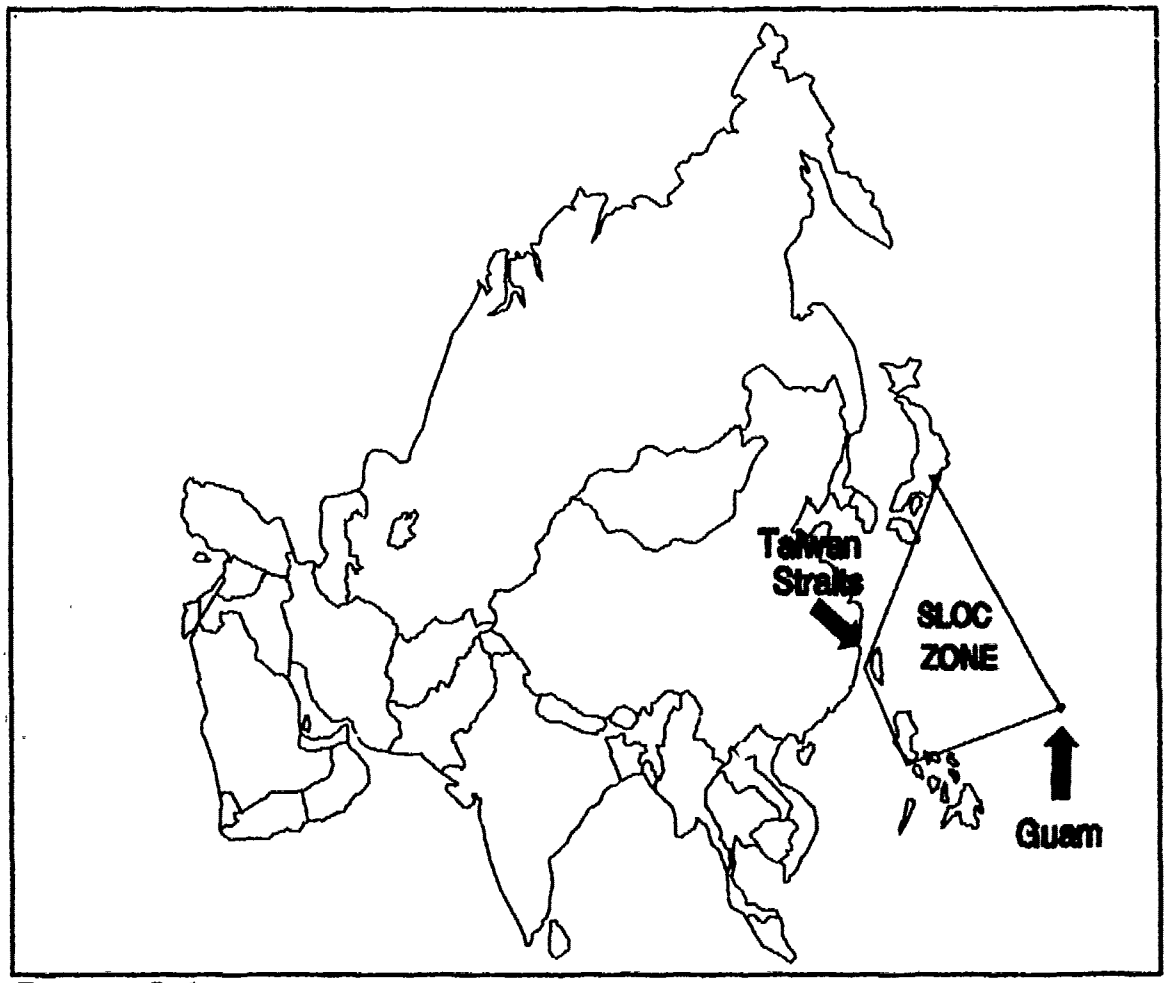


Figure 5.2

Publicly, the term "sealanes" was used to describe the operational need to secure freedom of transit from Japan toward Guam, and from Japan toward the Philippines. However, the military usefulness of securing a narrow sealane, in which planners are apparently supposed to assume an adversary will

conveniently place his forces, is limited.[6] At a minimum, highly traveled ocean routes are monitored and secured with the help of in-place systems, such as SOSUS (Sonar Ocean Surveillance Underwater System).[7] But for realistic defense, a commitment to secure sealanes 1000 miles out from Japan requires that US and Japanese naval forces closely coordinate and share several critical patrol, defense, detection and attack functions within a broad area of ocean. How is this so?

SLOC security in an expanded defensive zone calls for increased bilateral coordination and control, entailing a broad scope of missions such as anti-submarine warfare (ASW), mine-laying and minesweeping, naval blockading, and air defense. One basic method of accomplishing the ASW mission illustrates the heightened military need for increased coordination and control.[8] First, a P-2C or P-3C surveillance aircraft deploys a sonar buoy on the ocean's surface, and makes electronic contact with an enemy submarine. As the aircraft holds the contact, the location is narrowed or "localized" by other assets, such as a

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[6] This point was echoed many times in separate interviews in Washington and Tokyo with DOD officials, US Navy officers familiar with the details of ASW operations, and MSDF personnel.

[7] The SOSUS detection network collects raw data with hydrophones on the ocean floor, and the data is processed by shore and ship-based information centers. Interview with Defense Intelligence Agency official, Defense Intelligence Agency, Bolling Air Force Base, Washington, D.C., 23 January 1991.

[8] See Bōei Hakusho 1980 [Defense White Paper 1980] (Tokyo: Bōeichō, 1980), p. 111.

sonar device trailed beneath the water by a destroyer-based V-107 or HSS-2 rotary aircraft. Within operating ranges, detection capability is maximized by the distance between the two detection devices, and the choice of trailing pattern. Accurate detection and efficient destruction of the enemy submarine is enhanced by the "layering" of many different naval systems, as more ASW participants -- sonar and radar from a friendly destroyer and attack submarine -- help pinpoint the adversary's position. Then, various sequences of attack by air and sea-based missiles and torpedoes may be selected to minimize successful evasive action by the adversary. When additional enemy submarines, surface ships, or aircraft are added to this scenario, the need to coordinate the array of separate decisions confronting friendly forces intensifies. In this intelligence-driven environment, the need for close information-sharing by US and Japanese forces obviously increases.[9]

The rising complexity of processing SLOC mission intelligence flows, and managing coordination and control of diverse assets requires more practice than ever before. After the 1981 agreement, joint US-Japan exercises multiplied. That October saw the first joint communications training and command

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[9] According to a Defense Intelligence Agency naval analyst, the US Navy heavily relies on the JSDF for information on Soviet naval forces disposition and movements in Petropavlosk and Vladivostok. Interview with DIA official, Defense Intelligence Agency, Bolling Air Force Base, Washington, D.C., 23 January 1991.

post exercises held. Joint staff councils have continued on an annual basis, involving 6000 Japanese and 7000 American participants in 1986.[10] Japanese participation in the largest exercise, the biannual RIMPAC (Rim of the Pacific) exercise, began with 2 destroyers and 8 P-2J aircraft in 1980. By 1988, MSDF participation included an entire escort flotilla of 9 surface combatants and at least 1 submarine. Major joint naval exercises around Japan, typically lasting one to two weeks each, have averaged 5 a year since 1981. In the same period, major USAF-ASDF exercises have averaged 13 a year.[11] What is the military significance of these increases in exercises associated with the SLOC mission?

Beyond providing more realistic training opportunities to the participants and more effective allied ability to secure regional straits, the increase in joint exercises met complementary military-strategic goals. Allied naval and air forces need to defend shipping against both surface interdiction and air attacks in Northeast Asia, and to keep the Pacific and Indian Ocean SLOCs open. Until the late 1970s, Defense Agency officials judged that only Japan's territorial and coastal areas

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[10] Common Security Interests in the Pacific and How the Cost and Benefits of Those Interests Are Shared by the US and its Allies, Hearing Before The Defense Burdensharing Panel of the Committee on Armed Services, House of Representatives, 100th Congress, 19 April 1988, p. 36.

[11] See Boei Hakusho 1989, pp. 422-443 for detailed listing of joint exercises.

could be so defended,[12] in effect forcing the finite US naval presence to be stretched across both huge expanses of ocean during a decade of unprecedented Soviet naval buildup. If the JSDF could attain a credible capability to help defend the SLOC zone within 1000 miles of Japan, some US naval assets could be diverted to the Indian Ocean, where Japan's oil lifeline from the Persian Gulf coincides with longstanding US policy in maintaining open access to it.

The breadth of the JSDF's new SLOC security role becomes even more apparent when considering the impact on Japan's weapons acquisition process. A military service branch typically begins the formal acquisition process by identifying an operational deficiency or operational requirement needed to perform a role or mission. From this point on, Defense Agency officials from the Technical Research and Development Institute, and Finance and Equipment Bureaus engage more powerful representives of military-industrial contractors, MITI, and the National Defense Council [*Anpō Kaigi*]. Within the Defense Council, Ministry of Finance officials encourage fiscal discipline. Despite the dominance of the acquisition process by the non-military actors, the SLOC role afforded the maritime and air force (and to a lesser extent, the ground force) a more legitimate mission area in which to identify

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[12] Tomohisa Sakanaka, "Kaijō Jieitai no Senryaku Kōsō" [Strategic Plans of the Maritime Self-Defense Force] Nihon no Jieiryoku [Japan's Self-Defense Power] (Tokyo: Asahi Shinbunsha, 1967), pp. 52-61.

new operational needs and shortfalls. This mechanism was crucial given the progressively tight defense budgetary environment, which saw defense expenditures erode from 10% of government outlays in 1960 to 7.2% in 1970, and to 5.2% in 1980. Staking out a politically acceptable mission area helped justify the acquisition of qualitatively improved weapons systems across a spectrum of interdependent military functions.

Sealane defense requires countering threats from submarines, aircraft and surface combatants, thereby providing each service branch an opportunity to participate. Advances and dissemination of technology are accelerated by coproduction arrangements and feed new missions and help justify modifications of weapons systems for those missions.[13] As the effective range of enemy weapons systems and detection increases, so does the required defensive zone. For instance, in order to provide fleet defense against hostile aircraft with look down/shoot down radar and electro-optics weapons delivery capability (precision-guided munitions), the ship-based AEGIS phased array radar system detects, tracks and directs the destruction of aircraft hundreds of miles away. The SSM-1 cruise missile being developed by Mitsubishi Heavy Industries gives even the GSDF a role in SLOC

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[13] An interesting example of one such modification is the outfitting of Lockheed C-130H transport aircraft with a mine release system. In JFY 1990. the JDA's Technical Research and Development Institute funded development with Kawasaki Heavy Industries and Kayaba Industry Co., Ltd., to design and fabricate a prototype to lay mines in strategic straits and harbors.

security. In the judgement of one naval officer, the combination of the SSM-1 and mining capability against submarines "can drastically alter the balance of power in the Far East."[14] Not unexpectedly, subsequent Defense White Papers have emphasized acquisition and coproduction of numerous weapons systems for air defense and SLOC protection, including the following:[15]

McDonnell-Douglas/Mitsubishi F-15J interceptor aircraft
Mitsubishi XAAM-3 infrared air-air missile
Lockheed/Kawasaki P-3C anti-submarine patrol aircraft
HAWK surface-air guided missile
Hatsuyuki-class destroyer
Ishikari and Yubari-class frigates
domestic designed radar, electronic countermeasures and Mark 36 chaff dispenser
Harpoon UGM-84A under-water launched anti-ship missile
SQR-19 TACTAS anti-submarine warfare system
Sonar Ocean Surveillance Underwater System anti-submarine warfare system
Phalanx close-in-weapons system
Harpoon surface-surface missile
Sea Sparrow surface-surface missile
Sikorsky MH-53E minesweeping helicopter
Sikorsky/Mitsubishi SH-60B Sea Hawk helicopter
Over-the-Horizon Backscatter Radar
Patriot surface-air missile
Yushio-class diesel submarine
RCA AEGIS ship air defense system (SPY1 phased array radar)
Mitsubishi SSM-1 surface-surface cruise missile

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[14] John O'Connell, "Strategic Implications of the Japanese SSM-1 Cruise Missile," Journal of Northeast Asian Studies, Vol. VI, No. 2, Summer 1987, pp. 53-66. Captain O'Connel (retired), served as Defense and Naval Attache in Japan. The 100-kilometer range (estimated) SSM-1 is expected to give Japan the capability to interdict surface ships transiting the Sea of Japan.

[15] Compiled from several Defense of Japan volumes.

Military Role-Sharing

Overall, these changes in the military dimension of the 1981 agreement characterize an acceleration of military capability and bilateral military relations. Increases in geographic scope, joint intelligence gathering, planning and operations intensified bilateral security relations in the direction of a more equal military partnership. Connected to this growth in military cooperation were security policy makers' views on related economic and political changes. Economic aspects of the security bargain are discussed next.

Tightened Quid Pro Quo

The 1981 agreement changed the economic dimension of the 1960 security bargain in two major areas. First, Japanese official development aid (ODA) to countries deemed strategically important to both allies was expanded, part of an overall increase in foreign aid.[16] Second, host nation support payments and programs benefiting US forces in Japan were increased. Both measures effectively increased Japanese non-military contributions for the American military guarantee, formally tightening the military-economic quid pro quo.

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[16] For excellent analyses of Japan's foreign aid process and the significance aid politics plays in US-Japan relations, see Robert M. Orr, Jr., "The Aid Factor in US-Japan Relations," Asian Survey, Vol. 28, No. 27, July 1988, pp. 740-756; and Alan Rix, Japan's Economic Aid: Policy-making and Politics (New York: St. Martin's, 1980).

The relative significance of the change in Japanese ODA was more one of direction than amount. Although Prime Minister Suzuki pledged an ODA doubling program to Organization for Economic Cooperation and Development (OECD) members in January 1981, this amounted to an absolute increase. Since 1960, ODA as percentage of GNP has remained relatively constant:

Japan's Net Official Development Assistance
to Developing Countries and Multilateral Agencies[17]

1960	1965	1970	1975	1980	1985
.24	.28	.23	.23	.26	.29

Table 5.1

After the 1981 agreement, however, official development aid increased as a percentage of GNP to countries deemed strategically important as raw material/energy sources or pro-Western regional stabilizers, such as Pakistan, Egypt, Turkey, and the Philippines. By 1986, Japan's ODA to those states compared favorably with American official disbursements, with the exception of Egypt(with Israel, the largestrecipient of USaid):[18]

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[17] Compiled from Rix, Japan's Economic Aid, p. 32; and Japan 1987: An International Comparison (Tokyo: Keizai Koho Center, 1987), p. 55.

[18] Compiled from Common Security Interests in the Pacific and How the Cost and Benefits of Those Interests are Shared by the US and Its Allies, Hearing Before the Defense Burdensharing Panel of the Committee on Armed Services, House of Representatives, 100th Congress, 19 April 1988, p. 38.

Comparison of Economic Aid to Strategically Important Nations by the United States and Japan (in $million)

	United States			Japan		
	1985	1986	% change	1985	1986	% change
Pakistan	144	194	+35	93	167	+80
Egypt	1254	1147	-8.5	73	126	+73
Turkey	38	40	+5	26	45	+73
Philippines	135	367	+172	240	462	+93

Table 5.2

Other strategic areas include Kenya, Zimbabwe, Sudan, Jordan, Oman, and Jamaica -- although for political reasons, this aid has not been characterized as strategic in intent. These strategic directions of official development aid were part of a growing foreign aid program that had been under US and European governmental criticism for being a Japan Export-Import Bank-directed export promotion campaign. By 1980, Japan's foreign aid had increased exponentially from $246 million in 1960 to $1.6 billion in 1980, and $4.7 billion in 1987. While much of Japanese foreign aid remained tied or limited tied aid,[19] aid extended to debt-ridden, pro-Western "conflict border" countries was a politically benign way to contribute non-militarily to global and regional stability.

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[19] Tied aid refers to stipulations that money received must be used to purchase Japanese goods and services; limited tied aid requires that a Japanese firm accomplish the feasibility study for an economic project.

In addition to the change in ODA, the 1981 agreement included a promise by Japanese officials to increase host nation support paid to offset US Forces Japan costs. This is in stark contrast to the 1960 agreement, which had deleted even the minimal Japanese compensation extended to the United States under the administrative agreement of the 1951 Security Treaty. In 1978, after a declining dollar dramatically increased yen-based US labor costs in Japan, the Japanese government began to assume the costs of several categories of allowances for Japanese workers on USFJ bases. This amounted to $31 million, even though a strict reading of the SOFA assigns these costs as an American responsibility:

> Article 24 of Status of Forces Agreement[20]
>
> 1. It is agreed that the United States will bear fo the duration of this Agreement without cost to Japan all expenditures incident to the maintenance of the United States armed forces in Japan except those to be borne by Japan as provided in paragraph 2.
>
> 2. It is agreed that Japan will furnish for the duration of this Agreement without cost to the United States and make compensation where appropriate to the owners and suppliers thereof of all facilities and areas jointly used such as those at airfields and ports, as provided in Articles II and III.

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[20] Agreement Under Article VI of the Treaty of Mutual Cooperation and Security Between the United States of America and Japan, Regarding Facilities and Areas and the Status of United States Armed Forces in Japan, Headquarters, United States Forces, Japan, p. 18.

Military Role-Sharing

The following year, in order to dodge having to face the Diet for further labor cost funding increases (since such a change was deemed to be outside the guidelines of the Status of Forces Agreement), the Government of Japan initiated the Facilities Improvement Program (FIP), which funded $100 million worth of construction on US-operated bases. For the next six years, Japanese negotiators on the US-Japan Joint Committee successfully rebuffed US pressures to shift more labor costs onto Japan, relying on FIP instead. No formal inter-government facilities agreement existed, but between 1979 and 1988, FIP provided over $2 billion worth of new construction, including 4837 housing units, 8700 individual room quarters, eleven schools and seven medical facilities.[21] After the 1981 agreement to increase financial support for USFJ, cost sharing substantially increased. In 1981, the stationing costs of USFJ, which includes personnel, operations and maintenance, bulk petroleum, lubricants and military construction, totaled $3.16 billion. Of this amount, Japan assumed 28%. By 1987, Japanese contributions had risen to 37% of a total $5.8 billion. In 1990, agreement had been reached on a 50% cost sharing plan -- by far the most

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[21] Statement of Richard L. Armitage, Assistant Secretary of Defense for International Security Affairs, Before the Subcommittee on Defense, Committee on Appropriations, United States Senate, Regarding US Defense Posture in Pacific Rim Nations, 26 May 1988, p. 12

generous cost sharing scheme of all US allies.[22] US officials considered this to be a likely ceiling for host nation support, due to concern over leverage Japanese politicians could gain if the 50% mark were surpassed. Restrictions on US military flight operations desired by local inhabitants, and pay raises demanded by the 20,000-plus local national employees on the bases are typical concerns.

By increasing Japanese strategic ODA and financial offset payments, Japanese and American security policy makers sought to erect burdensharing schemes to preserve the overall framework of US-Japan security cooperation. Above all, Treaty and SOFA revision were to be avoided lest it provide domestic opposition parties an opportunity to question the entire security relationship. Yet, the tightening of the exchange of relative military and economic security priorities occurred even as the military relationship was accelerating. Both changes appeared to act in opposite directions. While burdensharing sought to preserve the original quid pro quo of unlike contributions to security, the growing military-military relationship tended to

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[22] Sources include Defense Burdensharing Panel Hearing, 10 May 1988, p. 10; United States Forces Japan Labor Cost Sharing Briefing, Yokota Air Base, Tokyo, Japan, 14 August 1990; Japan Times Weekly International Edition, 23 Jan - 3 Feb 91, p. 2. On 14 Jan 91, Foreign Minister Nakayama and Secretary of State Baker signed a five-year agreement, effective April 1991, in which Japan will pay for all Japanese labor and utilities costs previously incurred by USFJ (¥84 billion in FY 1995) and other maintenance costs (estimated at ¥400 billion in 1995). This totals approximatley one-half of all USFJ stationing costs.

press the limits of "self-defense." What was the nature of the political dimension in this relationship? It was one of uncertainty, treated next.

Sei Iki

Sei iki, "sacred area," refers to the deliberate policy separation of political-military affairs from economic issues. The immediate intention was to continue to formally protect the special area of defense from trade disputes; however, the result of this separation was political uncertainty about the nature of the security relationship itself. How did this perception transpire? An expanded Japanese military role stretched the "no war potential" interpretation of the Peace Constitution, while a tightened military-economic quid pro quo sought to reinforce the old security framework. Given the overt contradictory nature of these two processes of change, the political meaning of the security relationship itself was in doubt. Was the relationship an alliance of cooperation directed against a common threat? Or was it a military-economic quid pro quo in which its partners contended over the appropriate mix of financial compensation and military guarantee?

Regardless of which of these perceptions was more accurate or legitimate, *sei iki* supported both versions. For their part, US security policy makers consistently articulated a policy of

traditional alliance against the Soviet threat, while acknowledging the reality of unlike contributions to security. Japanese leaders seemed engaged in verbal contortions at home to reconcile the fact of a growing military relationship with the avowed policy of non-military alliance. Politically resolving this inconsistency about the nature of the alliance was difficult because neither option -- military alliance against a common threat, nor a patently unequal quid pro quo -- was and is considered to enjoy enduring domestic support in Japan.[23] Periodically, events focused Japanese public attention on this contradiction, forcing the conservative government to clarify the nature of the alliance. The result was domestic crisis, albeit temporary crisis due to the electoral dominance the LDP had achieved over its extraordinarily leaderless main rival, the JSP.[24] This imbedded uncertainty in the political dimension of the security bargain is well illustrated by the temporary "alliance" crisis in Japan, which occured one day after the signing of the 1981 agreement.

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[23] Views of Japanese and American government officials in Tokyo concerning the fragmented nature of Japanese politics bear this out. Public support for the US-Japan Security Treaty is consistently described as broad and economically pragmatic, rather than deep and principled. Assorted interviews At JDA, MOFA, USFJ and MDAO, June-August 1990, Tokyo.

[24] As a result of the 22 June 1980 lower house Diet elections, the LDP owned 286 of the 511 seats (56%). The second-rate JSP retained 107 seats (21%), third place Kōmeitō - 33 seats. On the JSP's sad status by the end of the 1970s, see Gerald L. Curtis, The Japanese Way of Politics (New York: Columbia University, 1988), pp. 153-154.

Military Role-Sharing

Soon after its signing, different American and Japanese government versions of what was meant by the term "alliance" generated questions over what the nature of US-Japan security cooperation was all about. On the US side, the apparent Japanese commitment to expand its military role and increase financial compensation to USFJ was lauded as an example of creative burdensharing. Secretary of Defense Weinberger had been anxious to find a better way to prevent free-riding by America's allies against the common threat. His predecessor's public ridicule of low Japanese defense expenditures had soured relations near the end of the Carter administration, so the Reagan administration shifted from demanding specific percentages of GNP toward a division of roles and missions. By emphasizing qualitative rather than quantitative improvement in military capability to perform agreed upon roles and missions, DoD officials hoped that increased Japanese defense expenditures would be more forthcoming.[25]

On the Japanese side, however, the military component of the 1981 agreement was necessarily deemphasized. On 13 May, Prime Minister Suzuki assured the Diet that the term "alliance" had no military meaning.[26] Instead, alliance was said to simply refer to friendly relations between two democracies, with Japan's

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[25] Interview with DOD official, International Security Affairs, East Asia and Pacific Region, Washington, D.C., April 1990.

[26] New York Times, 16 May 1981.

security role being confined to political and economic activities. For this statement, Suzuki came under fire from both within the government and the opposition.[27] The Ministry of Foreign Affairs, which drafted the Japanese version of the communique, criticized Suzuki's denial that the alliance had any military meaning. Senior LDP members similarly attacked the notion that the agreement had no military context because LDP policy panels had consistently pronounced the basis of US-Japan relations to be the 1960 Treaty of Mutual Cooperation and Security. Socialist Party and Communist Party Diet members voiced alarm over the military implications of "alliance," charging that Suzuki had in fact made a commitment to greater defense cooperation. Two days later, Foreign Minister Ito attempted to clarify the government's position, elaborating that alliance meant "nothing more than the political, economic, and cultural relationship between our two nations being reinforced with the existing framework."[28] Subsequent explanations stressed "what the Prime Minister meant to say" -- alliance included no *new* military meaning outside the existing context of US-Japan security relations. The problem, however, was that the existing context of security cooperation was **not** self-evident. Within the week, Ito resigned over the disagreement. The State Department declared this an internal Japanese matter, with no

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[27] Japan Times, 14 May 81.

[28] New York Times, 18 May 1981.

impact on US-Japan security relations.

The alliance crisis indicated the continued presence of political constraints on Japanese military cooperation, but uncertainty over what the details of those constraints were. On this point, the ruling conservative coalition was vulnerable when forced to square the contradictory elements of the "non-military" security bargain. Once ambiguity was re-achieved, it conformed to institutionalized biases, and the two processes of unequal military-economic burdensharing and increased military cooperation continued unabated. Following Foreign Minister Ito's resignation, US-Japan military cooperation proceeded to increase, as did Japan's compensation for US Forces Japan in burdensharing arrangements. Even a subsequent 19 May 81 allegation by former US Ambassador to Japan Edwin Reischauer that American nuclear weapons had transited Japanese territory in the 1950s and 1960s did not halt these two processes.[29] It is highly likely that

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[29] Ministry of Foreign Affairs and Department of State and Defense spokesmen helped defuse this issue by offering different semantic interpretations of what "introduction" of nuclear weapons into Japan" meant. According to Reischauer, the 1960 Security Treaty had been supplemented by a secret, verbal agreement that allowed for the transit of US nuclear weapons. The American interpretation at the time of the alleged nuclear weapons transit was that the 1960 agreement only prevented the loading and unloading of nuclear weapons. This position (confirmed by Nathaniel B. Thayer, Reischauer's former Press Secretary) would be consistent with the international law of right of innocent passage, as opposed to being a matter of prior consultation under the 1960 Treaty. According to Foreign Minister Sonoda (Ito's replacement), no confidential 1960 agreement ever existed. Both sides agreed at a minimum that since the 1967 Sato government's Three Non-Nuclear Principles and the 1968 Miki government's explicit prohibition against the

the effect of such a disclosure in 1960 would have endangered Liberal-Democratic Party dominance and the US-Japan alliance. Instead, on 31 May, the Japan-US Working Level Meeting on Security met as scheduled in Honolulu, discussing how to improve joint planning and operations, and the procurement of military hardware needed for SLOC defense. That Fall, the first US-Japan combined communications training was conducted, followed in 1982 by the first-ever joint command post exercise. By the beginning of 1983, the Nakasone era of even closer US-Japan military cooperation had begun. Japan was announced as part of the Western alliance, an "unsinkable aircraft carrier" -- without a Cabinet official's resignation.

How did this politically sensitive "alliance" of military and economic security emerge over the long run? The next section provides an historical analysis in terms of events since the 1960 Treaty revision.

Historical Analysis

The road from Japanese military dependence in 1960 to partial military role-sharing in 1981 is marked by a process of persistent US pressure for rearmament, followed by incrementally positive Japanese responses. During this time period, US

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transit of nuclear weapons through Japanese territory, there has been no such movement. Japan Times and New York Times, 19-25 May 1981.

security strategy was consistent in seeking to contain regional communism and enlist Japan in that effort. Since American rearmament pressures and strategy were stable, this section focuses on changes in Japanese military policy to describe how the 1981 military role-sharing agreement emerged.

A look at changes in Japanese military strategy and force structure before 1981 provides a coherent picture of how the 1981 security bargain emerged. The bargain's three elements -- the increasing military relationship, a tightened quid pro quo, and formal separation of military and economic affairs, are consistent with one reasonable assumption -- that the effective political role of the JSDF had been to secure the US military guarantee. If this assumption is a valid characterization of the JSDF's effective purpose before 1981, then the security bargain's three elements are logical because each element serves this overall aim. An increasing military relationship helps secure the American military guarantee through its own institutional inertia. A tightened quid pro quo adheres the military guarantee by providing increased compensation to the United States. Separation of military and economic issues conceals the otherwise contradictory intent of accelerated military relations and a tightened economic quid pro quo, gaining tacit domestic support in Japan. What is the evidence supporting this assumption?

Up until the 1981 agreement, Japanese strategy and forces incrementally increased, after which time the pace accelerated in

the SLOC role area. The 1981 reagreement on a quid pro quo, in which Japan's economic contribution was increased to compensate for the American provision of military security, served to retain the American military guarantee by satisfying demands for more equitable burdensharing. Throughout this process of gradually increasing Japanese strategy and force structure, US pressure to rearm was persistent. Notably, during those instances when the US military guarantee could be reasonably perceived as losing credibility, Japanese force levels experienced notable increases.

The analysis aggregates Japanese strategy into five time periods, corresponding to the four defense plans (1956-1959, 1960-1964, 1965-1967, 1970-1975) and the period from 1976-1981, during which time the Defense Agency adopted an annual "rolling budget" approach. For each of these five periods, significant historical events are subsumed under the subheadings: main features of "articulated strategy," outstanding features of "force structure," and significant "international events (Table 5.3):"[30]

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[30] Sources consulted were: Makato Momoi, "Basic Trends in Japanese Security Policies," The Foreign Policy of Modern Japan, ed. Robert A. Scalapino (Berkeley: University of California Press, 1977); Martin E. Weinstein, "The Evolution of the Japan Self-Defense Forces," ed. by James H. Buck, The Modern Japanese Military System (London: Sage, 1975); Taketsugu Tsurutani, Japanese Policy and East Asian Security (New York: Praeger. 1981); Defense of Japan 1986 (Tokyo: Defense Agency, 1986); J.W.M. Chapman, R. Drifte, and I.T.W. Gow, Japan's Quest for Economic Security (New York: St. Martins, 1982); and F.C. Langdon, Japan's Foreign Policy (Vancouver: University of British Columbia Press, 1973).

Military Role-Sharing

FIRST DEFENSE PLAN, 1956-1959:

Articulated Strategy

- acquire a minimum defensive capability in case of US withdrawal
- "Basic Program for National Defense" urged gradual increases in defense capability according to national resources
- importance of ground forces in replacing withdrawing American troops
- traditional Imperial Army concept of land warfare stressed
- Ashida memcrandum's division of labor implemented, with Japanese internal security role and US external security role

Force Structure

- Ground Self-Defense Force (GSDF) expanded from police reserve of 50,000 to authorized force of 180,000
- Air Self-Defense Force (ASDF) and Maritime Self-Defense Force (MSDF) created; total authorized JSDF forces expanded from 197,000 to 231,000

International Events

- USFJ troops reduction from 200,000 to 90,000
- Korean War
- Chinese shelling of Quemoy and Matsu islands

SECOND DEFENSE PLAN, 1960-1964:

Articulated Strategy

- bilateral security treaty with US announced as "strategically defensive" in nature
- reliance on the US for offensive operations
- JSDF role announced for the first time: "coping with aggression using conventional weapons on a scale smaller than localized warfare"
- possibility of a US delay in support first publicly acknowledged

Force Structure

- missile capability first acquired
- air defense capability first acquired
- domestic production of top-of-the-line F-4 fighter
- authorized JSDF forces expand from 231,000 to 246,000

International Events

- North Korean treaties with China and the USSR
- revision of Security Treaty followed by resignation of Prime Minister
- USSR launches first ICBM and Sputnik

THIRD DEFENSE PLAN, 1965-1969:

Articulated Strategy

- deterrence as well as defense becomes a JSDF role
- "self-reliance" within the US security guarantee announced
- Joint Defense Council begins studies on how to coordinate an "autonomous defense" with the US

Force Structure

- qualitative improvements of submarine defenses and air defenses
- all essential military training programs become "self-contained" (Japanese-run)
- authorized JSDF forces expand from 246,000 to 258,000

International Events

- USSR military buildup in Far East accelerates
- noisome US criticism of Japanese free-riding (Senator Church)
- China tests first H-bomb and nuclear missile

FOURTH DEFENSE PLAN: 1970 - 1975

Articulated Strategy

- "autonomous posture" with US guarantee announced
- US role announced as supporting JSDF external security role
- defense funding explicitly tied to the state of the national economy

Force Structure

- updated tanks and aircraft models
- authorized JSDF forces expand from 258,000 to 263,000

Military Role-Sharing

International Events

- US withdrawal from Viet Nam
- Nixon Doctrine
- regional tensions result from Pueblo and EC-121 shootdown incidents

1976-1981: ANNUALIZED DEFENSE PLANNING[31]

Articulated Strategy

- 1976 National Defense Program Outline (NDPO) identifies long-term force structure goals and moves to annual budgeting of defense resources
- five assumptions referring to a stable international environment identified as premises for the NDPO's force structure goals
- Soviet capabilities acknowledged for the first time in the Defense Agency's white paper to be a "potential threat"
- 1978 Guidelines for Japan-US Defense Cooperation officially encourages and sanctions joint planning and operations, labeled "studies"

- 1980 Report on Comprehensive Security (directed by Prime Minister Ohira) seeks fulfillment of Japanese economic security, energy security, food security -- stability as a strategic goal
- 1981 agreement with the US establishes Japan's responsibility to defend the sea lines of communication (SLOCs) out to 1000 miles from Japan's shores

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[31] From 1976-1985, a single fiscal year formula was used for defense planning and budgeting purposes. In order to better compete for government outlays each year, the Defense Agency developed five-year Mid-term Defense Program Estimates (MTDPE) [*Chugyo*] every three years. After three MTDPEs and a final defense buildup plan referred to as the Mid-Term Defense Program (FY1986-1990), the 1976 NDPO was completely fulfilled by FY1990:

1. Chugyo 53 (1978-1980 MTDPE)
2. Chugyo 56 (1981-1983 MTDPE)
3. Chugyo 59 (1984-1985 MTDPE)
4. Mid-Term Defense Program (FY1986 -1990)

See Defense of Japan 1986, pp. 143-144; Defense of Japan 1989, pp. 159-161.

Force Structure

- 36 destroyers and 18 frigates compare favorably with the US 7th Fleet's 29 destroyers and 47 frigates (which are responsible for both the Pacific and Indian Oceans), and the Soviet Pacific Fleet's (HQ Vladivostok) 13 destroyers and 22 frigates[32]
- US-made over-the-horizon radar and the AEGIS-equipped cruisers expand Japan's defense perimeter
- authorized JSDF forces expanded from number 263,000 in 1976 to 268,000 in 1980

International Events

- Soviet pilot Belenko lands MIG-25 at Hakodate air field
- Carter's troop withdrawal from Korea is announced
- Soviet military construction and buildup in the Northen Territories
- Soviet buildup in Cam Ranh Bay
- increase in Soviet tactical aircraft to 2210 in 1981; US aircraft reduced by 400 (end of Viet Nam war)

Observing articulated strategy between time periods, there is an increase in stated objectives which coincide, accounting for policy process lag, with events that reasonably put the US security guarantee into question. The increases in Japanese announced strategy are: acquiring a basic level for internal security // minimum defensive capability // conventional localized warfare // self-reliant defense // autonomous defense posture // comprehensive security. Events which can reasonably be expected to either have softened the US security guarantee or threatened Japan's security and which accompany this pattern of expanding strategic goals are: the Korean War // the US partial withdrawal from Japan // the USSR buildup in Asia // the PRC's

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[32] The Military Balance 1987-1988 (London: The International Institute for Strategic Studies, 1987).

acquisition of nuclear capability // the US withdrawal from Viet Nam // the Nixon Doctrine // Carter's announced troop withdrawal from Korea // US pressures to rearm.

What about changes in force structure? Although the JSDF has experienced incremental increases in the number of personnel and the quality of weapons systems capability, so have all of its neighbors. What distinguishes Japanese force structure and articulated strategy is the extraordinarily large gap between strategic rhetoric and force reality ... at least until 1981. Evidence suggests this capability gap was real. A study by Senator Carl Levin of Michigan, using the 1000-mile SLOC mission as the criterion, estimated a large gap in mission and forces. Even assuming that Japan's mid-term defense plans were completely attained, the shortfall of the JSDF to carry out this mission was calculated to be: 300 F-15s, 8-10 AWACS, 10-14 KC-10s, 60 assorted fighter aircraft, 3-7 SAM groups, 10-12 attack subs, 20 destroyers and 130 P-3Cs.[33] Numerous other writers have cited general JSDF deficiences such as inadequate training, low ammunition stores, lack of a credible naval anti-aircraft capability (only 5 of 36 destroyers possessed AA missile systems), and the difficulties in meeting recruitment goals.[34]

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[33] US Senator Carl Levin, "US Relationships with NATO and Japan - Sharing the Burdens of Common Defense," The Congressional Record, 27 June 1983, p. S9217.

[34] Tsurutani, Japanese Security and East Asian Security, and J.W.M. Chapman, R. Drifte, and L.T.M. Gow, Japan's Quest for Economic Security: Defense, Diplomacy and Dependence (London:

After the 1981 agreement, Japanese military forces began to close the gap in the area of SLOC security. The acquisition of over-the-horizon radar, AEGIS-equipped cruisers, and other systems cited on page 261 are examplary. Some moderate security experts in Japan maintain that this acquisition departs from the National Defense Program Outline's policy of building a capability to "repel limited and small scale aggression."[35] The presence of the overall gap between strategy and forces, and the narrowing of the gap in SLOC-related areas, suggest that the effective political role of the JSDF as a retainer of the American military guarantee may be more valid before 1981 than after.

Explaining Military Role-Sharing

So far, this chapter has attempted to identify what the broad dimensions of the 1981 military role-sharing agreement were, and to understand how it emerged. This final section investigates the question of why these changes occurred. The key military, economic, and political factors that created the 1981 security bargain are examined in turn.

Pinter, 1983), contain chapters which cite these and other general deficiencies.

[35] Masasashi Nishihara, "Japan's Changing Security Role," Harvard International Review Vol.X, No. 4, April/May 1988, p. 39.

Military Role-Sharing

Military Considerations

In the 1970s, a steady rise in Soviet military power coincided with American military retrenchment in Asia. Throughout the decade, Soviet defense spending increased approximately 5% annually in real terms. By 1976 (the year of Japan's National Defense Program Outline), Soviet Far East ground forces comprised 31 divisions (300,000 troops), 2030 combat aircraft and 755 naval vessels (1.25 million tons). Two years later (coinciding with the Japan-US Guidelines for Defense Cooperation), the Soviets began to increase the number of theater intermediate-range nuclear missiles (SS-20s), deploy third-generation fighters (MIG-23, MIG-27 and SU-24), replace conventional with nuclear submarines, develop long-range bombers with improved ability to penetrate air defenses (TU-22M Backfire), and deploy 1 division of ground forces on the disputed islands of Etorofu, Kunashiri, and Shikotan. New Soviet Pacific Fleet surface combatants grew to include 2 aircraft carriers, 14 missile cruisers and 13 destroyers, replacing conventionally equipped cruisers and destroyers.

Yet by itself, this rising Soviet military power did not automatically result in US-Japan SLOC role-sharing. Soviet strength had been on the rise for over 20 years, with no SLOC role-sharing response. Meanwhile, the American nuclear umbrella and offensive projection capability continued to shoulder the

bulk of external security, with JSDF assets securing coastal waters and airspace. SLOC role-sharing occurred only after a protracted period of reduced American military credibility and advances in military technology.

In contrast to the rapid rise in Soviet defense investments in the 1970s, the United States experienced a "decade of neglect"[36] in military spending. The Nixon Doctrine, political and economic effects of the Vietnam War, and the announced Carter troop withdrawal from South Korea seemed to define an American response of foreign policy retrenchment. As the United States proceeded through this phase of detente and non-confrontation with the Soviet Union, pronounced Japanese military strategy and force structure gradually expanded. In the 1970s, advances in military technology directly increased allied capability to secure SLOCs from a quantitatively superior opponent. Since the establishment of the Maritime Self-Defense Force, a primary mission has been to secure the safety of sealanes in the waters surrounding Japan.[37] This means preventing Soviet naval forces from passing through the only three openings from the Sea of Japan to the Pacific Ocean. Two of the three Soviet Pacific

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[36] Colin S. Gray and Jeffrey G. Barlow, "Inexcusable Restraint: The Decline of American Military Power in the 1970s," International Security 10, No. 2, Fall 1985, p. 61.

[37] James Auer, in The Postwar Rearmament of Japanese Maritime Forces, 1945-1971 (New York: Praeger, 1973), pp. 132-145, suggests that the 1000-mile SLOC responsibility was likely planned for in the early years of MSDF development.

Fleet naval bases, Vladivostok (the headquarters of the Far Eastern Fleet) and Sovetskaya Gavan, are located in the Sea of Japan (the third, Petropavlosk, is situated on the southeastern tip of the Kamchatka Peninsula):

Soya Strait (Le Perouse):
40 kilometers maximum width
30 fathoms maximum depth

Tsugaru Strait:
16 kilometers maximum width
150 fathoms maximum depth

Tsushima & Korea Strait (bisected by Tsushima Island):
eastern half - 46 kilometers
western half - 48 kilometers
variable depths - 34-110 fathoms

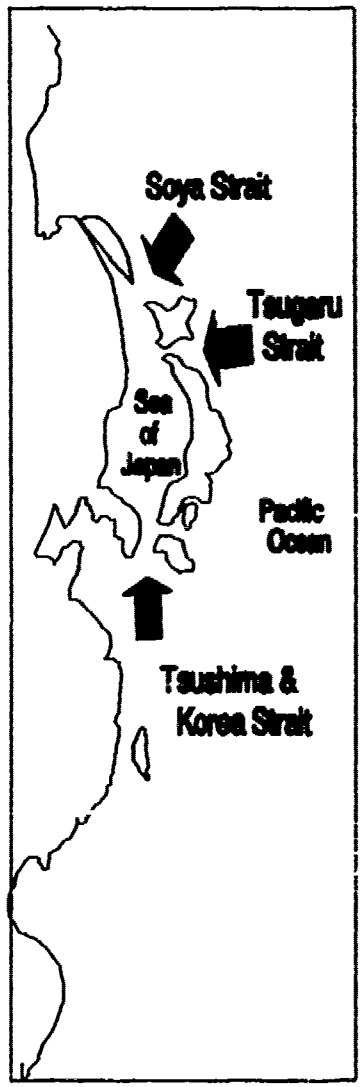


Figure 5.3

compiled from John O'Connell, "Strategic Implications of the Japanese Cruise SSM-1 Missile," Journal of Northeast Asian Studies 6, No.2 (Summer 1987), pp. 53-66.

Prior to the advent of sophisticated detection devices, guided cruise and air-surface missiles, the isolation and containment of Soviet naval forces in the Sea of Japan meant maintaining a substantial force of submarines, mining and patrolling ships, and aircraft. But with the development of systems such as the SOSUS, OTH-backscatter radar, Mitsubishi ASM-1, American-made Harpoon surface-surface missile and Tomahawk submarine-launched cruise missile, it was possible to control ocean transit through to the Sea of Japan with reduced numbers of surface combatants.[38] This freed existing MSDF assets for use in the SLOC mission, a zone containing sea routes upon which Japan heavily depends for energy sources. In the early 1980s, imports comprised 98% of oil and natural gas (mainly from Persian Gulf states, Indonesia), 90% of minerals (Australia, South Africa, Southeast Asia, Brazil), and 77% of coal resources (Australia, North America, India).[39]

Once technological advances had extended the SLOC zone required for credible defense, SLOC role-sharing became

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[38] In the future, even less surface combatants may be needed. Surface forces depend on powerful active sonar (SQS-53) and active radar (SPY-1) to warn and fix threats; however, these provide convenient homing beacons for opposing forces. Some of the most recent technological developments suggest it is possible to tremendously reduce the radar cross section (from 1,400,00 square meters to 320,000) and propellor noise of surface combatants. William D. O'Neil, "Don't Give Up The Ship," US Naval Institute Proceedings, January 1991, pp. 46-51.

[39] Kataoka and Myers, Defending an Economic Superpower, p. 96.

operationally possible three years before the 1981 agreement. By 1978, sealane defense out to 1000 miles was already being planned for in the MSDF, and joint, over-the-horizon naval maneuvers were being conducted.[40] Why so? A larger geographic area demanded more coordination and control of the many individual choices and decision points available to the participants. This dictated sharing information through intelligence collection and processing, and practicing the process with joint training, exercises and weapon systems interoperability. Weapons acquisition justified under the SLOC mission expanded the scope of bilateral military capability by offering each SDF service branch opportunities to contribute.

In sum, three military-related factors account for the the emergence of SLOC role-sharing: the increased external threat, reduced credibility of the American military guarantee, and advances in military technology. Technological improvements increased military capability per unit, which in turn allowed military role-sharing to be operationally feasible. Considered in light of an increasing Soviet threat and reduced US credibility, advances in military-technology provided incentives for SLOC role-sharing.

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[40] This point was made in several separate interviews in Tokyo and Washington by senior Defense Agency officals, Headquarter US Forces Japan military officers, and DOD officials.

Chapter 5

Economic Context

Between the signing of the 1960 Treaty of Mutual Cooperation and Security and the 1981 Communique, the change in US-Japan relative economic potential was enormous. The 1960s witnessed the period of extremely high growth of the Japanese economy that remains "historically unprecedented."[41] In 1960, Japan's GNP totaled less than one-tenth that of the United States, two-way trade amounted to little more than $2 billion, and the United States actually enjoyed both trade and federal budget surpluses. The chief constraint to Japanese economic growth was its negative international balance of payments, with Japan still recompensing some $600 million in GARIOA (Government Appropriation for Relief to Occupied Areas) to the United States. By 1980, Japanese GNP had grown to nearly 40% of US GNP. In contrast to deep and chronic American trade and budget deficits, Japanese export increases had been sustaining surpluses for 13 consecutive years. Japan's $11.6 billion bilateral trade surplus and $28.3 billion current account surplus constituted record levels on the way to new highs. Even though the double-digit annual growth rates had moderated beginning in the late 70s, economic ties with the United States vastly increased in terms of two-way trade, mutual direct investment, international lending, and direction of

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[41] Yasushi Kozai, Kodo Seicho no Jidai [Period of High Growth] (Tokyo: Nihon Hyoronsha, 1981).

capital flows.

This shift in US-Japan relative economic potential affected the security bargain indirectly, mediated by the two different national sets of relative security priorities. On the American side, the economic affect was conditioned by traditional military and political priorities of national advantage in military technology policy, SLOC role-sharing, and host nation support policy. US military technology policy from as far back as 1954 directly promoted a liberal one-way flow of defense technology to Japan in order to gain allied military advantage over regional military threats. American expectations of Japanese rearmament spawned numerous licensed coproduction agreements of major weapons systems (see Chapter 5, page 2) even though this provided commercial spinoffs for Japanese industries.[42] In 1978, military technology transfer procedures were further loosened to be the same as those accorded NATO -- allies which are bound by a reciprocal defense commitment toward the United States. By 1983, a first-ever military technology transfer agreement was signed in which the United States became the only country permitted to receive Japanese military technology. This is treated in more detail in Chapter 7; however, its relevance here is that the

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[42] For instance, MHI developed the MU-300 business jet from F-86 and F-4 coproduction technology. In addition, MHI and German firms developed the BK-117 helicopter with spinoffs from the HSS-2 anti-submarine helicopter coproduced with the United States. Calder, "The Rise of Japan's Military-Industrial Base," and Wall Street Journal, 16 May 1986.

agreement arose primarily from a desire by DoD to gain access to the increasing volume of Japanese military technology, rather than as a means to acquire Japanese technology for commercial applications.[43]

Obviously in SLOC role sharing, too, economic considerations were subordinate to matters of military and political concerns. The cost savings that could accrue from strict SLOC military role-sharing is limited by US military-institutional considerations of maintaining military advantage. Rather than conducting SLOC role sharing as an economically efficient "division of roles" as stated in the joint communique, the mission seeks to achieve military advantage, which involves extensive integration and coordination of Japanese and American assets. This occurs across the spectrum of military activities, from intelligence collection to operational maneuvers. Simply, the Department of the Navy is not willing to relinquish operational control of a sealane or zone in international waters to any other naval force, whether it be allied or adversary. Instead, MSDF participation in the joint defense of a SLOC zone affords US forces more operational flexibility to shift naval resources to other areas of importance, such as the Indian Ocean

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[43] The 8 November 1983 Exchange of Notes Concerning the Detailed Arrangements for the Transfer of Military Technologies is found in Japanese Military Technology: Procedures for Transfers to the United States, prepared by the Mutual Defense Assistance Office, Armaments Cooperation Division, American Embassy, Tokyo, 27 December 1985.

and Persian Gulf.[44]

Finally, even on the issue of host nation support, US officials were willing to forgo increased economic benefits in favor of political advantages. DoD and State officials feared that if Japan's cost share were to increase beyond the 50% mark, local politicians or anti-conservative publics could exert undue influence on US military operations. Even with a 20-30% cost share figure, base officials have had to contend with local opposition to aircraft night landing practice at Yokosuka Naval Base and loud aircraft operations at Atsugi Air Base. Furthermore, as Japanese government cost sharing has increased, so has the number of JSP-affiliated Japanese employees on bases operated by USFJ.[45]

The impact of economic forces working through Japanese relative security priorities was quite different than on the American side, and there has been a discernible change since the military role-sharing agreement. Prior to the 1981 agreement, increases in defense expenditures, official development aid and host nation support were incremental and disproportionately low.

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[44] Division of roles within Japanese territorial boundaries is more separated. For instance, the ASDF provides air defense for Misawa and Kadena air bases in Japan, freeing US air assets for a power projection mission outside Japanese territory. Interview with USFJ Operations Staff official, USFJ Headquarters, Tokyo, 23 July 1990.

[45] The increase was gradual, from 20,000 in 1982 to over 22,000 in 1987. USFJ Labor Section document, USFJ Headquarters, Tokyo.

After the agreement, defense expenditures, strategic ODA and host nation support experienced relative increases. Japan's shift in the mid-60s from international debtor to creditor status did not result in relative increases in Japanese defense outlays, despite earlier promises to rearm "as soon as economic conditions permit." The problem was that Japanese fiscal restraint was no longer needed to liquidate current account deficits, which before had dampened domestic demand and business growth. The national debt rose from 3.5% of government outlays in 1970 to 12.5% in 1980, while defense expenditures as a percentage of government outlays decreased from 7.2% to 5.2% in the same period.[46] Still, overall economic growth has supported absolute and incremental defense expenditures. A prime example is the 1975 defense budget. Although one of the lowest in relative terms, .84% of GNP, it produced an absolute increase over the previous year's defense budget that was by far the highest percentage change in the postwar period -- 21.4%.

Consequently, Japan's 1% of GNP defense spending average has been substantially less than the US 6% figure or NATO allies' average of 3.3%, but the overall growth of the Japanese economy has consistently sustained annual increases greater than 5%.[47] By 1980, Japan's incrementalism yielded defense spending levels

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[46] Nakamura, The Postwar Japanese Economy, p. 243.

[47] This contrasts to declines in real growth in defense spending among NATO allies (including -2.2% for the United States in 1980).

that ranked eighth in the world.[48] Later, following the military role-sharing agreement and leading up to the FS-X agreement analyzed in the next chapter, the growth rate of Japanese defense spending as a percentage of GNP experienced steady increases.

1980s: Steady Increases in Japanese Defense Spending

year	81	82	83	84	85	86	87	88
defense exp./GNP (%)	.91	.93	.98	.99	.997	.993	1.004	1.013
growth rate (%)	5.1	5.2	5.5	5.8	5.9	6.2	6.5	6.5

Table 5.4 compiled from Defense of Japan 1987, 1989

In Japanese non-military contributions to security, too, the effect of US-Japan relative economic change increased after the 1981 agreement. In contrast to stable ODA levels before the communique, strategically-directed ODA increased as a percentage of GNP. Japanese host nation support, explicitly mentioned in the 1981 agreement as an area for further improvement, also increased from 37% in 1981 to 50% of total costs in 1990. This appeared to be a lagged response to US pressure for increases to offset rising labor costs, which had been prompted by the yen's

[48] Defense of Japan 1981, p. 289.

rapid appreciation against the dollar in 1977. It is clear that Japanese officials would not have initiated host nation support in 1978 and then substantially increase it after 1981 had it not been for US political pressure to do so.

Notwithstanding Japan's sustained growth since 1960 in domestic demand, the accumulation of foreign reserves and gold, and increased Japanese foreign investment, export competitiveness remained vital to Japanese economic well-being. Japanese exports simply shifted to higher value-added goods. Foreign economic policy rather than military policy continued to receive priority, providing a vague yet perceived sense of economic security variously touted as comprehensive security, total security, passive diplomacy and omnidirectional foreign policy. The next section explains the role political forces had on the 1981 security bargain.

Political Factors

From the two preceding sections, two political linkages between military-economic forces and the dimensions of the security bargain are evident: (1) the role of military technology as a politically low risk way to increase Japanese military capability and facilitate military role-sharing; and (2) political decisions that affect the nature of burdensharing arrangements. In these cases, the linkage between

military/economic change and its affect on the security bargain was provided by US external pressure and institutional factors.

First, let us consider the political linkage between military technological change on the one hand and JSDF military capabilities and role-sharing on the other. Explanations that fail to consider the why the Japan Defense Agency was able to acquire the SLOC mission when it did in spite of domestic opposition are not convincing. American pressures for Japanese rearmament had been persistent since 1950, so by itself, American pressure to rearm cannot explain the emergence of de facto military role-sharing in 1978, and formal agreement in 1981. Even the change in US pressure tactics away from numerical measures of defense contributions toward a division of roles and missions was insufficient to evoke a policy change in the Defense Agency, which still had to operate within the 1% GNP figure during a time of fiscal tightness. Military technological advances that made role-sharing operationally possible before it was formalized did provide incentives for role-sharing, but it is very unlikely that role-sharing would actually have transpired without National Defense Council authorization. Given the close civilian scrutiny paid to Self-Defense Forces activities and the Defense Agency's junior position on the NDC, it is reasonable to assume that JDA had that approval.

Two Japanese institutional initiatives help explain why JDA was able to break out from domestic political proscriptions into

the arena of military role-sharing and increased military capabilities: the 1976 National Defense Program Outline, and the 1978 Guidelines for Japan-US Defense Cooperation. Both institutional creations enabled the Defense Agency to increase expenditures within a specified limit, and occurred during a period of fragmented opposition to LDP rule. Throughout 1976-1981, the leading opposition party, JSP, never captured more than 24% of the lower house seats. This contrasts sharply to the situation in 1960, when the JSP alone owned nearly one-third of the seats.

The 1976 NDPO (*Taikō*) ended the succession of defense buildup plans and instead outlined for the forseeable future the desired size and composition of the Self-Defense Forces. By providing a concrete ceiling for defense capability, the NDPO politically enabled those forces to be purchased, with the chief constraint now being how long it would take to do so.[49] Additionally, SDF options for future expansion were hedged by explicitly linking force levels to "conditions in the international environment."

The 1978 Guideline, drafted by the Defense Cooperation Committee of the US-Japan Security Consultative Committee (the latter an institution created by an exchange of notes attached to the 1960 Security Treaty), put increased US-Japan defense

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[49] The defense buildup under the NDPO was achieved, **in its entirety**, in FY 1991.

cooperation in official status. This explicitly encouraged activities which otherwise would have encountered domestic opposition, such as: expanded joint planning and operations, exchange of intelligence data, coordination of logistical support activities, and the planning of an emergency coordination center in case of an attack on Japan. In addition, the Guideline afforded the Defense Agency solid grounds on which to conduct joint "studies" -- the equivalent of war plans.[50] Defense Agency officials maintain that the Guideline was the key event that enabled the actual sharing of roles and missions that was later formalized in 1981.[51]

The second political linkage to be considered is between military-technological/economic change and the terms of burdensharing arrangements. Again, institutional forces and US external pressure mediated the effects of economic and military-technological change by influencing the details of bilateral agreements. Since the 1954 Mutual Defense Assistance Agreement and 1956 Patent Secrecy Agreement, DoD institutions such as the Defense Security Assistance Agency and the Mutual Defense Assistance Office promoted the one-way transfer of defense technology and patents to Japan for use against the common

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[50] The Japanese studies and American plans came to be joint planning projects which revised old plans and generated new contingency plans. Interview with senior Air Force officer, Headquarters USFJ, Tokyo, 27 July 1990.

[51] Interview with senior Japan Defense Agency official, Bureau of Defense Policy, Tokyo, Japan, 10 August 1990.

threat. Apart from providing spin-offs for civilian industrial advantage, this encouraged the unequal sharing of basic military research and development costs for the alliance. Over the years, numerous leading edge co-production and licensing agreements, technical assistance pacts, and agreements made explicitly for the transfer of defense-related high technology have promoted this inequality. Contributing to this pattern has been persistent US pressure for the Defense Agency to purchase American defense hardware. Transforming the American institutional perspective on defense technology cooperation as a foreign military sales transaction to real joint armaments cooperation has been noted by American and Japanese officials as a pervasive problem.[52]

Institutions have also been used to resist the impact of relative economic change on the status quo. US pressure for Japanese increases in host nation support payments was deflected by Japanese authorities with the 1960 Status of Forces Agreement that assigns such costs to the United States. Through the Joint US-Japan Committee (established by the SOFA), Japan successfully rejected American requests for increases in labor cost sharing in

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[52] The experience of the first DOD official to head the Armaments Cooperation Division of the Mutual Defense Assistance Office, Japan, confirms this difficulty. Interview with Jamieson C Allen, former Director, Armaments Cooperation Division, Mutual Defense Assistance Office, Tokyo, 7 August 1990.

1980, 1981, 1982, and 1984.[53] Self-Defense Forces resistance to such increases in host nation support is institutional, springing from bureaucratic concerns that such costs cut into the finite funding available to purchase, maintain and operate weapons systems and provide pay increases for SDF personnel. US desires to hold Japanese host nation support payments to roughly 50% of total costs is consistent with US military and Department of State institutional interests in preserving freedom of action over military operations and US influence. Finally, Japan's decision to direct ODA to states in which Japan has no apparent economic interest but which are strategically important to United States global interests (such as Turkey and Egypt), was a bid to preserve the present exchange of relative security priorities.

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[53] House Armed Services Committee Hearing No. 100-114, 16 May 1988, p. 18.

Chapter 5

Chapter Summary

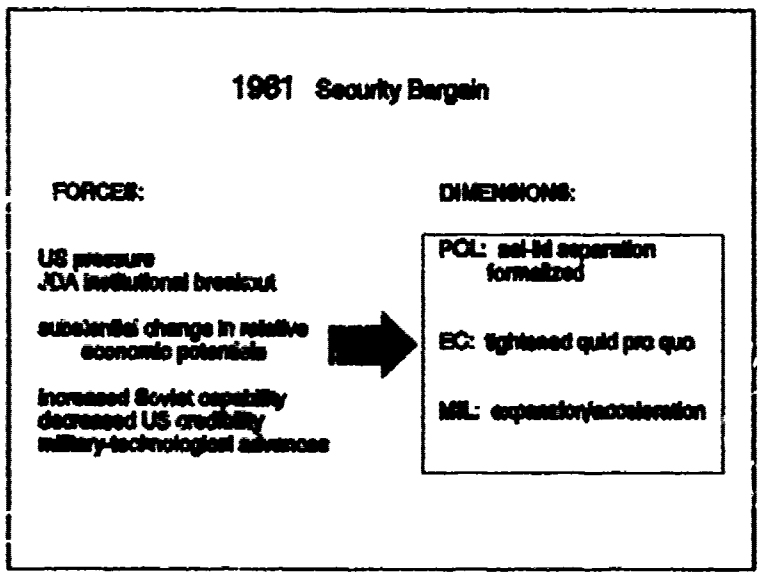


Figure 5.4

The 1981 military change was not simply a neat adjustment of forces in a traditional common threat-based alliance, but a security bargain with military, economic, and political dimensions. The questions this chapter investigates are, *what were the dimensions of the 1981 agreement, and how did it evolve? What were the forces in its formulation? Why did change occur?*

The basic military, economic and political dimensions of the 1981 security bargain were: (a) an acceleration in military capability and cooperation, (b) a tightening of the military-economic quid pro quo, and (c) the formal, "sacred" separation [*sei iki*] of military affairs from economic issues.

Military Role-Sharing

Acceleration in military capability and cooperation involved qualitative improvements of Japanese military capability in a larger defensive zone, which required more [illegible] communication and control with US military assets. This intensification of military cooperation generated its own inertia with more joint intelligence collection and training requirements, frequent command and operational exercises, and greater interoperability through high-technology weapons acquisition.

A tightening of the military-economic quid pro quo entailed increases in Japanese non-military contributions to security to compensate for the American provision of a military guarantee. Absolute increases in official development aid were strategically directed toward conflict-border states or those considered mutually important to regional stability. The Japanese government also made relative increases in host nation support provided to US Forces Japan, raising its share of labor costs and initiating a facilities improvement program. Both efforts intended to directly offset US costs of providing the bulk of military security.

The *sei iki* agreement to continue the policy separation of military affairs from political and economic issues meant that the accelerated military-military relationship could coexist with the tightening of the quid pro quo, but at a cost of political uncertainty. While the accelerated military relationship questioned the "no war potential" constraint of the Japanese

Constitution, the tightened military-economic quid pro quo seemed to reassure the existence of the old security framework. As a result, the political meaning and type of the security relationship was unclear. Was it a cooperative military alliance directed against a common threat, or a competitive quid pro quo in which the military guarantor extracts economic compensation? *Sei iki* clouded resolution of this basic political question, as it effectively sanctioned the existence of both types of security relationships. Moreover, neither military alliance against a common threat nor an explicit military-economic quid pro quo seemed to enjoy deep support in Japan. When public attention became focused on the greater military role Japan had apparently commited to in the joint communique, the conservative coalition became vulnerable, which led to the resignation of the Foreign Minister.

This politically confusing mixture of military and economic contributions to security emerged in a historical pattern of protracted American pressure to rearm, followed by incremental responses in Japanese military capability. From the 1960 Treaty revision to 1981, the Self-Defense Forces essentially performed a political function of adhering the American military guarantee to Japan. Meanwhile, the SDF gradually increased its military capability. Notably, in the aftermath of international events that questioned the credibility of the US guarantee, Japanese strategy and force structure experienced their largest increases.

Military Role-Sharing

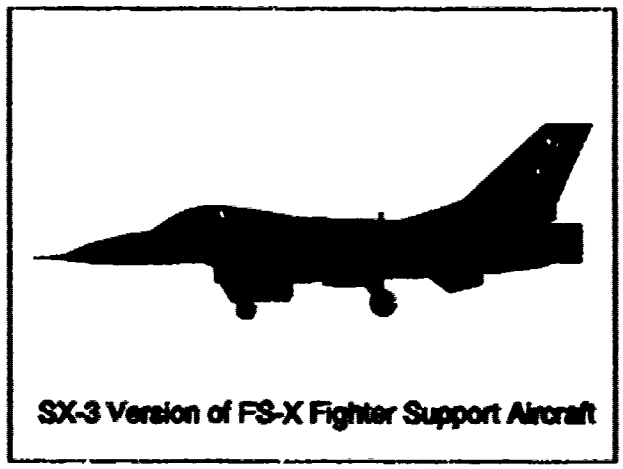
The fundamental forces of change that explain the emergence of military role-sharing were military-technology and the change in US-Japan relative economic potential, both of which were mediated by the two different domestic sets of relative security priorities. Military technological advances enabled military role-sharing to be operationally feasible; when viewed in the light of an increasing Soviet threat and reduced US credibility, this provided strong incentives for SLOC role-sharing. Then, the combination of US pressure for rearmament and institutional changes enabled the Defense Agency to break out of domestic proscriptions against an expanded military role, resulting in de facto SLOC role-sharing three years before it was formalized in 1981. The shift in US-Japan relative economic potential also worked its way through the different national mixes of military and economic security priorities, impacting the differentiated terms of SLOC role-sharing and burdensharing agreements. Generally, the result was to allow Japanese military forces and financial compensation to be increased with minimal Japanese domestic opposition, but at a cost of political uncertainty about the nature and intent of the "alliance."

Although military technology and the economic changes fundamentally overcame some political constraints to military cooperation and burdensharing arrangements, they also opened up new areas for disagreement. In the next chapter, FS-X advanced aircraft codevelopment, I argue that these forces are breaking

down the old security framework as we transition to a new phase in strategic partnership.

CHAPTER 6

1987: TRANSITION TO CO-DEVELOPMENT



SX-3 Version of FS-X Fighter Support Aircraft

Overview

As the first joint effort to design and manufacture a technologically advanced weapon system, the ongoing FS-X (fighter support-experimental) program signals a critical shift in US-Japan security relations. There are two key reasons why. First, FS-X has focused attention on the strategic question of how to best achieve long-term military-technological superiority in an era of rapid technological change. Either strategic option, national autonomy or bilateral collaboration, erodes the exchange of unlike contributions that has provided the basis for post war security cooperation. Second, it is apparent that Japan is gradually becoming more autonomous in security policy, while the United States is losing its absolute dominance in all aspects of

bilateral security relations. This represents a politically uncertain convergence toward a more equal relationship between the two powers.

Prior to the FS-X fighter aircraft accord, large US-Japan weapon system agreements involved one-way transfers and sales of American technology and hardware to Japan, while Japan's defense industry developed the underpinnings for domestic development.[1] US defense assistance in the 1950s had given way to cost-sharing by the 60s, followed by acquisition projects under Foreign Military Sales (FMS) and licensed co-production of sophisticated systems in the 70s and 80s. Major transactions of military aircraft have included the North American F-86F interceptor, Lockheed F-104J interceptor, McDonnell-Douglas F-4EJ strike/air interceptor, McDonnell-Douglas F-15C, J, and DJ strike/air interceptors, and Lockheed P-3C anti-submarine/maritime patrol platform. The FS-X program continues the trend of increasing Japanese participation in joint defense ventures, paralleling an historical bilateral pattern in key sectors such as steel,

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[1] Since the 1983 Technology Tranfer Agreement, there have been three smaller scale projects, all initiated by Japanese officials, that would transfer defense technology from Japan to the United States:

(1) Toshiba Keiko [man-portable] surface to air missile charge-coupled device (September 1986)

(2) Ishikawajima-Harima Industries Tactical Auxiliary Oiler (TAO) for surface ships (September 1986)

(3) Ishikawajima-Harima Industries Service Life Extension Program (SLEP) for the USS Kittyhawk aircraft carrier (December 1986)

Interview with DOD official, 7 August 1990, Tokyo.

automobiles, integrated circuits, telecommunications, and aerospace:[2]

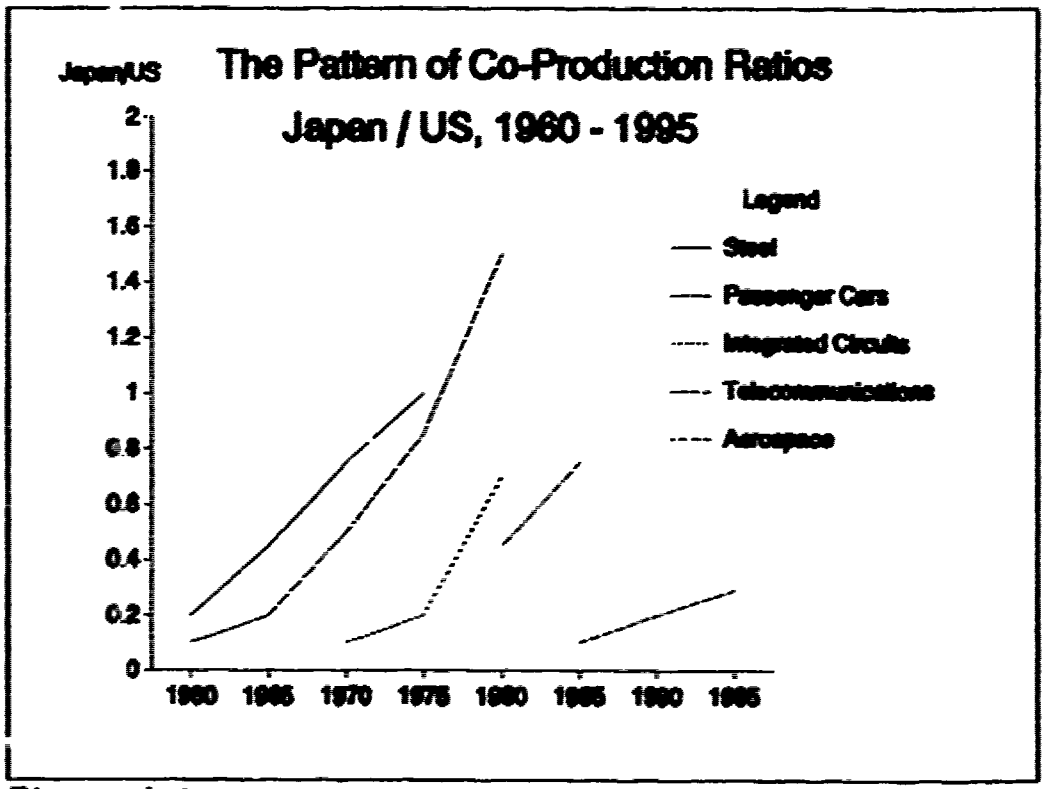


Figure 6.1

Since the 1983 Exchange of Notes on Transfer of Japanese Military Technologies, genuine two-way interchanges of defense technical data have been made possible.[3] The Joint Military

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[2] Booz-Allen consulting firm study, Washington, D.C., 1987.

[3] In 1980, the Systems and Technology Forum had been formed to coordinate defense technology projects between the JDA and DOD, but until the 1983 agreement, Japanese policy prohibited the export of military technology as well as equipment. Gregg A. Rubenstein, Director of the US-Japan Forum for High Technology Exchange and Cooperation, "Emerging Bonds of US-Japanese Defense Technology Cooperation," Strategic Review (Winter 1987), pp. 43-50, p. 45.

Technology Commission (JMTC)[4] provides a forum and procedures for US-Japan defense-related technology flows, granting the United States the only exemption from the Ministry of International Trade and Industry (MITI) 1976 ban on military technology exports.[5] Through the JMTC, the Japan Defense Agency (JDA) has offered to the Department of Defense such technologies as ducted rockets (primary contractor - Nissan), millimeter wave infrared hybrid seekers (Toshiba and Mitsubishi), submarine magnetic degaussing (Oki Electric), gas dynamic lasers for optical jamming (Asgal), and anti-armor fin-stabilized disposable sabots (Daikin). In addition, the Department of Defense has requested a host of Japanese defense-related technologies, including advanced ceramics and ceramic fibers, dynamic random access memory chips, optoelectronics, ferro-electrics, and high temperature superconducting coatings.[6]

In this context of increasing defense technology cooperation, the FS-X is an ambitiously large-scale, initial attempt to co-develop an advanced fighter aircraft. Based on the US-made single-seat General Dynamics F-16C multi-purpose fighter,

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[4] The JMTC's Japanese Section is composed of representatives from the JDA, MOFA, and MITI. The US Section is comprised of MDAO and US Embassy representatives.

[5] In 1976, during the Miki administration, MITI reaffirmed the 1967 ban on arms exports, adding to the ban facilities with which to manufacture weapons.

[6] "Japanese Technologies for Cooperation with the United States," US Army Material Command, Science and Technology Center, Tokyo.

the first FS-X prototype, SX-3, is currently scheduled to flight test in 1995 and deploy in 1999:[7]

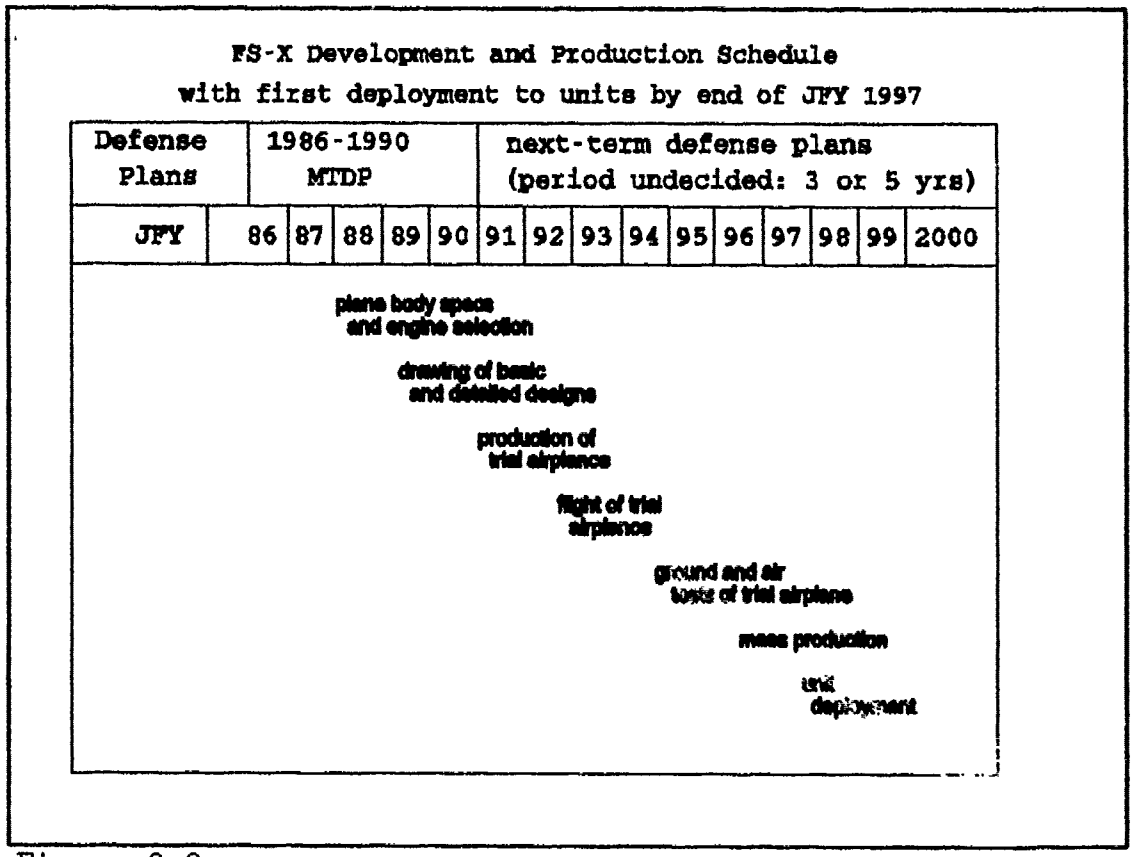


Figure 6.2

figure adapted from Yomiuri Shinbun, 13 July 1988

Yet despite the increased potential for cooperation, FS-X co-development raises familiar questions that have plagued the security relationship since its inception. On the one hand, the project seems to reverse the one-way flow of military technology

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[7] The original plan was for flight testing in 1993 and service entry in 1995. However, a recent estimate assesses the FS-X program as two years behind schedule and 60% over cost. The Japan Times Weekly International Edition, 10-16 December 1990.

toward a more equal, traditional alliance where the combined technological strengths of both states can produce superior weapons against a common threat. But it is also certain that FS-X will increase Japanese capability to develop and produce advanced weapon components and systems that compete with their American aerospace counterparts. In either case, the post war security bargain of unlike contributions is subject to change. To what extent are American and Japanese security policy makers willing and able to share competitive military technologies, and what will be the new military-economic-political formula? At the heart of such questions of technology sharing are fears about strategic intent of the other side, and persistent uncertainty about what, in fact, the alliance is. Is it about seeking a common military advantage vis a vis a common enemy, or is it about pursuing national economic advantages in high technology? What mixture is likely to emerge? As an ongoing case study of alliance change, the FS-X deal can provide insights into future patterns of security cooperation, and the emerging forces that will shape them.

As in the previous cases of alliance change, this chapter asks what the changes to the previous security bargain were, how they came to be, and why change has occurred. *What are the dimensions of the FS-X agreement, and how has it evolved? What are the forces in its formulation? Why is change occurring?*

Transition to Co- elopment

"The Bargain" interprets the FS-X agreement as an emergent security bargain containing military, economic, and political changes to the 1981 security framework. Because FS-X is still an unfolding instance of alliance change, its dimensions are necessarily tentative. "Historical A lysis" explains how the FS-X deal has been negotiated between 1981 and 1990. "Explaining the Transition" goes slightly beyond accounting for the current state of the S-X security bargain in terms of military, economic and political forces that have shaped it, and offers short-range predictions about where the alliance is heading.

The Bargain

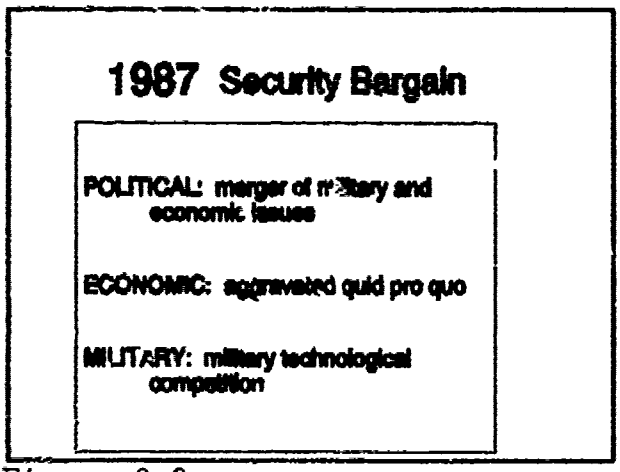


Figure 6.3

The highly technical nature of advanced technological co-development makes identifying the dimensions and significance of FS-X difficult; however, this quality presents a compact

container of change for analysis. In the previous two key changes in security relations, in 1960 and 1981, the disparate elements of the security bargain have been found in advenient though connected issues. But FS-X, a military-economic accord negotiated among governments and large aerospace firms, inherently provides a rich study of military-economic-political change. In terms of departures from the previous security bargain, the new dimensions of the FS-X security bargain to be examined are: institutionalized military-technological competition, aggravated tightening of the military-economic quid pro quo, and proliferation of issues that link military and economic matters of national security.

Military-Technological Competition

By the late 1980s, US-Japan military cooperation, accelerated by the 1981 roles and missions agreement, had experienced considerable expansion. 1983 saw the signing of the bilateral technology transfer agreement. In 1984, the Japan Defense Agency funded construction of facilities to house a USAF F-16 fighter wing (40-50 aircraft) at Misawa Air Base in Aomori Prefecture. F-16 deployment began in 1985, accompanied by the creation of a first-ever US-Japan Joint Staff Council for long-range scenario planning and training. In 1986, Japan's Chief Cabinet Secretary announced the government's intention to

participate in Strategic Defense Initiative research, and an agreement was concluded the following year.

Increasing "jointness," however, has been accompanied by institutionalized competition in military technology. *Miriteku masatsu*, or military-technology friction, aptly describes this competitive aspect of US-Japan security relations.[8] Core indicators of Japan's rising defense technological competitiveness are found in the relative performance of national semiconductor firms whose silicon microchip processors are elemental ingredients of sophisticated weaponry.[9] Between 1980 and 1989, the number of Japanese semiconductor firms ranked in the top ten (according to global sales) doubled, with Japanese-owned companies accounting for half of worldwide output.[10] Notwithstanding domestic political constraints that prohibit arms

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[8] See Yōichi Funabashi and Eiichi Shindō, "FSX to nichibei miriteku masatsu," [FSX and US-Japan military-technology friction] Sekai [World] Vol. 528, June 1989, pp. 74-88.

[9] Beginning in 1986 with gallium arsenide -- which has an electron mobility five times greater than silicon, reduced power requirements, and inherent resistance to radiation -- new compounds may replace silicon chips in literally thousands of improved applications to weapon systems. A few examples are transmit/receive modules for phased array, multi-directional radar; frequency synthesizers for anti-jamming devices; digital signal processors to replace bulkier analog processors for anti-tank missiles; and distributed array processors for reconnaissance satellites. John Rhea, "Silicon's Speedier Cousins," Air Force Magazine, November 1989, pp. 102-106.

[10] Presentation by Andrew Procassini, President of Semiconductor Industry Association, "An Overview of the US Semiconductor Industry," 2 March 1990, Princeton University Woodrow Wilson School.

exports and despite the global abundance of foreign-manufactured weapons, Japan's own defense industry produces 80% of the Self-Defense Forces' weaponry, including: Toshiba's TA1-3AG ground-to-air missile, short-range Type 81 surface-to-air missile, and laser-guided anti-tank missiles;[11] Mitsubishi Heavy Industries (MHI) Type 74 tank, SSM-1 cruise missile, OH-4 helicopter, and electronic countermeasures equipment; Mitsubishi Electronics Company (MELCO) Active Phased Array Antenna (APA) for target tracking; and Kawasaki Heavy Industries (KHI) XT-4 supersonic jet trainer aircraft.[12]

In addition, through special government accounts set up to promote industrial investment, corporations under MITI have established the Japan Key Technology Development Center and the New Energy and Industrial Technology Development Organization. MITI also funds working expenses of national R&D laboratories, government-industry joint projects, and other programs aimed at promoting strategic technological development. Particularly in the period following the 1981 role-sharing agreement, Japanese industry and government agencies have increased investment in the design and construction of aerospace materials, engines, and

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[11] At least as far back as 1972, Sony-developed miniature television technology was effectively used by the US Air Force during the Vietnam conflict to guide bombs to their targets. William S. Borden, The Pacific Alliance: United States Foreign Economic Policy and Japanese Trade Recovery, 1947-1955 (Madison: University of Wisconsin Press, 1984), pp. 99-100.

[12] Nihon Keizai Shinbun, numerous 1985-1990 issues, provides timely articles on Japanese defense technology.

avionics. In 1988, MITI's Agency of Industrial Science and Technology developed a list of 40 high technology areas for basic research, R&D investment, international technological exchanges and construction of large-scale research facilities. Throughout the 1980s, Japanese technologies gained on US levels in such defense-relevant areas as communications satellites, superconductive materials, amorphous alloys, computer aided design and manufacturing (CAD/CAM), advanced composite materials, and armor ceramics.[13] MITI's technological R&D budget for JFY 1989 alone was ¥233.6 billion, including an annual increase of 29% for superconductivity projects.[14]

FS-X is very much a product of this intensified competition to harness military-related technology. As a compromise between the two extreme options of autonomous domestic development of a new Japanese fighter and the sale of an existing US fighter, the FS-X weapon system reflects in two ways policy makers' attempts to institutionalize defense technology: (1) its accumulation of functional missions, and (2) an inconsistency of operational requirements.

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[13] Report Memorandum #167 on MITI's 1988 Sangyo Gijutsu no Doko to Kadai [Trends and Future Tasks in Industrial Technology] (Tokyo: Office of the US National Science Foundation, 1988), p. 12.

[14] National Science Foundation Report #196 on MITI's JFY 1989 R&D Budget (Tokyo: US National Science Foundation, 1989), p. 1.

At its inception in the early 1980s, the assigned military mission of FS-X was limited to replacing Mitsubishi's F-1 ground attack fighter, an enhanced version of Japan's T-2 jet trainer. The domestically built F-1 was first produced in 1975, and is due to reach the end of its designed service life by 1995. F-1 aircraft provide a close air support, ground attack capability designed to counter the threat of land invasion. So initially, FS-X was not justified by a broad General Operational Requirement (GOR) or by the SLOC-sharing role discussed in the previous chapter, but stemmed from a narrower Special Operational Requirement (SOR) to replace a structurally deteriorating, technologically obsolete weapon system with a new, more capable one.[15] In an effort to preserve the force mix of ground attack and interceptor/air superiority fighters in the Air Self-Defense Force (ASDF), roughly 130 FS-X aircraft are planned to be deployed as the three F-1 squadrons retire in JFY 1997, JFY 1999, and JFY 2001. Current ASDF composition seeks to maintain a balanced force of 28 aircraft warning and control units, 3 F-1 support fighter squadrons, 4 F-15J and 6 F-4EJ air superiority/attack interceptor squadrons, 1 reconnaissance squadron, 3 transport squadrons consisting of mostly C-1

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1. Interviews with senior Defense Agency official and ASDF Air Staff Office officer, 7 and 10 August 1990, Tokyo, Japan. On the SOR and GOR distinction and its political importance, see Kazuhisa Ogawa, "FSX no hamon: tekunonajonarisuto no tōjō," [The ripple of FSX: the technologist enters the stage] Sekai, Vol. 528, June 1989, pp. 63-73.

aircraft, 1 early warning radar squadron, and 6 high-altitude surface-to-air units.

From its initial conception as the F-1 aircraft replacement, FS-X garnered more missions, in accordance with Self-Defense Forces political incentives to modernize qualitatively rather than expand quantitatively. After the 1981 agreement legitimated the SLOC mission, FS-X collected both the close air support and sea patrol missions. In 1985, FS-X was incorporated into the 1986-1990 Mid-Term Defense Program (MTDP),[16] within the context of fulfilling the 1976 National Defense Program Outline (NDPO). The SLOC mission itself called for an aircraft with improved avionics for detecting and penetrating the defenses of surface ships, as well as heavier weapon payloads to sink major surface combatants. Prime Minister Nakasone's 1983 analogy that "Japan should be like an unsinkable aircraft carrier"[17] lent political

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[16] The Defense Agency gave priority to three points in the MTDP: (1) air defense, SLOC protection, and countering a landing invasion (FS-X would be justified in terms of all of these functional requirements); (2) high quality defense buildup; and (3) efficiency and rationalization of defense forces. Defense of Japan 1986, pp. 145-147.

[17] In a Washington Post interview in January, 1983, Nakasone outlined three military security objectives for the SDF:

"... the whole Japanese archipelago ... should be like an unsinkable aircraft carrier putting up a tremendous bulwark of defense against infiltration of the Backfire bomber. To prevent Backfires from penetrating through this wall should be our first goal.

The second target objective should be to have complete and full control of four straits that go through the Japanese islands so that there should be no passage of Soviet submarines and other naval activities.

The third objective is to secure and maintain the ocean

support to SLOC-related aircraft directed against the Soviet threat. By the spring of 1987, the JDA's Bureau of Defense Policy had added the ASDF's quintessential mission of air defense as another function, citing a need to consider a broad range of missions in choosing among three FS-X options -- domestic development and production, foreign aircraft purchase, and modification of an existing aircraft.[18]

As the last major Air Self-Defense Force element to be modernized within the National Defense Program Outline framework, expectations for the support fighter broadened into a multi-purpose weapons platform capable of ground attack, SLOC protection and air defense. FS-X became part of a comprehensive ASDF modernization program in which technological improvement provided a politically feasible method to increase SDF capabilities: F-104 replacement by F-15 aircraft, APG-68 radar avionics upgrade of 45 F-4EJ aircraft (F-4 *Kai* [modification] at MHI Komaki-Minami plant), NIKE-J missile defense groups, modernization of E-2C early warning aircraft, and conversion of Kawasaki C-1 transports to larger Lockheed C-130H multi-mission transports and CH-47 helicopters.[19]

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lines of communication."

[18] Nihon Keizai Shinbun, 12 April 1987.

[19] Modernization efforts are continually subject to political interpretations of what constitutes self-defense and what exceeds self-defense. Examples of current modernization issues include the procurement of air refuelable fighters, airborne tanker aircraft, and E-3A Airborne Warning and Control

Transition to Co-development

From the viewpoint of military institutions interested in combat effectiveness, it is desirable that the missions of close air support, SLOC patrol and air defense be reflected in operational requirements the FS-X presumably is designed to meet. Yet, many of the specific details which have been revealed during the source selection process suggest that in lieu of operational requirements driving decisions, competition in military technology played the key role in defining the military features of the FS-X weapon system. FS-X became important not simply as a means to fulfill organizational requirements, but also as a vehicle for acquiring or maintaining national leads in defense technologies.

The leading technologies expected to be honed by FS-X development and production are very much in contention, with American and Japanese government and industry spokesmen claiming leads in such key areas as low visibility stealth material, active phased array radar, control-configured vehicles, co-cured wing processes, and electronic warfare systems. McDonnell Douglas, for instance, has applied composite structures to wings and fuselages in the F-15, F-18 and AV-8 aircraft. American firms active in the development of the next generation Advanced Tactical Fighter (ATF), such as Northrop, Lockheed, Westinghouse, and Texas Instruments, have experience in all key technologies proposed as Japanese improvements to the F-16C. Japanese

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System (AWACS) aircraft.

contractors plan the following major improvements:[20]

- composite structural materials for enlarged (wing area 375 square feet compared to the F-16C's wing area of 300 square feet), lighter (25%) monobloc wing: no fasteners or metal wing spars are needed in order to resist torsion. Torsion needs to be resisted in high G maneuvers to sustain lift, and will be provided by a torque box installed in the wing. (Fuji Heavy Industries)

- stealth material: radar absorbent material for minimal detection (Mitsubishi Heavy Industries)

- active phased array radar (APA): finds and tracks large numbers of aircraft simultaneously (Mitsubishi Electric Corporation)

- control configured vehicles (CCV) -- such as vertical canards that allow the aircraft to rise, descend, and slip left and right without changing aircraft heading (Mitsubishi Heavy Industries)

- integrated electronic warfare system -- combines warning, decoy and weapon defense systems into one package (Mitsubishi Electric Corporation and Tokyo Keiki, C., Ltd.)

- enlarged nose and extended rear fuselage: improved radar housing, aerodynamic performance, increased internal fuel capacity (7455 lbs compared to F-16C's 6972 lbs) (Kawasaki Heavy Industries and Fuji Heavy Industries)

- engine with improved thrust (Ishikawajima-Harima Industries)

Military technological competition between Japanese interests in domestic aircraft development and American interests in foreign military sales played out in terms of military-institutional needs. Initial operational requirements (IOR)

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[20] Compiled from assorted Japanese press articles in Nihon Keizai, Mainichi, Asahi, and Yomiuri Shinbun, 1987-1989.

articulated by the Defense Agency's Air Staff Office (ASO) and Technical Research and Development Institute (TRDI) effectively eliminated existing US aircraft competitors as viable options to domestic FS-X development. According to the Air Staff Office, the three critical operational requirements that eliminated Japan's direct purchase of the F-16 were:[21] (1) increased combat radius (F-16C combat radius is approximately 600 miles). (2) larger wings for heavier weapons payload of more than 22,000 lbs (F-16C maximum external ordnance payload is 20,450 lbs), and (3) a narrow anti-ship flight profile and mission scenario. Yet the designed combat radius for the FS-X is slightly over 500 miles -- less than F-16 variants, and the F-16C is in fact capable of carrying four anti-ship missiles -- the military rationale for the FS-X's larger wings.

Furthermore, although FS-X had collected various missions during its internal planning phases in the Defense Agency, for bilateral bargaining purposes, the ASO FS-X Study Team described FS-X mission requirements quite narrowly -- as if to exclude US fighter aircraft participation and the implied feasibility of an American fighter purchase. The FS-X anti-ship flight profile was portrayed as based on one threat only. Missions such as offensive and defensive counter-air, considered by military experts as tactical requirements needed for flexibility during

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[21] Interview with TRDI senior ASDF official involved in FS-X negotiations, 8 August 1990.

combat operations, were dismissed by the Defense Agency as not fitting FS-X's particular needs.[22] "Force multipliers" such as flying a joint allied strike force of different aircraft with separate weapons and radar capability and performance were rejected. The FS-X anti-ship mission was assumed to be flown from a fixed operating base, rather than considering the effect of multiple base loading.[23]

Coincidentally, the F-15E and F-15J, considered by US officials to meet or exceed all FS-X operational requirements (F-15 armament load is 23,600 lbs), were eliminated based on cost considerations. ASO/TRDI cost effectiveness studies estimated FS-X domestic development costs as one-third to one-half that of comparable US fighters, a figure widely doubted on the American side.[24] The F-18 officially was eliminated by the Defense

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[22] While many tactical maneuvers to counter threats are classified, see Clyde V. Prestowitz, Trading Places: How We Are Giving Our Future to Japan and How to Reclaim It (New York: Basic Books, 1989), paperback edition, pp. 26-27, for a useful discussion.

[23] Andrew J. Button, "Cooperation in the Development of the FS-X: An Analysis of the Decision Process," a 1989 Executive Research Project conducted at the Industrial College of the Armed Forces (ICAF), Fort McNair, Washington, D.C. US Navy Captain Button was the Defense Security Assistance Agency's principal Action Officer for the FS-X project.

[24] Mainichi Shinbun, 14 September 1987, reported JDA sources' estimates that modification costs of a US aircraft would run 30% higher than autonomous development of a domestic Japanese fighter. GAO testimony estimated FS-X developments costs to be two or three times the price of an off-the-shelf F-16 (the latter is $26 million). Statement of Frank C. Conahan, Assistant Comptroller General, National Security and International Affairs Division, Before the Committee on Science, Space and Technology.

Agency based on payload considerations (F-18 armament load is 17,000 lbs), although it was also known that the F-18 (as the Northrop YF-17) had lost a previous fly-off competition with the F-16. Also, F-18 technical data is more tightly protected by the Department of Defense (DoD) than older F-16C and F-15C aircraft that have been produced under license by several countries, including Japan.[25]

According to Air Self-Defense Force assessments, FS-X mission requirements include coastal defense and protection of the three key straits in the vicinity of Japan, but exclude protection of SLOCs 1000 miles out.[26] The three FS-X procurement options of domestic development, modification of the F-15 and modification of the F-16 were then ranked according to how each met two mission capabilities -- countering an invasion and air defense - as well as according to cost effectiveness:[27]

House of Representatives, 11 May 1989, p. 12.

[25] Interview with Mutual Defense Assistance official, Tokyo, Japan, 9 August 1990.

[26] Interview with memebers of FS-X Steering Committee, 25 July 1990, Tokyo.

[27] Japan's Aerospace and Aviation Weekly, No. 842, 2 November 1987 (Tokyo: Koku Shinbun Sha, 1987), p. 2.

landing invasion	air defense	*cost effectiveness
1. F-15	1. F-15	1. domestic
2. domestic	2. F-16	2. F-16
3. F-16	3. domestic	3. F-15

*development costs estimates: domestic ¥130 billion; F-16 ¥165 billion; F-15 ¥200 billion

According to these preferences, the final JDA decision to develop FS-X by modifying the F-16C is puzzling. The F-16C was deemed inferior to the domestic development option in all categories except air defense, which officially was regarded as a tertiary FS-X mission anyway. The single-engine F-16 won favor over the two-engine F-15, despite the fact that initial JDA requirements stipulated two-engines for the over-water mission and to reduce the probability of crashes in civilian areas. But these inconsistencies in operational requirements do make sense if ; accept the premise that institutionalized competition in .itary technology defines FS-X military characteristics. That is, the significance of FS-X for JDA[28] is not simply its enhanced military capabilities as a weapon system, but also an institutional bid for autonomous military technological development. Similarly for the DoD, an important goal is to promote advances in American aerospace technology by pushing for

[28] Within JDA, this specifically refers to the Equipment Bureau, Technical Research and Development Institute, and Air Staff Office. The first two hold bureaucratic interests, while the ASO's orientation likely to be more flexible -- depending upon who heads the office.

sales of US fighters.

Seen in this light, the significance of FS-X co-development lies in the bargaining interaction among national security institutions trying to harness military technology. The institutional rules of engagement are still unfolding, but they do portend a departure from the nostalgia of unquestioned American leadership in all aspects of bilateral military relations. What are the economic terms that accompany the attempt to institutionalize military-technological interaction, and how is the economic-military quid pro quo affected? The next section characterizes this economic dimension of the new bargain.

Aggravated Quid Pro Quo

The FS-X agreement follows a broader pattern evident since the late 1970s of increasing Japanese non-military contributions to security that tighten the overall quid pro quo. Compared to Japan's post-1981 official development aid (ODA) increases made before the FS-X co-development decision, ODA during 1988-1992 is scheduled to disburse over $50 billion -- twice the amount expended from 1983-1987.[29] In 1987, economic aid to strategically important Jordan and Oman was increased by $500 million. The same year, labor cost-sharing and facilities

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[29] "Facts and Figures: US-Japan Relations," compilation by the Consulate General of Japan, New York, 1989, p. 21.

improvement programs increased after President Bush's decision to provide naval escort for Kuwaiti tankers in the Persian Gulf. In 1990, total Japanese host nation support payments increased to 50% of total costs, including 100% of the costs of employing Japanese workers supporting US forces. Less visible costs are borne by the Japanese government as well, such as relocation of US Forces Japan personnel and foregone revenues from land taxes and tolls. In 1991, huge Japanese government financial commitments supported US military actions against Iraq's invasion of Kuwait in the Persian Gulf.[30] Taken together, these non-military Japanese initiatives comprise substantial increases in economic contributions to US military security interests. By increasing Japan's contribution to mutual security, the intent is to tighten the quid pro quo in order to preserve it as the basis for cooperation.

FS-X also tightens the quid pro quo of unlike contributions to security, but with an annoying twist. Essentially, the FS-X agreement boosts Japan's economic contribution for the US military security guarantee, tightening the quid pro quo, but does this by implementing economic terms that blatantly favor US

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[30] Kaifu administration pledges to provide a total of $13 billion to support UN-sponsored, US-led action against Iraq was the greatest financial contribution behind the US and Saudi Arabia. Opposition to dispatching unarmed ASDF transports (C-130H) to the Persian Gulf in order to evacuate civilian refugees, and providing funds that directly purchase ammunition and weapons, are reflective of the domestic obstacles to Japan's contributions to mutual security interests.

industry, thereby aggravating the quid pro quo. The Japanese government directly compensates key Japanese defense firms in order to gain their participation in a patently unequal business proposition. The remainder of this section establishes these points.

The Japanese government is completely funding FS-X development and production (conservatively estimated at $6.5 billion), while guaranteeing to US industry minimum workshares and free flowback of FS-X-derived technology based on US information. In other joint aircraft development ventures, such as the European Fighter Aircraft project and Panavia Tornado program, participation is generally proportional to the supply of funds brought to the enterprise.[31] From this perspective, the deal must be seen as a major coup for the US aerospace industry -- American firms gain Japanese technology and US participation in joint research free of charge. Standardization with American equipment is promoted. In addition, Japan buys over $1 billion a year in defense hardware from the United States -- more than the combined purchases of Great Britain, Italy, and France. Due to Japan's military export ban on hardware, the United States cannot

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[31] A 1990 Congressional report notes, "It is highly unlikely that any NATO country would permit a US company to codevelop and produce a major weapons system, even one based on US technology, if the US government did not share in the development and procurement costs." US Congress, Office of Technology Assessment, Arming Our Allies: Cooperation and Competition in Defense Technology (Washington, D.C.: US Government Printing Office, May 1990), p. 12.

reciprocate in kind.

In the long run, of course, economic advantage is likely to reside with aerospace firms that increase productivity and apply high value-added technologies to products tailored to international markets, rather than those that focus on quick sales. With this caveat in mind, short-term economic inequalities of the FS-X deal nevertheless are evident in three areas: the government-to-government memorandum of understanding (MoU), General Dynamics-Mitsubishi License and Technology Assistance Agreement and MoUs, and reasonable estimates of prospective technology gains.[32]

In the FS-X government-to-government MoU and in subsequent inter-governmental "clarifications," Japan agreed to bear the entire cost of the FS-X program, yet still provide a 40% workshare for US industry in development and production.[33] At present currency rates, this works out to $480 million in development and $2.5 billion in production, as well as providing over 22,000 man-years of employment for US workers. US industry and government will have access to all Japanese technology brought to the program ("background knowledge"), and improvements based on US technology will flow back to the US free of charge. Technologies solely developed by Japan during the FS-X project

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[32] GD will refer to General Dynamics, MDD to McDonnell-Douglas.

[33] 40% is calculated based on the total FS-X budget, subject to reviews by the joint FS-X Technical Steering Commitee.

("foreground knowledge") will be available to the United States.[34]

Based on the License and Technical Assistance Agreement (LTAA) between General Dynamics and Mitsubishi, General Dynamics will receive $1 million per FSX in recoupment costs for F-16 airframe R&D costs, and $500,000 per aircraft in royalties above that amount. A workshare memorandum attached to the LTAA, "Memorandum Of Understanding Re FS-X Workshare Settlement between General Dynamics and Mitsubishi Heavy Industries," settled on a 30-31% GD workshare of the entire FS-X budget. According to this agreement, the quality of workshare is assured by joint participation in all phases of FS-X development and production, whether they are conducted at MHI or GD:

(a) Wing: Design and engineering of co-cured, increased-area wing at MHI. GD manufactures and tests 4 wing boxes at GD; MHI manufactures and tests the 6 remaining wing boxes at MHI (for total of 4 prototypes and two spare boxes).

(b) Aft fuselage: Design of aft fuselage at MHI; development and manufacture at GD.

(c) Avionics integration: Design, installation and testing at MHI; later GD site activities to be arranged.

(d) Design of Software Testing Systems (STS) that check avionics software packages at MHI; development, manufacture and testing at GD. FS-X STSs comprise a multi-function display system, data entry/cockpit interface set, and stores management set/general avionics computer.

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[34] Background and foreground knowledge issues continue to be an ongoing part of FS-X negotiations. Interview with MDAO official, Tokyo, 14 August 1990.

(e) Flight Control System: Design of modifications to and preliminary development of F-16C Digital Flight Control System and Control Configured Vehicles at MHI. Design of Digital Backup at MHI and development, manufacture and testing at GD. Design of Engineering Test Station at MHI and development, manufacture and testing at GD.

(f) Avionics Intermediate Shop (test equipment for avionics maintenance): Design of modifications to F-16C Avionics Intermediate Shop at MHI; development, manufacture and testing at GD.

(g) Wing Leading-Edge Flap: Design at MHI and development, manufacture and testing at GD.

(h) miscellaneous GD participation in Japan: FS-X Design Team activities at MHI include design, component and integration testing, wind tunnel and flight testing.

Although US industry provides no new avionics technology in the deal, Japanese development results will be available to the United States, such as improvements to active phased array radar, laser gyro inertial navigation, electronic countermeasures, and mission computer hardware.[35] Furthermore, the engines for FS-X initially will be direct purchases of either the General Electric F110-GE-129 or Pratt and Whitney F100-PW-229 (both rated at 29,000 lbs. thrust.)[36] In the production phase, Ishikawajima-Harima (IHI) plans to produce one of the modified

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[35] Statement of Glenn A. Rudd, Deputy Director of the Defense Security Assistance Agency, before the House of Representatives Science and Technology Subcommittees, 11 May 1989.

[36] By contrast, all F-16 aircraft versions use a GE or PW engine rated in the 23,000 lbs. thrust range, with the exception of the F-16XL or F-16E prototype, which is planned to use a GE F110-GE-100 rated at 29,000 lbs. thrust.

engines under license, although in later years, a Japanese-produced fighter engine seems likely (TRDI has been funding research for a domestically-produced fighter engine since 1985).

What do Japanese defense contractors and the Japanese government receive in the FS-X bargain? At a minimum, the participation of US aerospace industry provides military technological assistance, such as systems integration of components, that may not be available in Japanese industry, notwithstanding overdrawn claims on both sides.[37] But even weighing in this prospect, the FS-X deal is not the philanthropic transfer of US military technology charged by techno-nationalists. Japan is funding the entire FS-X project, so there is no "give away" of American know-how -- at most it is a purchase of technology 10-20 years old. The F-16 technical data that will flow to Japan is screened by a thorough DoD-State-Commerce interagency review process which updates the Military Critical Technologies List, a "classified listing of materials, processes, industrial technologies, components, subsystems, data, and end-items that are considered militarily sensitive."[38]

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[37] For strongly held opposing views on both sides of the FSX deal, see techno-nationalists: Shintarō Ishihara, "FSX no zasetsu: sengo taisei matsushūen," [The collapse of FSX: the beginning of the death of the postwar structure] Chūōkōron, Vol. 104, July 1989, pp. 194-198; and Clyde Prestowitz, "Giving Japan a Handout--Why Fork Over $7 Billion in Aircraft Technology?"in The Washington Post, 29 January 1989.

[38] "United States Technology Transfer Structure," Defense Security Assistance Agency/Weapons System Division, Washington, D.C., p. 2.

The final list of technical data to be provided is reviewed to deny the release of upgraded, sensitive information such as software source codes for the weapons control system. Technology for the Advanced Tactical Fighter is a separate project and top DoD officials have assured "there will be absolutely no US advanced tactical fighter technology involved in building the FS-X."[39] Baseline F-16C technology that is being transferred to Japan dates from the 1970s, and of the 1989 worldwide F-16 inventory of 2100-odd aircraft, one-fifth are operated by an array of 15 foreign militaries: Belgium, Denmark, Norway, the Netherlands, Israel, Egypt, Pakistan, Venezuela, Korea, Turkey, Singapore, Thailand, Indonesia, Bahrain, and Greece.[40] Of these nations, ten already have co-produced the F-16 under license. Given these considerations, it is fair to say that the Japanese aerospace industry simply is avoiding costs it would incur in autonomously developing the equivalent of F-16 technology, a sunk cost for the United States estimated at $3 billion.[41]

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[39] Frank C. Carlucci, "The FS-X Project Is No Handout to Japan," Washington Post, 9 February 1989.

[40] Thomas P. Griffin, "The FSX Debate: Implications for Future US International Armaments Programs," Master's Thesis, July 1989, Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio.

[41] "The US-Japan FS-X Fighter Agreement: Assessing the Stakes," The Center for Security Policy, Washington, D.C., p. 5.

Transition to Co-development

If Japan is not receiving critical military technology in the FS-X bargain, then is it reasonable to include as a benefit of co-production, General Dynamics fighter technology for commercial application? The evidence argues against inclusion. First, General Dynamics is not a commercial aviation supplier, so it is unreasonable to assume that GD technology is readily convertible to achieving commercial advantage in the international market. Second, reports that have examined the details and assessed the prospect of marrying fighter and commercial technology suggest this "spin-off" benefit is risky and time-consuming. Prime obstacles to the transfer of fighter aircraft technology to commercial aircraft have been cited as structural loading and design requirements associated with the large size of commercial aircraft, investment risks due to longer service life, more frequent use of commercial aircraft, and the need for intensive testing validation over at least a ten-year period.[42]

The applicability of FS-X **derived** technology to commercial uses, however, is a more likely benefit. Japanese dual-use technology with military and commercial end-use possibilities is not subject to Japan's no export policy levied on military technology, so domestic spin-offs from FS-X are politically

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[42] Statement by Robert W. Leonard, Director of Program Engineering of Advanced Technology, McDonnell-Douglas Corporation, before the US House of Representatives Committee on Science, Space and Technology, 11 May 1989.

feasible. With aerospace business accounting for only 15% of total sales for Japan's leading aerospace manufacturer and prime FS-X contractor, MHI, and with the decline of traditional Mitsubishi heavy capital goods sectors, it is sensible to consider new, derived technologies as potential benefits of the FS-X program.[43] In addition, Ishikawajima-Harima has been studying the possibility of an air turbo ramjet engine for use in a "space plane" with Japan's Science and Technology Agency and National Aerospace Laboratory.[44] Like the turbojet engine to be developed for the FS-X, the air turbo ramjet compresses air with a high performance fan. It is probable that IHI sees commercial applications in at least the compressor fan, for which TRDI has been funding research since at least 1985.

Any assessment of Japan's future benefits of FS-X co-production must be qualified with the realization that derived technology is not a benefit that necessarily narrowly accrues to Japanese industry. Leading Japanese technologies brought to the FS-X program can benefit US industry as well, if firms are flexible enough to apply it. In addition, technology "spin-on," where commercial technologies are applied to military systems, is inherent in the development process itself, whether it takes the form of domestic development or co-development. Even if we

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[43] Between 1982 and 1988, MHI's percentage of total income derived from military equipment sales climbed from 6% to 15.4%.

[44] Nihon Keizai Shinbun, 18 February 1988.

assume that Japanese contractors will be able to export dual-use FS-X components for commercial and military end-uses, the participation of MHI and other major holders of Japanese defense technology in co-development and co-production is, on its face, an unequal business proposition.

To implement FS-X on these terms, the Japanese government provides direct and indirect incentives to Japanese contractors. Indirect compensation takes the form of designating MHI as the import agent for F-16 modification. Of the five general trading companies (*sōgo shosha*) fiercely competing as import agency candidates -- C. Itoh Shoji, Mitsui Shoji, Sumitomo Shoji, Marubeni Shoji, and Mitsubishi Shoji -- Mitsubishi got the nod. JDA made this decision in spite of Marubeni having been the logical choice according to JDA's own stated criteria: (1) the import agent should not have major connections to US rivals of General Dynamics, and (2) the undesirability of one Japanese firm holding commercial rights from import to development.[45]

Direct compensation of Mitsubishi takes the form of R&D cost payments. In FY 1988, after the government-government MoU was signed, R&D costs for co-development of the six prototypes amounted to ¥190 billion.[46] Initial Defense Agency FS-X expenditure requests amounted to of ¥12 billion for basic design

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[45] See Yomiuri Shinbun, 10 May 1988, and "The Opening of an Era of the 'Two Giants' Among the General Traders," Sentaku [Selection], February 1988, Tokyo.

[46] Nihon Keizai Shinbun, 24 August 1987.

and technical assistance fees.[47] In FY 1989, the Defense Agency requested ¥25.8 billion for basic design work, and planned a five-year funding request in FY 1990 of ¥124 billion for detailed design and prototype construction.[48] The following year JDA made additional payments to Mitsubishi, settling a dispute with General Dynamics over the appropriateness of technology guidance fees.[49]

In effect, the Defense Agency underwrites the economic benefits flowing to US aerospace industry, tightening the overall military-economic quid pro quo. From the viewpoint of Japanese aerospace firms, which depend on Defense Agency procurement for 80% of aerospace sales, this stipend paid to American competitors is hardly a source of happiness. What are the political issues associated with this aggravated quid pro quo, in light of the rising competition in military technology examined in the previous section? The political dimension of FS-X is discussed next.

Military-Economic Linkage

Politically, the FS-X is a potentially volatile combination of military and economic competition, merged by technology

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[47] Aerospace Japan Weekly, No. 848, 14 December 1987, p. 1.

[48] The Wing Newsletter, 9 November 1988.

[49] Nihon Keizai Shinbun, 22 December 1989.

transfer issues. Like the 1981 accord, attitudes toward the FS-X deal contain an element of uncertainty about the nature of the alliance; however, unlike the military role-sharing agreement, FS-X has not yet stirred a domestic storm for the Japanese administration. Recall that in 1981, a bilateral agreement presented the military specter of an expanded Japanese commitment that stretched the boundaries of constitutional constraints, while a tightened quid pro quo reassured the existence of the 1960 security framework. The existence of two disagreeable alternatives -- alliance against a common threat, or an unequal quid pro quo -- resulted in domestic vulnerability for the Japanese administration.

FS-X poses a different set of choices. It began simply as a replacement for an aging, domestically-produced aircraft, with no ostensible geographic extension of military capability or increase in military missions. Militarily, FS-X foreshadows increased competition in defense technology cooperation, a less politically objectionable prospect than increased Japanese military commitment overseas. As a financial tightening of the quid pro quo, FS-X is more visibly unequal than its 1981 counterpart -- an inequality sharpened by business terms offering tangible if short-term American benefits and less certain yet strategic Japanese technological benefits. The new political choices involved in FS-X are questions of technology transfer -- how can we compete in defense technology while also meeting

requests for technology from one's ally and main economic competitor?

The emergence of technology transfer issues as matters of national security is a potentially explosive departure from the 1981 *sei iki* agreement to separate military affairs from trade and political disputes. The sudden mixture of military and economic facets of national security in FS-X leaves less room for compromise regarding less vital interests, exacerbating mutual suspicions about strategic intent. Additionally, the increased role of government officials in economic security holds the potential for increased friction at the level of political institutions. In past licensed co-production agreements, such as the F-15 F100 engine, the role of DoD officials was generally confined to reviewing components for foreign release, or in following the US contractor's recommendation for local manufacturing content. In Japan, the Ministry of International Trade and Industry clearly has had the leading role over any Defense Agency concerns, and particularly since 1988, both have increasingly collaborated with Japan's aerospace heavy industry foursome -- Mitsubishi, Fuji, Kawasaki and Ishikawajima-Harima.[50] But in co-development activities that require closer sharing of processes and creation of technology, security-

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[50] See Richard J. Samuels and Benjamin C. Whipple, Defense Production and Industrial Development: The Case of Japanese Aircraft M.I.T.-Japan Science and Technology Program Paper 88-09, Massachusetts Institute of Technology, 1988.

minded officials on both sides of the Pacific believe in developing and protecting technologies deemed vital to national military and/or economic advantage. Given this situation, it is not surprising that Japanese and American officials involved in FS-X negotiations regard the project as an important transition in bilateral security relations, but hardly a model for future cooperation.[51]

The new potential for political tensions is well illustrated by the official categorization of technological know-how as either military technology, commercial technology or dual-use technology, and by the distinction between foreground knowledge and background knowledge. These delimitations have created a broadened bargaining arena for state pursuit of military and economic advantage in the name of national security.

Under the 1983 technology transfer agreement in which Japan committed itself to encouraging military technology transfers, "military technologies" were defined as those involved in the design and production of 11 listed "arms" as set forth in Japan's ban on military exports, the Arms Export Policy Guideline of 1976:[52]

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[51] This opinion was repeatedly expressed in interviews with members of the FS-X Steering Committee, Mutual Defense Assistance Office, Department of State, Defense Agency, Ministry of Foreign Affairs, US Air Force, and Air Self-Defense Forces in Tokyo, June-August 1990.

[52] Japanese Military Technology: Procedures for Transfers to the United States (Washington, D.C.: OUSDRE/IPT, 1986), pp. 5-6.

Item Number	description of military technology
197	Firearms and cartridges to be used thereof (including those to be used for emitting light or smoke), as well as parts and accessories thereof (excluding rifle scopes)
198	Ammunition (excluding cartridges), and equipment for its dropping or launching, as well as parts and accessories thereof
199	Explosives (excluding ammunition) and jet fuel (limited to that the whole calorific value of which is 13,000 calories or more per gram)
200	Explosive stabilizers
201	Military vehicles and parts thereof
201-2	Military vessels and the hulls thereof, as well as parts thereof
201-3	**Military aircraft, as well as parts and accessories thereof**
202	Anti-submarine nets and anti-torpedo nets as well as buoyant electric cable for sweeping magnetic mines
203	Armor plates and military steel helmets, as well as bullet-proof jackets and parts thereof
204	Military searchlights and control equipment thereof
205	Bacterial, chemical, and radioactive agents for military use, as well as equipment for dissemination, protection, detection, or identification thereof

Table 6.1

In 1988, "Directed energy weapons and parts thereof" was added to the above list.[53] Separate from the category of

[53] "Exchange of Notes Amending the Japanese List of Technologies Considered to be Military," dated 8 January 1988 in Japanese Military Technology: Procedures for Transfers to the United States, Ed. 2 (Tokyo: Mutual Defense Assistance Office, 1990), Tab C.

military technology is dual-use technology -- usable for both military and non-military commercial products -- and commercial technology. Dual-use technology is not covered by the 1976 ban on arms exports, so for export purposes, commercial and dual use technology are identical.[54]

Security-related, state categorization of knowledge risks more political discord because the logical choices confronted by negotiators involve judgments about the relative value of military and economic security interests, rather than leaving economic matters aside. Differences in relative security priorities means both states naturally harbor interests in military and economic advantage, but in varying degrees. In Japan, the institutional salience of economic security concerns in the form of industrial policy is historically and constitutionally rooted, and has been noted in previous chapters. Military interests are tightly constrainted so their legitimate expression occurs in the realm of military technology. In the United States, industrial policy is formally eschewed, but there is a growing belief that national security rests on economic competitiveness as well as military strength.

For instance, in July 1989, the Defense Science Board Task Force recommended that military and economic security be addressed together, explicitly drawing on lessons learned from

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[54] In 1982, MITI announced a policy in which the nature of an export product, and not its ultimate use, determined its military status.

the FS-X experience.[55] The same year, the Defense Authorization Bill specified that the Defense Department should include the Commerce Department in consultations on memoranda of understanding with foreign governments. In March of 1990, the Director of the Defense Advanced Research Projects Agency (DARPA) was dismissed after advocating a form of industrial policy -- government-financed, high technology projects to compete with Japan's Fifth Generation 64-megabit micoprocessors. Economic security concerns find more opportunities to pressure DoD through interagency reviews that include Commerce recommendations on licensing approval and Commerce membership on the US-Japan FS-X Technical Steering Committee. In addition, an elaborate technology control procedure within DoD among the Defense Technology Security Administration, National Disclosure Policy Committee, Service Program Managers, and US industry contractors ensures industrial technologies critical to sensitive military systems are denied to competitors.

The entrance of these economic concerns into the security bargaining arena increases the possibility that the negotiated outcome will not be a cooperative complement of interests. For example, if we assume a belief structure among state negotiators in which economic advantage is to be maximized, US interests rationally lie in a broad definition of military technology, and

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[55] Defense Science Board Report on Defense Industrial Cocperation With Pacific Rim Nations, 27 July 1989 Mutual Defense Assistance Office, US Embassy, Tokyo.

Transition to Co-development

Japanese interests reside in a narrower definition that allows for categorizing more technologies as dual use. This is because if technology is defined as military, Japan is prohibited from exporting it, and therefore is more likely to grant US access to it under the 1983 technology transfer agreement. If we assume that military advantage against a common enemy is more highly valued, then both states' interests are in a narrow definition of military technology rather than a broad definition. In fact, this was the state of affairs during the Vietnam conflict, when a short Japanese military technologies list was favored for at least two reasons: (a) to minimize domestic Japanese opposition to the Japanese administration's support of US activities in Vietnam, and (b) to reap the benefits of opportunities for dual technology applications to US military hardware, such as Sony TV-guided bombs.

The potential for political disagreement intensifies with the added distinction between background knowledge (derived technology) and foreground knowledge (technology each side brings to the project). The FS-X agreement grants free technology flowback to the US in cases of Japanese foreground knowledge, just as F-16C foreground knowledge brought to the program is provided to Japan. Background knowledge, however, is subject to purchase by the other party. The following matrix illustrates the possibilities and logical state preferences under these classification rules:

Military-Economic Issue Linkage

	military technology	dual use technology
background knowledge	I. Japanese exports prohibited free technology flowback to US	II. Japanese exports permitted free technology flowback to US
foreground knowledge	III Japanese exports prohibited no free technology flowback to US	IV Japanese exports permitted no free technology flowback to US

Table 6.2

Quadrant I maximizes US interests, while quadrant IV maximizes Japanese interests. Japanese interests always favor IV and II -- there is no incentive to favor a long military technologies list, given the prohibition on military exports. In the case of a uniquely military technology, however, Japan's interest is to claim that it was derived from FS-X in order to deny free flowback and gain payment. The calculation of US interests is more flexible, depending on whether denying Japanese exports and obtaining sole US access to the technology are more or less important than obtaining free flowback of that technology. If Japanese technology is categorized as military rather than dual use, then Foreign Military Sales procedures and Japanese export prohibitions apply, allowing US access to the technology while denying it to other states. If the technology is considered dual use, then the debate centers on technology

ownership rights.[56]

Dual-use issues constitute the most likely arena for bargaining, because Japan's only incentive in bringing singularly military technology (such as directed-energy weapons) to the bargaining table is to sell it to the United States, since Japan cannot export it. In this case, the US interest is to claim it has the technology anyway, gaining free flowback. High level political disputes are more likely because in all circumstances, the introduction of economic matters into the security bargaining arena presents Japanese negotiators with more undesirable outcomes (as long as military exports are prohibited), and provides American negotiators with an official opportunity to consider security goals of economic advantage.

Two specific public instances of FS-X technology issues illustrate the increased potential for these types of political tensions. In 1989, Mitsubishi demanded that General Dynamics pay "technology guidance fees" to reimburse MHI for certain background knowledge -- how to achieve integrated plasticizing of

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[56] Ownership rights to classified patents is likely to be a persistent source of contentious issues. Resolving technology ownership rights on such strategically important components as superconductors is complicated by failure to enforce the 1956 Patent Secrecy Agreement, in which both states pledged to facilitate the flow of defense technology while also protecting ownership of classified patents. The lack of a patent secrecy law in Japan until 1988 meant that if Japanese firms could develop or acquire technology invented and classified in the United States, a patent application in Japan would be recognized. Ownership in Japan is determined by time of application, not time of invention, creating a potentially enormous array of technology ownership issues between 1956 and 1988.

compound materials, which is part of the FS-X co-cured wing process. MHI interpreted the 1983 technology transfer agreement as permitting such fees, since the exchange of notes did not explicitly prohibit it. MHI also asserted that it was the originator of the technique and was three to four years ahead of GD. General Dynamics apparently acknowleged that the technology was unique, but refused payment based on the government-to-government agreement, which had determined background technology/knowledge as subject to free flowback. GD's interpretation of the 1983 agreement was that only the non-recurring recoupment fees mentioned in the exchange of notes were intended to be included. Expectedly, the Defense Agency and Department of Defense reflected the positions of their national firms. The issue was finally resolved by forcing the Defense Agency to pay compensation. JDA had to bear the total cost of the fees as FS-X development costs in order to preserve the overall military-economic quid pro quo, a situation resented by many Self-Defense Forces and Defense Agency officials.

Derived technology sales to third countries provide a second example of heightened potential for political friction. General Dynamics reportedly proposed its "Agile Falcon" version of the F-16 to several European countries, in which wing enlargement is a major improvement. It is unclear whether widespread distribution of FS-X-related technology via GD would fall under Japan's arms export ban, although classifying the technique as dual use rather

than military technology may overcome this obstacle. If the technology is defined as being military, then the ability to make distinctions between the development concepts of General Dynamics' Agile Falcon and Japanese improvements to the F-16 will be important to establishing separate ownership of different technologies, thereby allowing for the legal transfer of an FS-X-derived US technology to third countries.[57] In either case, the issue of US reimbursement to Japan will turn on how the knowledge is categorized -- Japanese background knowledge brought to the program, or American foreground knowledge derived from it. If determining who owns the rights to manufacturing processes generated from co-development becomes a burdensharing issue linked to the overall quid pro quo, the potential for poltical conflict will increase.

When considered in light of the two other dimensions to the emergent security bargain -- competition in military technology and an aggravated quid pro quo -- the introduction of technology transfer issues into the official security arena presents an overall security bargain whose main components are more likely to be in conflict. The opportunities for militarily-relevant economic conflict are greater than they would be if the *sei iki* separation were observed. The preservation of a military-

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[57] As a matter of practicality, Japanese officials have acknowledged that in the event the US requests transfer of jointly-developed technology to third countries, it will be difficult to refuse. Tokyo Shinbun, 4 June 1988.

economic quid pro quo is complicated, if not made irrelevant by issues that confuse the distinction between military and economic matters. Overall, the security bargain of unequal and dissimilar contributions to security that has provided a basis for bilateral cooperation is made to be less stable. The next section outlines how this came about in the FS-X negotiation process from 1981-1990.

Historical Analysis

The course of the FS-X security bargain as revealed so far are related in three steps:[58] (1) initial posturing by the principal actors, (2) announcement to co-develop and co-produce, and (3) source selection and detailed negotiations.

Initial Posturing

The period from 1981 until May 1986 saw key elements of the Japan Defense Agency advocating domestic production of a new Japanese fighter, and DoD maneuvering for direct foreign military sale or licensed co-production of an existing US fighter. By 1982, plans for a domestic successor to the F-1 had been discussed in a July National Defense Council meeting (*kokumu*

[58] This analysis relies heavily on Andrew J. Button's authoritative account of the FS-X negotiating process. Button, Cooperation in the Development of the FS-X.

kaigi in 1982, *anzen hoshō kaigi* [National Security Council] after the 1 July 1986 reorganization), with the Defense Agency, Air Self-Defense Force and Japanese industry determined to retain the F-1 market.[59] Domestically, Japan's military-technological potential was enabled by initiatives that tended to enhance JDA institutional prerogatives such as: the 1981 role-sharing agreement, which provided a legitimate, expanded military mission; comprehensive force modernization involving highly advanced defense weapon systems; annual defense spending increases of 5-6%, which occured amid general fiscal tightness; proliferation in military-related R&D directly benefiting the JDA Equipment Bureau and Technical Research & Development Institute; and the 1983 technology transfer accord, which gave the Defense Agency a seat on the Joint Military Technology Commission with the Ministry of Foreign Affairs and the Ministry of International Trade and Industry -- and without Ministry of Finance representation. In addition, the 20-year designed service life of the F-1 would expire in 1995. With 10 years being the normal length of time to design and produce a modern aircraft, the early 1980s was a rational starting point for studies positing F-1 replacement options.[60]

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[59] Asahi Shinbun, 4 April 1989, contains a useful and brief chronology of some FS-X events.

[60] The Samuels and Whipple study suggests that JDA's decision to delay FS-X competition from 1981 to 1986 was strategic, allowing Japanese industry time to propose a domestic aircraft that could compete with foreign rivals. Samuels and

By September of 1985, TRDI had conducted an FS-X feasibility study of Japan's aerospace industry, concluding that all components except the engines could be domestically manufactured. Three options were prepared to incorporate FS-X into the upcoming five-year Mid-Term Defense Plan: purchase of an existing foreign aircraft, domestic development of a new fighter, and upgrade of the F-4EJ. The latter was the least preferred option as the 21st century successor to the F-1, which left the foreign competition as the only practical obstacle to achieving domestic development. With initial prodding and support of Japan's aerospace and ordnance industries, domestic development had gained support within the Defense Agency, particularly among technical experts in TRDI, the Air Staff Office and the Equipment Bureau, as a means to reduce Japanese dependence on externally supplied, primarily-US military hardware. A more autonomous SDF rear support structure, desires of prestige to defend Japan with Japanese technology, and an interest in retaining the F-1 market all supported the internal push for indigenous "succession and development of the fighter development technology."[61] Then, with barely disguised intentions to eliminate foreign sources from the competition, the Air Staff Office established the FS-X Program Office, which began a study of the domestic option

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Whipple, "Defence Production and Industrial Development," pp. 17-18.

[61] Joint Staff Council Chairman Shigehiro Mori, quoted in Tokyo Shinbun, 29 Jun 87.

against the F-16, F-18 and Panavia Tornado. The single-engine F-16 was chosen despite the fact that initial JDA operational requirements, unknown to the US side at the time, called for a two-engine aircraft. Versions of the F-15, whose air-air C model was already being produced under license in Japan, was not initially studied, in spite of the highly capable air-ground F-15E Strike Eagle.

In November, the Defense Agency sent surveys to the DoD's Defense Security Assistance Agency (DSAA) about F-16 and F-18 performance and cost data, to be returned within two months in order to stay in the running for the competition. As the key DoD agency involved in Foreign Military Sales, DSAA saw a clear opportunity for another direct sale of an American fighter, and consulted with Air Force (F-16) and Navy (F-18) service officials, and US industry representatives. DSAA primary interests were two-fold: (1) to assure that the "best" US aircraft win in terms of mission-relevant performance and cost, and (2) to prevent a bidding war among General Dynamics and McDonnell Douglas that would result in unfavorable economic returns to US industry as a whole. A key problem for DoD was that sufficient information on FS-X operational requirements was not being provided by JDA, preventing a thorough mission area analysis and a reliable estimate of prospective economic returns to US industry. Denied this information, US officials were at a bargaining disadvantage as they stressed to JDA the importance of

military requirements to the aircraft selection process. Consequently, when Defense Security Assistance Agency officials returned the completed JDA questionnaires, they included their own list of questions. This inquiry was designed to gain information about FS-X mission requirements that would benefit General Dynamics and McDonnell Douglas design proposals.

Decision to Co-develop/Co-produce

Two events in 1986 moved DoD and JDA away from the initial stalemate of domestic development versus direct sale/licensed production, and led to the co-development and co-production announcement in June, 1987: (1) DSAA's suggestion to General Dynamics and McDonnell-Douglas to provide modified versions of the F-16C and F-18 as alternative competitors, and (2) JDA's eventual release of specific FS-X operational requirements to DOD and US industry. Motivated by a perceived strengthening of the domestic development option in Japan, DSAA suggested General Dynamics and McDonnell Douglas provide alternatives more suited to Japanese needs than existing F-16 and F-18 aircraft, which elicited four GD development proposals (SX-1, SX-2, SX-3, SX-4) and a MDD F/A-18 Super Hornet Plus blueprint with advanced avionics and flight control systems. Enhancements to the F-16C included increasing the wing area from 17% to 120%, internal fuel capacity increases from 7% to 85%, use of composite material in

wing and center fuselage ranging from 35% to 42% (percentage aircraft weight), and twin engines (SX-4). Super Hornet proposals included canards, high strength windscreen, growth engine inlets, a drag chute.[62]

As General Dynamics and McDonnell Douglas developed these proposals, the Director General of the Bureau of Defense Policy visited US aerospace firms and the Department of Defense in May, one month before the JDA deadline for FY 1987 budget submission. Mutual suspicion about strategic intent increased as JDA rejected two DoD requests: (1) a joint comprehensive feasibility study to evaluate the most suitable aircraft among foreign and Japanese domestic options, and (2) the signing of a government-to-government memorandum of understanding prior to source selection. Each of these requests involved an opposing set of perceptions about national economic and military interests.

The first request pitted US interests in FMS for the future development of the F-16 Agile Falcon and F-18 Super Hornet against JDA and Japanese industrial interests in developing an independent capability to develop and produce advanced aircraft. Within JDA, short-term military needs argued for the purchase of a proven US aircraft that would ensure alliance interoperability, while long-term Japanese military concern over single-source supplier dependence favored domestic development.

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[62] Ibid, assorted attachments.

The second DoD request of obtaining an early MoU arrayed US industrial interests of locking in American participation against those of Japanese contractors who obviously preferred to lock them out. Even in a domestic development arrangement, the consortium of Japanese contractors would have to distribute workshares among at least four major Japanese competitors (Mitsubishi, Fuji, Kawasaki, and Ishikawajima-Harima). Also, DoD fears that the Self-Defense Forces might be attempting to move toward strategic autonomy ran against the SDF military rationale for developing an indigenous capability for self-sufficiency.

In June, one month after the failed Japan Defense Policy Bureau visit, the American proposals arrived in the Defense Agency, effectively stalling a JDA budgetary decision to proceed with domestic development. Following failed TRDI and ASO bids to gain FS-X funding for FY 1987 in August, the Defense Agency invited General Dynamics and McDonnell-Douglas to present their proposals the following month. Upon arrival in Tokyo, a specific list of operational requirements was furnished for the first time, revealing the two-engine criterion. In response to this apparent elimination of the F-16 from consideration, General Dynamics quickly proposed plans for a twin-engine variant of the F-16, the SX-4. In view of the sudden revelation of operational requirements, both American firms requested and received until January 1987 to resubmit their proposals. In the interim, TRDI's Director General visited Department of Defense in December in

another Defense Agency attempt to gain US support of the domestic option. As General Dynamics and McDonnell Douglas worked on new proposals incorporating the JDA specific operational requirements, DoD officials continued to reject JDA arguments for domestic development. For their part, TRDI did not accept a DoD counter-proposal that JDA and DoD form a Joint Executive Group to study all FS-X alternatives.

During January, both sides marshalled their data in preparation for a DoD trip to Japan aimed at further dissuasion of the domestic option. While DoD tasked the Air Force to conduct a cost-performance study of the F-15E and the Office of the Joint Chiefs of Staff prepared a regional threat scenario analysis for Japan, the Defense Agency announced the FS-X Joint Research Council, a consortium of the five leading Japanese aerospace firms designed to support domestic development. In March and April, Assistant Deputy Undersecretary of Defense Gerald Sullivan led a team to the Defense Agency which effectively criticized the domestic option on grounds of excessive cost, failure to take into account multiple threat scenarios, and inadequate consideration of combined US and Japanese military capabilities. During the meetings, the Japanese consortium study group (FS-X Private Joint Research Council) also submitted its report, recommending autonomous development of an aircraft capable of carrying four air-to-ship missiles (MHI), powered by twin engines produced under foreign

license (IHI), and capable of Mach 2 flight. MHI, KHI, and FHI would develop and produce the fuselage and Mitsubishi Electric would provide weapons control radar. The cost was estimated to be ¥5-6 billion per plane, compared to ¥2 billion for the F-16 (apparently eliminated under the two-engine requirement), ¥3 billion for the F-18, and ¥5 billion for the F-15. The higher domestic cost was defended as "necessary for strengthening the ability for technology development for domestic production and also for strengthening the rear-support set-up of the SDF."[63]

Following the Sullivan Report's critical appraisal of Japan's domestic option was a timely April announcement made by the Reagan administration that Toshiba Machine Company had sold highly sensitive submarine propeller-milling technology to the Soviet Union.[64] The failure of MITI's Security Export Control Office to prevent Toshiba from circumventing the COCOM (Coordinating Commitee for export control) ban against the technology not only prompted Congressional pressures for sanctions against Toshiba, but also afforded the Commerce and Defense officials an opportunity to tighten the quid pro quo through increased Japanese economic contributions. From the perspective of US security interests, a substantial 10-year

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[63] Asahi Shinbun, 28 May 1987.

[64] An excellent case study is Dan Granirer's Multinational Corporate Power in Inter-state Conflict: The Toshiba Case, Olin Institute Economics and National Security Program Paper 90-003, January, 1990.

investment in submarine technology had been neutralized by the Toshiba betrayal, and it seemed reasonable to hold the Japanese government accountable for the resultant diminution of allied submarine detection capabilities. Where US policy makers saw an appropriate link of FS-X to a larger alliance burdensharing context, however, Japanese defense contractors, TRDI and JDA Equipment Bureau advocates of domestic development regarded the matter quite differently. This was an unfair intrusion of trade concerns. Diet members including LDP members also voiced displeasure with such pressure tactics, particularly in light of ongoing Diet debates over the purchase of extremely expensive American defense hardware such as the AEGIS missile cruiser and AWACS aircraft.[65]

In the wake of the Sullivan Report and rising Congressional and administration pressure to link FS-X to broader trade concerns, Japanese pro-domestic development groups sought some way to preserve the domestic option. This was accomplished with classic ambiguity in two meetings in May 1987. On 21 May, in a National Defense Joint Meeting of three LDP departments relating to national defense, Defense Agency Director General Kurihara effectively asserted JDA authority over the FS-X selection process by gaining acceptance of three principles to guide FS-X selection: (1) selection from strictly a military technology

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[65] See "FSX no kettei o meguru 'ziguzegu' no haikai," [The FS-X decision zigzag's background] Jiyū [Freedom], Vol. 29, November 1987, pp. 10-31.

standpoint (2) importance of Japan-US interoperability (3) not being swayed by the defense industries.[66] Five days later in a Lower House Diet Security Special Committee meeting, the JDA Defense Bureau Chief announced a two-stage formula in which independent development remained the core of the FS-X co-development project. Co-development would take place with maximum participation of Japanese firms, but the decision to mass produce would be subject to change in 7 or 8 years.[67] With the two-stage formula in mind, JDA could now accept the findings of the Sullivan report, offer co-production, and in practice preserve the domestic option. In June 1987, Director-General of the Bureau of Defense Policy Nishihiro visited DoD, offering co-development of either the F-15, F-16, or F-18 to Assistant Secretary of Defense for International Security Affairs Armitage and Defense Security Assistance Agency Director Gast.

Source Selection & Detailed Negotiations

Following the announcement of the co-development decision, the FS-X Joint Study Team visited General Dynamics and McDonnell

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[66] Yomiuri Shinbun, 1 July 1987, and Nihon Keizai Shinbun, 21 May 1987. During the meeting, the impact of independent development on the long-term future of Japan's defense industry and short-term military benefits of licensed and co-production were discussed, with the understanding that the ultimate decision was to be made by JDA.

[67] Yomiuri Shinbun, 12 June 1987.

Douglas to discuss aircraft selection and workshare arrangements. In addition to the workshare issue, both sides differed with respect to the choice and timing of source selection. Besides the military-rational criterion of cost and performance, Japanese economic interests favored the aircraft most likely to provide Japanese industry with new technology. This eliminated the F-15, already being produced under license in Japan, and raised questions about the F-18, which contained more technology likely to be withheld by the DOD as sensitive military information.[68] In July, Prime Minister Nakasone added cost-effectiveness to JDA Director General Kurihara's three principles for FS-X selection, presenting US competitors with the perplexing possibility that the single-engine F-16 might prevail over the F-15 and F-18. Some US officials interpreted the confusion as JDA stalling the source selection process until US ire over the Toshiba incident subsided. On the US side, the economic impact also was weighed in by considering the balance of economic benefits flowing back to US industry as a whole. This point appeared to favor General Dynamics over McDonnell Douglas, since GD was a relative newcomer to the Japanese market, without a Tokyo office or dedicated import agent.

With these considerations likely in mind, in the fall of 1987, the US FS-X Steering Group decided to press for the

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[68] Interview with MDAO official, US Embassy, Tokyo, 10 August 1990.

negotiation of a government-to-government MoU before source selection in order to lock in specific economic objectives, such as: a 40% minimum workshare for US industry in development and production phases, free and automatic flowback of FS-X derived technology, and reimbursement for non-recurring recoupment costs of each aircraft produced.

In October, before the end of Prime Minister Nakasone's term, Bureau of Defense Policy Director-General Nishihiro revealed to Assistant Secretary of State for International Security Affairs Armitage in Washington that either the F-15J or F-16 (SX-3 version) would soon be selected for joint development. The next day, Defense Minister Kurihara and Secretary of Defense Weinberger announced the decision to cooperate in co-development. On 23 October, the Japanese National Security Council approved the F-16 SX-3 plan, reportedly following JDA recommendations. Subsequent meetings between Mitsubishi and General Dynamics soon stalled on the free flowback issue as government-to-government MoU negotiations began in Washington.

On the vague goal of supporting overall US-Japan relations through the strengthening of defense ties, there was general agreement. However, on the details of project leadership, workshare percentages, flowback of FS-X technology, and patent rights, considerable disagreement helped prolong the talks for one year. Initially, delay stemmed from Defense Agency budgetary constraints -- negotiations could not begin until the first full

year of FS-X funding had been passed in the Diet. Beyond that, Japanese negotiators held to a 70% workshare position and overall project leadership on the grounds that the entire project was being funded by the Japanese government. Against these stances were DOD desires for protection of classified technology in light of the Toshiba incident, and its decision to protect the US aerospace industrial base with a 40% workshare. At the core of the problem in resolving new issues of technology transfer was a basic asymmetry in government-owned military technology. In contrast to the DoD's R&D investments and ownership of defense technology, JDA claimed that it did not own most of the desired FS-X technology, and could not force Japanese firms to hand it over to the United States.[69] On 29 November 1988, the memorandum of understanding was signed. The Japanese Government had won US acceptance of Japanese program leadership, assuming 100% of program costs and promising a joint effort within the framework of mutual defense:[70]

1. The Government of Japan will bear all FS-X program costs, and will plan and implement FS-X development in cooperation with the United States.
2. Both US and Japanese industries will participate in FS-X.
3. FS-X will adhere to MDAA guidelines and the 1956 Patent

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[69] Interviews with JDA Bureau of Defense Policy and Ministry of Foreign Affairs officials.

[70] Memorandum of Understanding Between the Government of the United States and the Government of Japan, No. 847, November 29, 1988, signed in Tokyo by Minister of Foreign Affairs Sousuke Uno and Ambassador Mike Mansfield.

Secrecy Agreement.
4. Government of Japan financial obligations are subject to Japanese budget authorization procedures.

This was followed in January 1989 by the General Dynamics-Mitsubishi LTAA (see page 328) and the continuation of detailed negotiations over technology transfer questions in the FS-X Joint Steering Committee. A final formal aggravation occurred during Congressional hearings that are required under the Arms Export Control Act of 1976. In the Senate, the Dixon Resolution that would have prohibited US involvement in FS-X was narrowly voted down, 52-47. However, the Byrd Amendment, which called for a 40% workshare in the production phase and prohibited applying US-supplied FS-X technology (such as the engines) to civilian industry, passed handily, 72-27. Congressional resistance to releasing F-16 technology to America's greatest economic competitor pressured the Bush administration to demand "clarifications" from the Japanese on the MoU. Congressional and Commerce pressure to use FS-X as a means to exact even greater Japanese economic contributions had gained extra momentum from the Toshiba incident, and it intensified as a result of turf battles early in the Bush administration.[71] This apparent weakness enabled the Bush administration to receive Japanese assurances of a 40% production phase workshare, free flowback,

[71] The Tower controversey, in which President Bush's first choice for Secretary of Defense, Senator John Tower (Texas), was rebuffed by the Senate, is a case in point. Japanese press at the time interpreted the early Bush administration as weak.

and access to all Japanese technology brought to the FS-X program. Although President Bush's veto of the Byrd Amendment prevented FS-X MoU negotiations from being formally re-opened, the lesson for many in the Defense Agency, MITI and even the Ministry of Foreign Affairs was that future large-scale joint development ventures in defense was uncertain, too conditional, and perhaps not worth the effort.

Explaining the FS-X Transition

Explaining the security bargain associated with the FS-X deal is still a tentative task, since FS-X is an ongoing program. Accordingly, this section attempts explanation and short-term prediction by identifying military, economic and political factors that have shaped the three most significant features as revealed so far -- the institutionalized competition for military technology, aggravation of the military-economic quid pro quo, and the politically volatile linkage of military and economic security matters.

Military Considerations

Since 1981, many changes in Japan's external strategic environment have reinforced the need to acquire and maintain defense technological superiority within the context of US-Japan

alliance. Increasing Soviet military power, a modernizing Chinese military, smoldering animosity on the divided Korean peninsula, and a fragmented and militarily insignificant Association of Southeast Asian Nations (ASEAN) favor the continuation of a US military guarantee and Japanese economic contributions to adhere it. In the wake of Gorbachev's July 1986 Vladivostok announcement that Soviet forces were defensive and determined by "reasonable sufficiency,"[72] Soviet Pacific power experienced unprecedented strategic and Far Eastern regional force improvements. In stark contrast to drawdowns in Eastern Europe and progress in the Strategic Arms Reduction Talks, the 1988 Intermediate-range Nuclear Forces Treaty, and the Conventional-armed Forces in Europe and Confidence and Security Building Measures negotiations, Soviet forces near Japan have actually increased. Soviet troops occupying Japan's northern territories were expressly excluded from Gorbachev's May 1989 stated intention to withdraw 120,000 troops from the Far Eastern Theater.[73]

Soviet strategic modernization affecting Japan's regional security role now includes new long-range air, ground and sea-launched cruise missiles, the world's largest Typhoon-class

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[72] Yu Nam Kim, "Perestroika and the Security of the Korean Peninsula," Korean Journal of Defense Analysis, Vol. I, No. 1, p. 149.

[73] General Chief of Staff Mikhail Moiseyev made this clarification soon after Gorbachev's announcement. Kyodo News, 19 July 1989.

submarine with a displacement one-third larger than the US Trident (Ohio-class) submarine, TU-22M Backfire bombers with greater speed and larger payloads than the B-1B, upgraded Bear H bombers, and Pacific Fleet and Pacific Aviation forces with greater firepower, mobility and ability to deliver precision-guided weapons. Also, the Soviet Pacific Ocean Fleet acquired three new principal surface combatants which upgraded ASW and surface warfare capability -- a Kirov-class (28,000 tons) nuclear powered guided missile cruiser, a Sovremennyy-class guided missile destroyer (7,300 tons), an Udaloy-class (8,000 ton) guided missile destroyer. Also deployed by the late 1980s were the new Akula-class nuclear-powered attack submarine, which carries the 3000-kilometer range SSN-21 cruise missile; Kilo-class diesel-powered attack submarines; and Helix B sea-based helicopters capable of delivering precision-guided munitions.[74] Japan's SLOC security role is also threatened by tactical aircraft with sufficient combat radius and enhanced payload capabilities, such as the 40 MIG-23 Floggers at Tennei Airfield on Etorofu Island, MIG-31 Foxhounds at Dolinsk-Sokol on Sakhalin Island, and SU-24 Fencers and SU-27 Flankers at Vladivostok.

Regional tensions also reinforce Japan's pragmatic need for continued military alignment with the United States. Chinese military modernization and Sino-Japanese distrust intensified in

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[74] Soviet Military Power 1987 (Washington: US GPO, 1987), pp. 68-69.

the 1980s. Significant factors have been the attempts to streamline and professionalize the huge Chinese army, development of a new F-8 fighter with night attack capabilities, successful firing of the first Chinese submarine-launched ballistic missile, renewed Sino-Japanese tensions over the disputed Daioyu (Senkaku) Islands between Okinawa and Taiwan, publicly expressed Chinese apprehensions over Japan's expanded SLOC role, and Japanese shock over Beijing's 1989 brutality at Tiananmen square.

In strategically important Korea, prospects for reunification continue to be questionable amidst bitter peninsular polemics, and Korean-Japanese friction is still strong. North Korean authorities continue to demand war reparations as part of its price for normalization with Japan, and a 1990 South Korean Ministry of Defense white paper reported increasing Japanese military capabilities as a "negative development." Japanese and Korean defense officials view Japanese-Korean military ties as perhaps a long-range possibility, less pleasing than their respective bilateral pacts with the United States.

ASEAN continues as a loosely organized political and economic grouping, eschewing an external military role and dissuading any of its members from establishing military ties with Japan. Although bilateral cooperation in internal security matters has increased among some member states, the rejection in 1982 of a Singapore government proposal to conduct multi-lateral

military exercises, is illustrative of what has been described as "ASEAN's allergy to the formation of a military alliance."[75] In May 1990, a suggestion by Thai Prime Minister Choonhovan that Japan and Thailand conduct joint naval exercises was rebuked by other ASEAN states.

Although the static nature of the regional strategic-military landscape has reinforced threat perceptions that support the bilateral security framework, rapid technological changes pose strategic alternatives that are certain to alter the differentiated exchange of relative security priorities. Security policy makers must decide the appropriate mix of national military-technological autonomy and joint military-technological collaboration needed to maintain technological supremacy. However, either choice is certain to erode the exchange of unlike contributions to security. Some institutional adjustments are already underway. Two-way technology transfer procedures and establishment of joint groups such as the Joint Military Technology Commission, Science and Technology Forum, and FS-X Joint Steering Committee provide new channels for military technology interactions. But will these institutions build trust and positive relationships for cooperation, or will they become levers to exact "unfair" contributions to security? How security policy makers filter and perceive the military-technological

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[75] James W. Morely, Security Interdependence in the Asia Pacific Region (Lexington, Massachusetts: Lexington Books, 1986), 134.

forces of change will be central to resolving this question.

On the one hand, traditional conceptions of military security assert that the successful pursuit of military-technological advantage depends on assuring a certain "secure" degree of independent weapons production capability considered integral to national security. Since World War II, US military planners have considered national development and application of technology as crucial to maintaining a qualitative edge in weaponry for successful military operations. Foreign sourcing has also received increasing concern.[76] Indeed, recent elation over the successful application of high technology in Kuwait and Iraq is beginning to be replaced by a realization that the bulk of the sophisticated weaponry so highly credited with the victory was developed in the 60s and 70s, during the height of US defense industrial predominance.[77] Japanese planners in TRDI and the Equipment Bureau similarly believe that autonomous aircraft development capability is militarily important to reduce Japanese

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[76] Recent reports by the Critical Industries Task Force of the Defense Manufacturing Board, the Joint Economic Subcommittee on Technology and National Security, and the Senate Armed Services Subcommittee on Defense Industry and Technology are questioning US dependence on single-source foreign suppliers for weapons systems such as the M-1A1 Abrams main battle tank and F/A-18 Hornet. Air Force Times, 4 March 1991.

[77] Although the recent successes in Operation Desert Storm have focused on leading edge technological systems such as the F-117A Stealth fighter-bomber, 80% of the precision-guided munitions and guidance systems used were at least 10 years older. The Paveway guidance kit for instance, used to convert a 2000-lb. gravity bomb into a laser-guided missile that flies itself to the target, was developed by Texas Instruments in 1967.

dependence on foreign-supplied defense components over the long term. Supply equals control; this is particularly desirable in areas such as composite materials and phased array radar, where Japanese technology is believed to be superior to that of the US aerospace industry.[78]

On the other hand, in spite of the traditional concern for national autonomy and efforts such as strategic stockpiling, development of synthetics and material substitutes. While the United States fares much better than Japan with respect to energy resources, both heavily rely on foreign sources for defense-critical materials such as chromium, cobalt, manganese and platinum-group minerals:[79]

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[78] A MELCO representative reportedly referred to the APA radar as "three to four years ahead" of the ultra-reliable radar being developed by Westinghouse, Texas Instruments, and IBM. Asahi Shinbun, 31 July 1987.

[79] Lawrence J. Korb and Robert H. Gromoll, "Defense Policy of the United States," The Defense Policies of Nations: A Comparative Study, 2nd ed., Eds. Douglas J. Murray and Paul R. Viotti (Baltimore: Johns Hopkins University, 1989), pp. 25-74, p. 63; Phillip Crowson, "Non-fuel mineral procurement policies," Japan's Economic Security, ed. Nobutoshi Akao (New York: St. Martin's, 1983), pp. 145-167, p. 149.

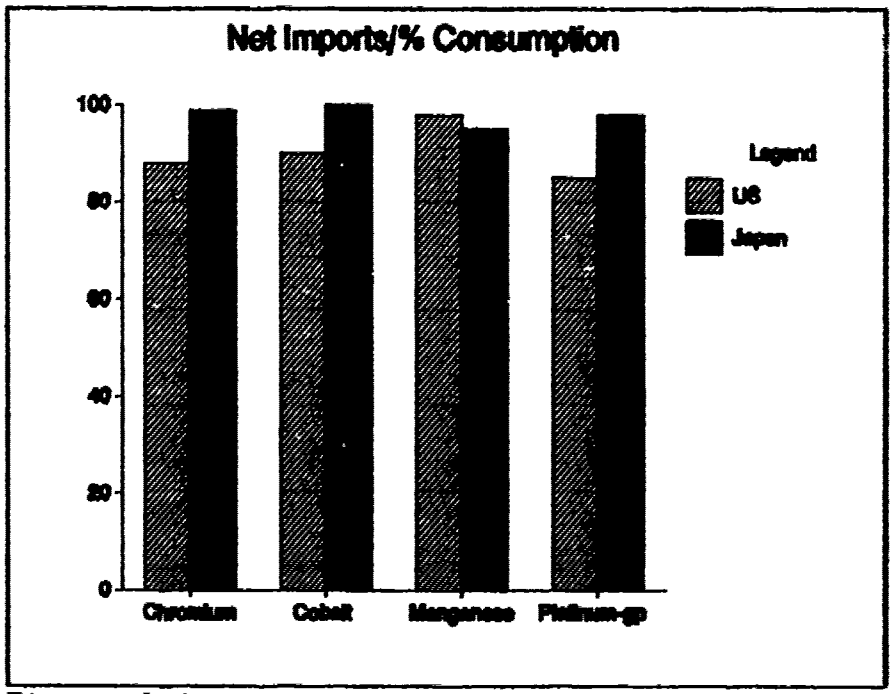


Figure 6.4

In order to maintain leads in defense technology, both states need global access to material resources, a skilled labor pool, sufficient capital and R&D facilities. So security policy makers are in a period of uncertainty, seeking ways to respond to technological and economic changes yet preserve "national security." How can the superiority of the national military-industrial base be preserved, if not by pursuing autonomous security? To reconcile desires for development autonomy with this need for global access to resources, a critical question to be resolved is, what degree of self-sufficiency is desired and feasible, and to what extent are the "allies" willing to share national defense assets to achieve it?

In this regard, FS-X can shape the relationship's future military division of labor. Based on current trends, such a division will be characterized by complex interdependence linking Japanese and American components with US system integration, Japanese hardware with American software, and capital to workshare ratios leveraged by Japanese firms. While security relations will undoubtedly involve more two-way technology sharing, it is also likely to include greater military-technological competition, and pockets of autonomous military roles for the Self-Defense Forces.

Economic Context

The economic forces affecting FS-X indicate that the military-economic quid pro quo is breaking down. During this transition period, mutual trust and close consultation will be needed to reduce alliance discord.

Japan's huge reservoirs of capital and increased government funding of high technology R&D offer the potential to achieve a degree of military-technological autonomy. Although Japan's domestic military market is constitutionally constrained, outlets for international export are provided by MITI's liberal categorization of dual-use technology which allows for components to be exported despite military end-uses. The 1983 technology transfer accord opened the US market for exclusively military

technology exports. Policy constraints have prohibited military goods exports since 1976, but foreign direct investment in American aerospace and semi-conductor companies provides Japanese defense contractors an alternative outlet.

However, the drawbacks of long-term foreign direct investment for national defense industries seem substantial. For Japan's heavy industry foursome, retaining domestic production lines must be a national priority -- witness the "FS-X Private Joint Research Council" consortium (see page 355) of heavy industries for long-term production. Keeping strategic industrial expertise and manufacturing centers within Japan means investing capital at home in R&D to move up the value-added ladder of higher-tech, rather than moving production offshore to lower wage (and lower technology) areas. This implies higher incentives for military exports in the future. The aerospace industry may be a prime candidate.

With capital surpluses and stagnant traditional heavy industries such as shipbuilding and steel (due in part to global surplus capacity), Japan's heavy aerospace foursome (Mitsubishi, Kawasaki, Ishikawajima-Harima, and Fuji) have greater economic incentives to emphasize their aerospace divisions, which rely on Defense Agency purchases for 80% of their output. Aerospace leader MHI's commercial demand for aerospace components accounts for only 10% of total output, and space development for 15%, reinforcing interests in domestic development of high technology

aircraft for the military market: "The basis is to bring together our knowledge and ingenuity to defend our own country with our own technology. Japan's industrial level is high and therefore though I do not say that we can do everything by ourselves, there are few things which we cannot do by ourselves."[80]

Large-scale co-development projects such as FS-X, even if we assume a low likelihood of commercial spin-offs, provide handsome economic incentives for heavy industry, JDA and MITI. In FY 1988, the first year in which FS-X contracts were authorized, JDA announced a record ¥1.39 trillion defense contract budget, awarding MHI ¥364.2 billion, KHI ¥150.3 billion, and MELCO ¥100.8 billion.[81] In addition, TRDI and MITI's Science and Technology Agency provide national laboratories and increasing funding opportunities for technological development with spin-on national defense benefits. MITI's regular R&D budget and Japan Key Technology Development Center (JKTDC) budget, a special corporation under MITI, have steadily increased in the mid to late 80s:[82]

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[80] MHI representative, Nihon Keizai Shinbun, 17 May 1987.

[81] Kyodo News, 7 April 1989.

[82] US National Science Foundation Reports 107, 132, 172, and 196, Ministry of International Trade and Industry Budget Report for Japan fiscal years 1985 - 1989, (Tokyo: US National Science Foundation).

MITI R&D and JKTDC combined budgets (in billion yen)

JFY 84	JFY 85	JFY 86	JFY 87	JFY 88	JFY 89
194.9	198.7	217.6	221.4	225.2	233.6

Table 6.3

The combination of large capital assets and ability of Japanese firms to capitalize on the diffusion of information technology have resulted in continued Japanese successes in defense-related processes. JKTDC's 13-member Sortech consortium, for instance, is constructing a huge synchrotron orbital radiation device for generating X-rays to etch high density chips for dual use components. Sortech is budgeted to receive $100 million from the Japanese government over a ten-year period, although the bulk of financing will come from its member firms. The tremendously high initial investment requirements of advanced technology manufacturing centers work to the advantage of Japanese firms. By 1990, the cost of a single chip fabrication plant is estimated at $1 billion, and defense contractors Fujitsu (P-3C anti-aircraft missiles), Hitachi (mine-sweepers), and NEC (Patriot anti-aircraft missiles) have begun heavily investing. Whether one assumes that technological advances take place incrementally or as a result of radical innovations, the need for high concentrations of capital funding and diverse R&D programs

is clear.[83]

Within this context of greater Japanese private and government R&D funding and rising technological capabilities in guidance systems, composite structures, and supersonic aircraft engines, Japanese security policy makers have indicated intentions to pursue a more independent military-technological capability. Officials from MITI, TRDI, and ASO have stated flatly that although FS-X is a joint venture, it is primarily a platform for increasing Japanese military-technological capability. At the same time, they have assured their US counterparts that commercial spin-offs from FS-X are negligible and uncertain, and that they harbor no intention to loosen controls on exports of military hardware. In short, joint military development is officially portrayed as a way to reduce economic frictions, rather than exacerbate them.[84]

Japanese capital surpluses and increased government spending in high technology R&D have narrowed the gap between defense-

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[83] See Christopher Freeman, Technology Performance and Economic Performance: Lessons from Japan (New York: Pinter Publishers, 1987) for an enriching study of technological innovation as the main source of international change and competitive strength.

[84] It is interesting to note that MITI plans to develop the "Comprehensive International Aviation Test Park" near Narita IAP, at a cost of ¥900 billion over 10 years (1990-2000), and is similarly marketed to achieve these two goals: (1) develop the capability to produce aircraft, and (2) reduce economic friction as a result of FS-X. The Test Park is to be superior in scale and quality to Boeing or NASA test facilities, to include testing high altitude engine performance and supersonic wind tunnels. Nihon Keizai Shinbun, 23 May 1989.

related high tech Japanese and American R&D, raising American anxieties about how to respond. Although the proportion of government-funded R&D to total R&D is about 20% in Japan, compared to 48% in the United States, this difference is likely to narrow. The ratio of JDA's Technical Research and Development Institute budget to overall defense related expenditures has steadily risen throughout the 1980s:[85]

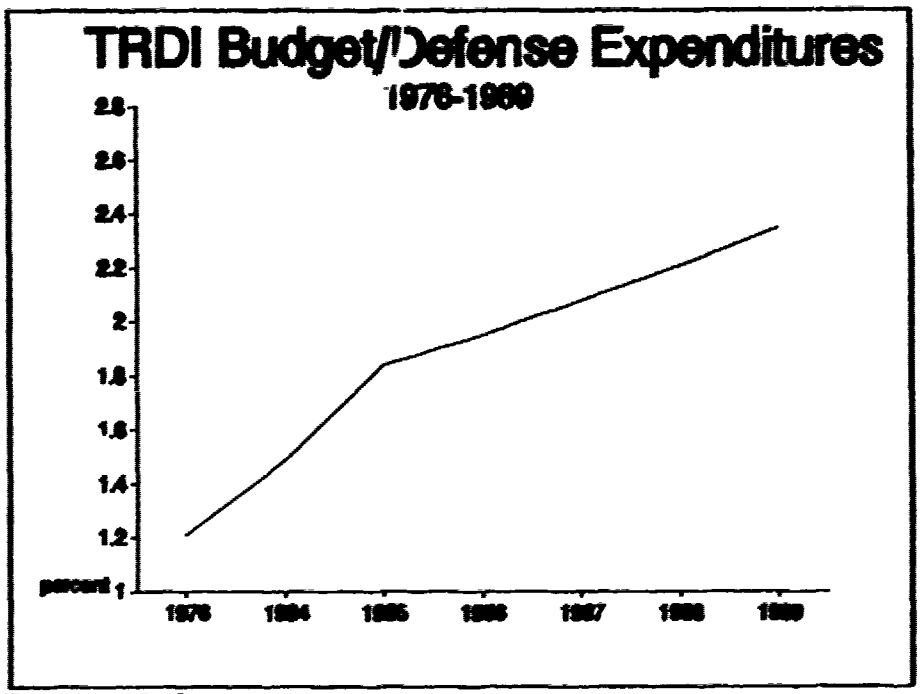


Figure 6.5

This gap is likely to be further reduced, as JDA's stated emphasis on commercial applications of technology with dual-use potential seems more efficient than the American approach. By contrast, the United States government has invested in narrower,

[85] Defense of Japan 1989, p. 143.

military-specific technologies (with uncertain civilian benefits), in order to maintain the military advantage of being a generation or so ahead of potential adversaries.[86] In the long run, the strategy that recognizes the economic foundation of military strength and technology will be more competitive. Furthermore, it is unrealistic to expect the ally with the more competitive security strategy to voluntarily change it. In 1990, the top five Japanese semiconductor firms spent twice as much on R&D than did the top five US firms. Between 1982 and 1987, Japanese R&D rose by 60%, compared to an American increase of 20%.

So far, the US government response to the question of how to maintain a competitive military-industrial base continues to be a bounded debate, shaped by a belief in free trade that confines the role of the government in security policy to military applications. Yet, state initiatives are severely limited by government and private capital shortages. Defense Advanced Research Agency-funded projects are unable to generate funding comparable to Japanese government-sponsored projects. An IBM-Motorola project in developing ultra-dense chips etched by X-rays, is described as "a rifle shot" compared to Nippon Telegraph & Telephone's similar project. Sematech's 1989 attempt to form a 14-member consortium (ironically named US Memories) for the manufacture of 4 mega-bit DRAM chips failed, despite a $100

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[86] US Congress, Arming Our Allies, p. 22.

million DARPA budget commitment. Los Alamos National Laboratory has an annual budget of $900 million and offers private companies access to advanced technologies, but focuses narrowly on weapons system applications. In light of these considerations and with the inclusion of the Commerce Department on all interagency government reviews for technology and production MoUs, economic security considerations such as development autonomy will likely gain more support within the US government.

However, the prospects for military-technological development autonomy are frustrated by forces of economic interdependence. Japanese capital outflows, having expanded five-fold from 1985-1990,[87] and the American need for it, have intensified Japanese interests in stable relations with its major financial and trading partner. Likewise, the deep American indebtedness to Japanese capital in order to finance its budget deficits (and Reagan defense buildup) militates against long-term technological advancement without Japanese participation. Japan's net overseas assets in 1988 comprised $290 billion -- the world's highest for the fourth consecutive year, and an increase of 37% over 1987. Direct foreign investment as a percentage of Japanese capital outflows and joint US-Japan production processes have multiplied, complicating the pursuit of national military-technological independence.

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[87] Kent E. Calder, "Japan in 1990: Limits to Change," Asian Survey, Vol. 31, No. 1, January 1991, pp. 21-35, p. 21.

Transition to Co-development

In semiconductor and aerospace industries in particular, Japanese firms have sought stability through foreign acquisition and diversification. Nippon Sanso KK floated a $23 million offer to acquire Semi-Gas Systems of San Jose, the largest US supplier of ducting systems for gases used in chip manufacture, only to draw Congressional animus on national security grounds. Since 1987, Japanese companies have bought out at least 18 US semiconductor manufacturers.[88] Diversification is provided by crosscutting alliances with US firms that are desperate to lower the cost of capital and expand capacity. IBM, while receiving $30 million in a DARPA-administered project to develop the first American compact synchrotron[89] at Brookhaven National Laboratory (Long Island), also has entered joint ventures with Mitsubishi Electris and NEC. Members of the Sematech consortium, which ironically was explicitly formed to increase US capabilities vis a vis Japanese competitors, have entered in ventures with Japanese firms -- AT&T with NEC, Texas Instruments with Hitachi and Kobe Steel, Intel with NMB Sem.conductor, and Motorola with Toshiba.[90]

The predicament for US-Japan security relations is that while economic interdependence frustrates the pursuit of

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[88] The Washington Post, 23 October 1990.

[89] A synchrotron is a ring-shaped particle accelerator that emits x-rays for etching electronic circuitry. The New York Times, 4 December 1990, p. C1.

[90] New York Times, 21 February 1990 and 23 April 1991.

development autonomy, it also erodes the military-economic division of labor that has been a defining characteristic of post war security cooperation. The analytic distinction of a quid pro quo involving different national security priorities is being overcome by complex economic ties. Clearly, the joint task is to work beyond short-term, domestic gains of development autonomy toward mutual acceptance of a more integrated sharing of alliance roles agreeable with economic realities. Such economic interdependence may theoretically be good for free trade and long-term prosperity, but it is, in the words of Deputy US Trade Representative Linn Williams, "a political shock."

Political Factors

Political factors will have the greatest effect on how institutions are going to react to the increased competition in military-technology, thereby affecting how stable the transition to co-development will be. Increasing numbers of actors and the advent of technology transfer issues mean security bargaining is no longer an exclusive game played by the Departments of Defense and State versus the Ministries of Foreign Affairs or International Trade and Industry. On the US side, the enhanced role of the Commerce Department in all foreign technology and production agreements became codified in the 1988 Defense Authorization Act, and in Japan, MITI and Finance play stronger

roles vis a vis Foreign Affairs than in the 1950s and 1960s. The presence of sub-national coalitions and divisions among DoD-Commerce, and MITI-MoFA-JDA-MoF complicates bargaining and easily results in ascriptions of strategic intent where no coherent plan in fact may exist. Unfortunately for prediction, this increasing fragmentation of defense decision making in the field of military technology makes for institutional alignments that vary according to the issue. What does the FS-X source selection issue tell us?

The issue of whether to domestically develop FS-X or purchase a US fighter divided sub-national institutions with stakes in security policy in both states. However, the division was more pronounced in Japan, where considerations of economic security seemed to produce more points of divisiveness than in the narrower, militarily dominant security approach in the United States. Relevant Japanese institutions favoring the domestic development option were the JDA's Technical Research & Development Institute, Air Staff Office, and Equipment Bureau, and MITI's Aircraft and Ordnance Office. Private firms with increased incentives for military contracts due to declining traditional sectors also pressed hard for domestic development. Pro-domestic development agencies within JDA were able to take the initiative with a feasibility study because the only DOD bureaucratic alternative to indigenous Japanese development was another DSAA direct sale under foreign military sales procedures. DoD organizational procedures simply did not exist for co-

development of technology, either in the Defense Security Assistance Agency or the Mutual Defense Assistance Office. But another direct purchase of a US fighter was not in the bureaucratic interests of Japanese actors arrayed against Japan's indigenous option -- MITI's Trade Bureau, the Ministry of Foreign Affairs, Ministry of Finance, and Defense Agency budget officials -- who traditionally hold interests in favorable trade relations and fiscal discipline. Co-development was.

Intermediate political pressures such as the Toshiba incident and US perceptions of unfair trade contributed to the demise of the pro-indigenous development forces in Japan, but the fundamental cause was the domestic institutional weakness of JDA. On the Joint Military Technology Commission, JDA sat with MoFA and MITI officials. On the newly established National Security Council, the JDA Director-General remained subordinate to the Foreign Minister, Finance Minister, and chief Cabinet Secretary, and roughly equal to members most likely to advocate domestic development -- the Director-General of the Economic Planning Agency and Chairman of the National Public Safety Commission. In the case of opposition from Foreign Affairs or Finance, the Defense Agency had to turn to DoD for support that it failed to get.

In the end, the Defense Agency was able to garner the FS-X program, but with two limitations. First, national development autonomy was diluted by the unpleasant fact of co-production.

Second, JDA incurred the budgetary loss associated with the generous terms afforded US aerospace industry. Unless JDA can succeed in getting Foreign Affairs, Finance or MITI support for future initiatives of development autonomy, the institutionalization of military technology likely will continue to take the form of co-development ventures.

Co-development arrangements gained through military-economic policy linkages, however, are likely to increase political friction in the long run. The use of the trade deficit ($60 billion in 1987) as leverage to gain better workshares for US aerospace industry,[91] and the use of the Toshiba incident to exact Japanese compensation for lost US defense investments do provide a pragmatic quid pro quo, but they result in louder Japanese cries of *gaiatsu* (foreign pressure). This, in turn, is domestically consumed in Japan as "proof" of the need for more autonomous domestic development capability. JDA subsidization of Mitsubishi for agreeing to terms favoring General Dynamics, for instance, increased the Japanese economic contribution to security, but at a cost of aggravation at the political level. Feelings of resentment that FS-X is a bad deal exist not only among Japanese aerospace industrial firms, but also among high-level MOFA and JDA officials involved in FS-X negotiations.

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[91] US aerospace firms have helped reduce the US trade deficit by providing large surpluses. According to the American Aerospace Industries Association, in 1987 this amounted to $15.1 billion. Reported in The Dallas Morning News, 13 December 1988.

Japanese officials confide, "why should Japan guarantee a 40% workshare to competitor General Dynamics and assure free flowback of technology if Japan is funding the entire project?" Why should Japan change its initial preference from domestic development to co-development as a trade concession when the long-term ability to produce fighters for Japan's defense will alleviate the US defense burden?"

On the US side, similar resentment appears strongest in the Commerce Department and among rust-belt Congressmen, and to a lesser extent in the Departments of Defense and State: "Why should the United States sell its main economic competitor basic technology in one of the vitally important remaining areas of American industrial dominance while that competitor enjoys a record trade surplus?" "If Japan really is a military ally, why does it not share more equally in the burdens of defense by increasing defense expenditures beyond its minimal 1% of GNP level?" These attitudes suggest that while it is certainly possible to continue squeezing out a military-economic quid pro quo on technology transfer issues, is becoming more politically untenable as the basis for security cooperation. The recent Persian Gulf yen-for-US troops exchange affirms this.[92]

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[92] Japan's substantial financial contribution to US-led military efforts against Iraq was politically unpopular in both nations. Americans lamented the Japanese non-military response and did not express full public appreciation for the economic contribution, while Japanese expressed dismay over paying for hostilities in which they were not consulted.

Transition to Co-development

What, then, is to be done? In order to cope with economic and technological change, institutions must deal with mutual distrust that often accompanies increasing numbers of political actors and interests entering into the security bargaining arena. More institutions are not necessarily the appropriate answer in such an entropic situation; what is needed is institutional flexibility, perhaps reorganization, to adapt to the forces of military technology and economic interdependence. Failure to do so increases the likelihood that both sides will attribute a coherent, strategic intent to the other negotiating side when, in fact, none really exists.

In a very real sense, Japanese security policy makers seeking genuine technology cooperation do not know whom to hook up with on the American side. US policy toward technology transfer is extremely fragmented, with multiple points of contact working in separate, uncoordinated networks.[93] Until recently, MDAO's view of technology transfer has been the same as DSAA's view -- a foreign military sale, despite the real possibility that Japanese defense technology can be superior to US techniques.

The problem of how to institutionalize cooperation in military technology is deeply rooted in the different domestic

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[93] In Japan, the Office of Naval Research, Air Force Office of Science and Research, Army Research Office, Detachment 4 of the Air Force Technology Division, and the Army's 500th Military Intelligence Group are examples of separate bureaucratic entities seeking such opportunities.

political relationships between government, defense industry, and commercial industry. In the United States, the absence of an industrial policy that would link DoD objectives directly to commercial industries means that there tends to be no effective mechanism to convert defense technology for commercial applications, or adapt commercial products for defense applications. DoD must go through US defense contractors, such as General Dynamics, Hughes, Lockheed and Raytheon, to access commercial industries. In Japan, the relationship is more like a stirred pot, in which the JDA Equipment Bureau, MITI, the Society of Japanese Aerospace Companies (SJAC), Keidanren [Federation of Economic Organizations], the Technical Research & Development Institute and others engage in constant consultation. Informal, time-consuming networking hammers out industrial policy and military policy objectives and then attempts to implement them.

If military technology is to be institutionalized by security agencies without excessive political friction, it seems at least necessary to increase personal networking and close formal bilateral consultation. A more ambitious agenda should include reorganizing the institutional interface between US-Japan national security bureaucracies to encourage serious cooperation in defense technology.

Transition to Co-development

Chapter Summary

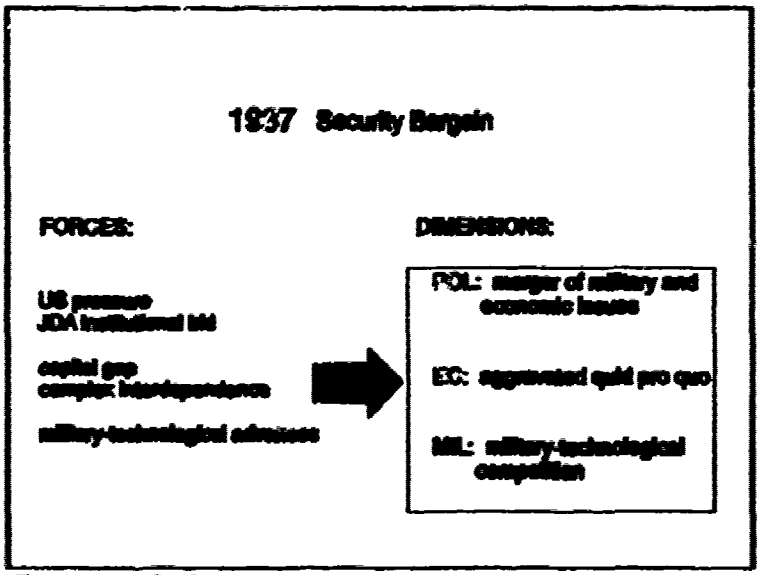


Figure 6.6

As in the 1960 diplomatic and 1981 military instances of alliance change, this chapter asks what the fundamental changes to the previous security bargain were, how they came to be, and why. Because FS-X marks an ongoing transition to defense high technology co-development, I combine explanation with prediction (and prescription). In this analysis of FS-X as the emergent security bargain in US-Japan relations, the questions are, *what are the dimensions of the FS-X agreement, and how has it evolved? What are the forces in its formulation? Why is change occuring?*

The g[illegible]me military, economic and political dimensions of the FS-X security bargain are: (1) institutionalized competition for military technology, (2) aggravation of the military-economic

quid pro quo, and (3) the linkage of military and economic security issues. Institutionalized competition for military technology involves an intensification of national security actors attempting to control the development and application of military technology. While co-development offers opportunities for increased joint cooperation, it is also clear that the leadership of leading defense technologies is very much in contention. The economic terms of the FS-X deal illustrate problematic attempts to preserve the quid pro quo of unlike security contributions which has been a defining characteristic of post war security bargains. Japanese government compensation paid to Japanese contractors to offset terms that favor US aerospace firms enabled the FS-X deal to go through, but increased Japanese resentment. Politically, FS-X represents the potentially volatile merger of economic and military security concerns. Divisive political questions are those of technology transfer -- how can we compete with our main economic competitor while cooperating with the same military ally in a bargaining arena that fuses military and economic concerns?

The process of how the FS-X security bargain has transpired is a story of overlapping and conflicting military-economic interests as perceived by institutional actors seeking relative advantage. During the negotiation process, the Defense Agency and Department of Defense behaved as competitive political actors with high stakes in autonomous technology development. Main

bilateral points of contention during the initial stages of negotiation were in preserving or garnering markets for national aerospace firms, and the pursuit of autonomous development capability. In the source selection phase, competition moved to the question of how to aquire the other side's best technology while protecting one's own, and how to gain favorable workshares for national industry. In the final of negotiating the government-to-government memorandum of understanding, JDA and DoD sought to control the parameters of ensuing industry-to-industry negotiations. During the course of all of this, military-operational requirements of the FS-X weapon system became secondary matters.

The fundamental forces shaping the emergent security bargain are those of military technology and economic interdependence, with political institutions playing the critical mediating role. Advances in military technology and ties of economic interdependence are forces for change; they work to erode the quid pro quo of relative security priorities that has provided a working framework for post war security cooperation. JDA institutional pressures for autonomy in defense technological development also seek to erode the quid pro quo. However, present political-institutional alignments are status quo forces, working to preserve the quid pro quo and bias the economic terms of co-development. This combination of forces makes for an unstable security bargain.

Chapter 6

As in the past, how security policy makers filter military-economic changes and perceive threats is crucial to achieving security cooperation. A central problem right now is that the filter itself is in flux, with security policy makers uncertain about the best mix of military and economic security and how to achieve both national advantage and bilateral cooperation. During this process of internal adjustment, military technological competition will undoubtedly sharpen as Japan narrows the defense R&D gap with the United States. However, joint institutions of technology transfer, by promoting long-term planning, can increase overall cooperation and defuse mutual suspicions of strategic intent. This will be important for future military-technological cooperative ventures that are likely to involve a complex division of labor -- Japanese/American components and US system integration, Japanese hardware and American software, and capital to workshare ratios leveraged by Japanese firms.

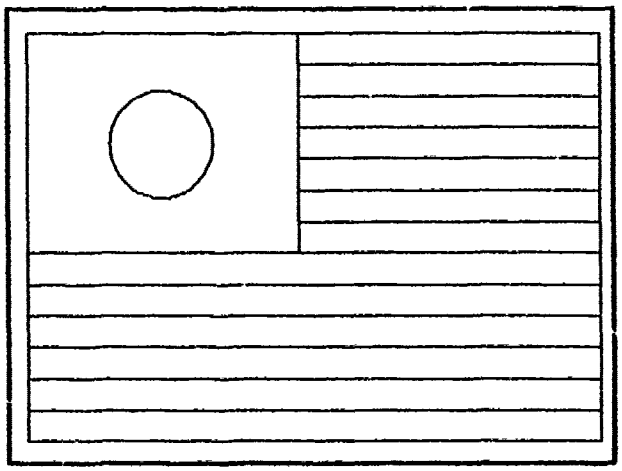
As Japan gradually narrows the defense technology R&D gap, the Self-Defense Forces likely will carve out independent military roles within domestic constraints. As long as US pressure for rearmament is not excessive, shared military-economic interests will prevail over pressures for autonomous military-technological development. In the long run, economic interdependence, a mutual need for high technology resources, and political institutional ties can provide a common set of

interests. However, it is unlikely that Japan will alter its dual use technology strategy, because in the long run it is a more efficient means to achieve relative advantage.

The politics of this transition period will strongly affect the terms of defense co-development projects and their long-term stability. Due to the increasing numbers of actors and policy fragmentation arising from economic interdependence, political alignments will vary across issues. Although in the case of FS-X, US aerospace interests were clearly served in the short term, if JDA is able to overcome its institutional weakness vis a vis DoD by gaining domestic ministerial support, this would change. Closer bilateral consultation, more intense use of institutional channels, and personal networking is needed to make co-development ventures work better in the future.

CHAPTER 7

CONCLUSION: ORIGINS AND TRANSFORMATION



Overview

The central questions of this study, as stressed in the introduction, have been directed toward understanding the historical origins and subsequent transformation of the US-Japan security alliance. While the importance of this bilateral relationship is widely recognized, there is sharp disagreement over its nature and future direction. Complicating the debate is the implicit assumption in the security literature that an alliance is and should be based primarily on a common external threat. Unfortunately, this maxim misses distinctive features of US-Japan alliance origins and ignores many of the realities of peacetime alliance dynamics.

Therefore, the thrust of this study has been to stress how differences in relative security priorities affect actual

alliance origins and subsequent changes in the basis for cooperation. My key working assumption has been that states pursue national security by seeking different mixes of military and economic advantage, depending on how threats to national well-being are perceived. This hypothesis replaces the traditional one that posits the primacy of a common threat. In so doing, I have not refuted balance of power or public goods (free-rider) theories of alliance behavior, but have employed a more realistic, comparative approach for an historical case where two dissimilar and unequal allies have, in fact, emphasized different relative priorities of economic and military security.

Consider, for instance, the balancing of power. Persistent Japanese military force levels during a time of changing external military threat does not mean that Japanese officials have declined to balance power. Relative power and influence, of course, can be pursued with respect to sundry non-military national advantages -- percentage of world trade, relative labor productivity, ability of national industries to adjust to external economic forces, and so forth. In Japan's case, the prevailing domestic institutions that have defined national security priorities have stressed economic threats to national well-being, and have depended upon the American military guarantee to deter large-scale military threats. This calculation of power and interests is not an objective one directly derived from self-evident international factors, but partly a domestic

process in which institutional biases color how threats are perceived and power is assessed. It is at this lower level of interaction among state institutions that the nature of alliance and the pattern of change can best be examined.

Furthermore, if we consider the relevance of public goods theory to the US-Japan security relationship, it is unclear whether Japan's reliance on the US military guarantee has been a "free ride" made possible by the supposition that American security policy makers have valued the alliance more than Japanese leaders. Given the desperate post war economic straits of Japan and the great lengths that every Japanese administration has gone to in perpetuating Japan's dependence on the US military guarantee, it is fallacious to say that US leaders have appreciated the alliance more than their Japanese counterparts. The evidence presented in this study suggests that each side has regarded the alliance quite, but for rather different reasons. There is also the small matter of what may be termed unlike reciprocity. Who is the free-rider indeed, given the fact that the United States also has received benefits such as a very secure overseas base for regional force projection, the most generous host nation support package of all US allies, and exclusive foreign access to Japanese military technology? Public goods theoretical distinctions such as degree of "publicness" (the extent to which a public good confers benefits to both allies) or "excludability" (the extent to which one ally

can deny the benefits of a public good to the other ally) fail to explore these different relative security priorities, because the "pure" public good that ultimately grounds the alliance is assumed to be a common threat.[1]

So, in a departure from these conventional alliance theories and through historical comparison of differences in institutionalized security priorities, this dissertation has attempted to explain the puzzling mixture of cooperation and competition referred to here as the US-Japan security bargain. Using an historical method of analysis, I have interpreted alliance relations in terms of sequential security bargains consisting of political, economic and military components. Over time, the substance of each security bargain has transformed from one set of institutional arrangements to another, in a "creative-destructive"[2] response to fundamental forces of change.

As a way of concluding this study, this chapter takes on two remaining tasks. First, I summarize and reflect on major historical patterns evident in the study. Given the primal influence of historical context on institutions during their

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[1] An excellent methodological discussion regarding problems of measuring burden-sharing in a complex setting is Benjamin Zycher's, "A Generalized Approach for the Analysis of Alliance Burden-Sharing," RAND 3047-PCT (September 1990).

[2] Stephen Skowronek used this idea to show the ability of the American state to regenerate peacefully: "The governmental forms and procedures for securing order in industrial America emerged through a labored exercise in "creative destruction." Skowronek, Building a New American State, p. 9.

formative periods, and the impact institutions have in defining matters of national security, these historical patterns merit emphasis here. Second, I consider theoretical and policy implications of these findings with a normative view toward building future strategic partnership. Thinking about alternative paths for future security relations should come from an understanding of how and why the actual basis for cooperation originated and transformed in the past.

Patterns from the Past

Origins

The story of how the alliance historically originated was related in chapters 2 and 3. The central argument is that the prevailing Japanese and American conceptions of national security historically have differed due to contrasting perceptions of military and economic threats to the state, and these differences were partly institutionalized in security agreements during the post war Occupation of Japan. Recognizing this differentiated exchange of security interests is key to unravelling the actual basis for alliance cooperation as well as subsequent discord.

From the beginning of US-Japan security relations in the mid-Nineteenth Century, Japanese perceptions of external threat led to a state conception of national security that was

comparatively broad; both economic and military means to achieving national advantage are considered within the purview of state security policy. The sudden shattering of Japan's isolation by economically and militarily superior external powers, Japan's fragile domestic political structure and resultant forced industrialization[3] account for this broad conception of national security. In contrast, the American self-concept was narrower in the sense that active state pursuit of relative national advantage was generally confined to military matters. State-led innovation focused on military, not economic security concerns. In the absence of external economic threats, a condition facilitated by adequate levels of American military technology, the prevailing American national security conception has been imbedded in liberal economic ideas of open trade and free access.

The pre-war interaction of US-Japan national security conceptions illustrates how ignoring such differences resulted in temporary cooperation, but eventually led to conflict. Definitions of security interests among key sub-national institutions -- the Ministry of Foreign Affairs and the armed forces in Japan, and the Departments of State and War in the

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[3] In Economic Backwardness in Historical Perspective, Alexander Gerschenkron argues that late industrializers will have more concentrated financial and industrial institutions. Chalmers Johnson, in MITI and the Japanese Miracle, applied this argument to Japan: "In states late to industrialize, the state itself led the industrialization drive and it took on developmental functions" (p. 19).

United States -- explain the timing of the ensuing breakdown in security relations. As long as the narrow American state definition tolerated Japan's broadly defined pursuit of military and economic security, conflict was avoided.

American tolerance and policy passivity was associated with two attitudes -- disregard for the importance of nuances in national conceptions of security, and a moral self-righteousness that Japan would naturally come to accept the liberal separation of economic activities and military affairs. Accordingly, American administrations consistently refrained from applying effective economic sanctions during the early phases of Japan's pre-war expansion. When the Pacific War did come, it was after the State and War Departments had defined Japan as a military threat, too late to halt Japanese imperial advances, and ironically after years of selling Japan the means to wage war.

This economic-military connection seems obvious in historical retrospect, but at the time, US policy makers behaved as though Japanese bureaucrats' conceptions of national security were identical to their own. The realization that this was not the case was an unfolding process of increasing threat perceptions, begun by the Japanese invasion and annexation of Korea in 1905 and the Imperial Army's subsequent march through China's "Open Door" in the 1920s. In 1934, President Roosevelt and Secretary of State Hull pressed for an arms embargo, but only after Japan signaled threatening military intent by the

abrogation of the naval arms limitation treaty (an outcome of the Washington Naval Conference of 1921-22). Effective American economic sanctions (the freezing of assets and the oil embargo) were withheld until the summer of 1940. By this time, following three years of Japanese military campaigns in China, US security policy makers finally concluded that business as usual with implementers of a broad concept of national security was simply feeding a military threat.

From the Japanese side, there was more recognition of the fundamental differences in security concepts; however, Japan's special vulnerabilities seemed to justify special means to overcome them. Since the onset of bilateral security relations, Japanese policy makers sought to insulate Japan from the harmful reverberations of foreign economic forces. The annexation of Korea in 1910 was part of a process begun in 1882 in which Japanese officials sought commercial and trade advantages similar to those extracted by Western powers in the region. Soon thereafter, China became the Japanese state's ambition for stable markets and a secure supply of resources (oil, scrap iron, raw materials). Bureaucrats within the Japanese Foreign Ministry and armed forces increasingly found common interests in ensuring regional stability through economic and military means. Once territory had been seized and occupied, state centralization of the economic and military means to achieving comprehensive security proceeded apace. Despite efforts within the wartime

Cabinet to seek a negotiated settlement after the war had turned against Japan, the key definers of national security remained in domestic gridlock for the duration of the war.

In the aftermath of war, a truncated version of the broad-narrow formula of US-Japan security cooperation resurfaced in institutionalized agreements largely made during the Occupation. The "militarist conspiracy" was eagerly embraced by Japanese conservatives and American administration and Occupation leaders as the basic cause of the war. Massive reforms aimed at Japan's demilitarization and democratization from 1945-1948, shifting to reindustrialization from 1948-1951. By 1954, three years after Japan regained national sovereignty with the San Francisco Peace Treaty, a patchwork of 10 agreements provided the basis for security cooperation. In total, this post war security bargain effectively exchanged a US military guarantee for Japan's continued pursuit of economic development, provision of bases for US forces, and a promise to rearm.

This original framework of security cooperation did not seem so puzzling at the time. To the contrary, seen from the perspective of state institutions that defined security policy, the framework was a natural outgrowth of national historical experiences. It is not that the United States did not recognize the importance of economic factors. Indeed, US security policy makers rested their whole conception of the post war world in the liberal belief that free trade would best provide prosperity and

stable political relations among the industrial democracies, thus enhancing their ability to provide resources for the common defense. And it is not that Japanese policy makers were suddenly unconcerned about military security. Constitutional constraints, demilitarization, and internal reforms essentially had cut off the military policy component of comprehensive security. In its place, the United States provided an avowedly temporary external military guarantee that allowed Japan to concentrate on the immediate national priority of economic redevelopment.

Rather, the puzzle has been the unusual resilience of the original security framework, mottled by substantial bilateral differences concerning the pace and scope of the Japanese rearmament promise and nagging questions about Japanese economic redevelopment's strategic intent. To what extent are post war US-Japan security policies driven by common values of individual freedom, desires for international prestige or relative economic standing? As a result of such uncertainties, in spite of its outward success in providing each partner mutual, albeit different, alliance benefits, there has been rising anxiety about the nature of the security relationship ... do we have a traditional alliance against a common threat or a device to achieve relative economic or military advantage over one another?

The security bargain that emerged in 1954 and since then has endured in various forms has behaved not simply on the calculus of a common threat, but according to a broader set of negotiated

military-economic-political agreements and expectations. In reality, the nature of alliance has been less an "on-off" switch against a common foe than a dynamic combination of different relative security priorities and nuanced national means to achieve them. As an organic entity, the alliance bargain, once set in motion, periodically adjusted to its political-economic-military environment. During this process, the exterior stability of the original security framework was promoted by (a) Japanese domestic satisfaction with an arrangement that allowed for the focused pursuit of economic priorities while avoiding a high profile military rearmament, and (b) American reluctance to push rearmament too quickly, fearing that might trigger the downfall of Japanese conservative (anti-communist) rule. This appearance of alliance stability belied the existence of profound changes taking place within the security bargain's political, economic and military texture. The second portion of the study investigated this topic of alliance transformation.

Transformation

In order to understand how and why the US-Japan security bargain has transformed over time, chapters 4, 5, and 6 explored the only three cases of significant alliance change to the original security bargain -- a new security treaty in 1960, the military role-sharing accord in 1981, and the agreement to co-

develop an advanced fighter aircraft in 1987.

Each chapter employed the security bargain approach in three basic steps. First and foremost, the broad dimensions of the new security arrangement were identified. Although each agreement was primarily a diplomatic, military, or military-economic accord in its own right, each also was part of a broader political-economic-military context that determined its overall significance. Second, how the new security bargain evolved since the previous bargain was historically analyzed. Rather than simple, harmonious agreement regarding common threats to security, these were complex stories of mixed motives and competing security priorities. Third, the forces that shaped the new security bargain were analyzed in terms of military considerations, economic context, and political factors. Each case sought to establish the relative importance of each force and how they all interacted to produce the alliance change.

What happened to the original security framework as it encountered these forces of change? The greater relevance of historical events is not so much the details of each individual case but their institutional and policy vestiges which outlast the original forces that formed them.[4] As illustrated in the following diagram, the institutional remnants of the original bargain are three-fold: constitutional constraints on Japanese

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[4] See Calder, Crisis and Compensation, particularly pp. 26-30.

military forces, the bases-for-rearmament deal, and the Peace Treaty.

Historical Progression of the Original Security Bargain

1954 framework	1960	1981	1987
Constitution			
Ashida Memoranda division of security roles: US external, Japan internal	USFJ internal role deleted	JSDF external role broadened	
Ikeda Proposal Acceptance: bases for rearmament deal	reaffirmed	increased host nation support	increased host nation support
Security Treaty and Administrative Agreement	New Security Treaty and SOFA		
Peace Treaty			
Dodge-Sutō economic aid accord: against common threat (US), for internal political stability (Japan)		overtaken by economic growth	
Charter Party Agreement: US leases naval vessels, leads to Mutual Security Program (aid)		overtaken by gradual rearmament	
Ikeda-Robertson accord: US aid for reindustriali-zation, rearmament		economic aid reversed (Japanese aid to US interests)	strategically directed Japanese aid increased (to US interests)
Mutual Defense Assistance Agreement & Defense Laws	co-production accords	co-production accords	co-development

Table 7.1

These three institutional survivors of environmental change remain at the core of bilateral security relations today. The Constitution remains untouched since its establishment in 1947, despite its taint of Occupation origins. Domestic calls for constitutional revision have been consistently rebuffed by the stability-seeking Liberal Democratic Party (LDP) conservative coalition, which has been in power since 1955.

The bases-for-rearmament deal, supposedly a temporary arrangement, also has persisted, and is directly related to the constitutional constraints on Japan's military means to seeking security. In the absence of constitutional means of providing adequate military protection of Japan's expanding global economic and political interests, this arrangement provides the only pragmatic alternative for Japanese military security.[5]

Mentioning the Peace Treaty may seem surprising to the reader. But it is worth noting that that the Treaty's preface contains references to the United Nations Charter, internal stability and well-being in Japan, and fair trade practices that still remain very much part of the basis for bilateral security cooperation:[6]

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[5] This assumes the alternative of unarmed neutrality never has been seriously considered by those in power. On this point, the Japan Socialist Party's recent reversal against unarmed neutrality and in favor of a US-Japan security tie is instructive.

[6] Treaty of Peace with Japan, Japanese Peace Conference, San Francisco, September, 1951. From the Papers of Myron M. Cowen, Box 21, Truman Library (bold type inserted).

> Whereas Japan for its part declares its intention to apply for membership in the United Nations and in all circumstances to conform to the **principles of the Charter of the United Nations**; to strive to realize the objectives of the Universal Declaration of **Human Rights**; to seek to create within Japan conditions of **stability and well-being** as defined in Articles 55 and 56 of the Charter of the United Nations and already initiated by post-surrender Japanese legislation; and in public and private trade and commerce to conform to internationally accepted **fair trade practices**;

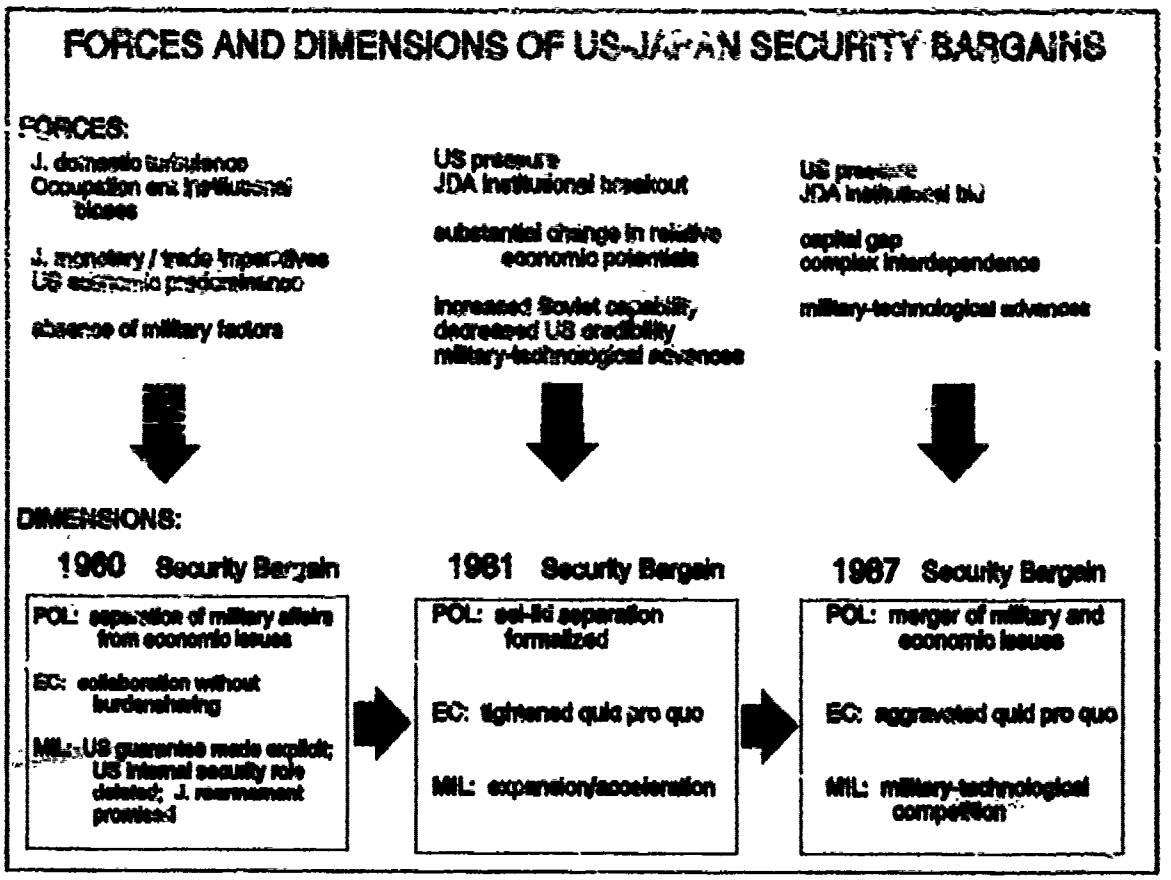
In fact, acceptance of UN norms of international behavior, domestic stability and prosperity in Japan, and acceptable trading practices -- seem to be precisely what Japan's search for "comprehensive security" in the 1960s and 70s has been all about. Military security has been an adjunct to these broader goals, pursued firmly within the American military security tie, and having achieved a modicum of military autonomy only since the 1980s.

Noting the present state of the original bargain serves as a point of departure for identifying patterns of alliance transformation. A comprehensive view of subsequent changes to the 1954 security framework is provided by the following depiction, which summarizes the dimensions and forces of the 1960, 1981 and 1987 security bargains as they have been detailed in Chpaters 4, 5, and 6.[7] The dimensions (political, economic,

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[7] The terms used here (dimensions and forces) to characterize each security bargain correspond to the diagrams at the beginning of "The Bargain" and "Chapter Summary" sections in chapters 4, 5, and 6. Detailed analyses of each security bargain are found in those chapters.

and military) and forces (sources and dynamic of change) will be discussed in turn:



1. Dimensions: Political, Economic, and Military

Changes in the dimensions of the security bargains indicate a trend toward a complex strategic partnership composed of more similar interests. The movement toward like interests is illustrated by steadily increasing Japanese rearmament,

substantial increases of Japanese non-military burdensharing contributions, the expansion of military ties, and the advent of complex economic interdependence. These interests find their institutional expression in the 1960 Treaty, numerous co-production agreements, host nation support accords since the late 1970s, 1981 military role-sharing communique and joint military arrangements, 1983 technology transfer procedure agreement, and 1987 FS-X co-development/co-production accord.

Yet, this movement toward strategic convergence of like interests does not imply that bilateral agreement on a common threat is replacing differentiated exchange as the basis for security cooperation. Instead, we have a more complex historical progression of continuity and change, cooperation and competition. As evidenced in the FS-X case, movement toward strategic similarity opens up new areas for cooperation, but it also destroys a certain complementarity of old arrangements and introduces new rivalries. On the one hand, there has been gradual erosion of the original military-economic quid pro quo. What started out as an unequal, temporary exchange of US military protection and defense assistance ($) for Japanese bases, economic reconstruction and a promise of rearmament evolved into a rather persistent, unlike exchange of US military protection for non-military Japanese contributions to security (albeit with gradual improvement in Japan Self-Defense Force military capabilities and military role-sharing). On the other hand, even

though the original framework has eroded, it is clear that we are far short of having a traditional alliance composed of like contributions to security. Continuity of different relative security priorities has been preserved by Japanese constitutional guidelines and military policy constraints, and consistent US administration rejection of incipient US industrial policy.

The chief problems with this mixed bag are two. First, the differentiated exchange of relative security priorities is becoming increasingly unstable as the basis for security cooperation. Rising American intolerance of what is perceived as lopsided economic benefits favoring Japan and growing Japanese displeasure with an increasingly expensive and noisome US military guarantee are publicly evident. The second problem is that reaching a mutually acceptable new alliance division of labor is quite uncertain. Scrapping the 1960 Security Treaty or negotiating a new one is not yet considered by security institutions as an acceptable remedy to what ails the alliance.

On both sides of the Pacific, there are indicators that this status quo cannot hold out much longer. Sustained Japanese economic growth has allowed for incremental expansion of Self-Defense Forces capabilities and roles such that Japan has become arguably the fifth most powerful armed force in the world. How much longer can Japan resist playing a larger military role in regional security? Behind this amplified force posture is a Japanese weapons R&D and production base that holds significantly

greater potential than its manufacturing output indicates. Given Japan's constitutional constraints on military exports and substantial domestic capital surpluses, the economic incentive to export dual-use technology is high. The alternative to defense-related exports is foreign direct investment; however, security-driven urges to prevent the "hollowing out" of defense production capabilities limit foreign direct investment as a considered option.[8] How much longer can Japan resist exporting military technology or military components?

On the US side of the security bargain, there are also indications that the current basis for cooperation is is need of repair. US federal budget deficits and a disintegrated Eastern European Soviet bloc have resulted in the largest drawdown of US armed forces since the Korean War, to include a ten percent unilateral reduction in Pacific-based forces. More efficient military organization (such as composite wings in the Air Force), improved readiness and mobility, quality recruits, and reliance on high technology weaponry are supposed to enable a smaller US military to maintain America's undiminished global commitments. While the recent military victory in the war against Iragi aggression has clarified the importance of military-technological supremacy to US strategy, there is also widespread American

[8] For an excellent analysis of the implications associated with increasing Japanese foreign direct investment, see Young-Kwan Yoon, "The Political Economy of Transition: Japanese Foreign Direct Investment in the 1980s," World Politics 43, No. 1 (October 1990), pp. 1-27.

concern about the eroding national defense industrial base. A growing realization that America's high technology edge is in need of capital infusion lends support to advocates of some sort of economic security policy. In light of these considerations, how much longer can American liberal economic notions that separate economic security from military security be expected to prevail?

The formal security framework, while loosened, has not adjusted adequately to these pressures. Japan still relies on the US military guarantee of external protection, and the United States maintains bases in Japan while urging rearmament that would seem to erase the justification for the bases. While the present lack of a Soviet force drawdown in the Pacific lends strategic credence to this status quo, what would happen if a substantial Soviet reduction were forthcoming? Institutionalized differences in US-Japan relative security priorities still would work to prevent the security framework from adjusting to the changes in US-Japan relative power positions -- changes that the security framework directly promoted. In Japan, support for increasing levels of Japanese compensation rendered for American military protection (even if that protection is considered benign) is at best one of passive disapproval. How long can we expect this to endure, particularly when backing for a traditional military alliance with the United States also is uncertain? In the United States, support for continuing to

guarantee Japanese security without a truly reciprocal Japanese commitment or substantial non-military contributions is certainly questionable in the long run.

For these reasons, the potential danger in US-Japan security relations is that as the security interests of both powers approach similarity, a spiral toward a broad-broad interaction is possible. Rising concern in the United States about its economic competitiveness and growing anxiety in Japan about the American military commitment could galvanize domestic coalitions seeking economic and military security. The present security bargain requires institutional reconstruction, even as Japan and the United States enter a phase of complex strategic partnership. The immediate problem is that returning to what actually has been the basis for security cooperation (a military-economic quid pro quo) seems as unacceptable as moving forward toward a traditional alliance. If American policy makers force the quid pro quo by extracting more economic compensation, Japanese political resentment mounts. If Japanese and American officials prod closer military relations too far, they run up against sensitive Japanese constitutional proscriptions. Policy inaction is not a prudent option, either, because the emergence of technology transfer issues that combine economic and military considerations of security will force decisions to be made. This is well illustrated in the FS-X case, where the three main military, economic and political dimensions of the security bargain (rising

competition in military technology, a mutually unsatisfactory quid pro quo, and linkage of military and economic issues) provide more opportunities for military-economic disputes.

What has been the dynamic of change that has produced this precarious condition? This question requires us to consider how the forces of alliance change have interacted.

2. Forces: Sources and Dynamic of Change

In light of our three significant cases of alliance change, the long-term dynamic of US-Japan alliance transformation has been mainly the work of economic and military-technological forces filtered through domestic political (largely institutional) constraints that define what national security is, and seek relative national advantage based on that conception. Generally, the cases support the view that economic and military-technological factors are forces of change, while institutional structures are forces for stability or rigidity that attempt to dampen the effects of change. Institutional arrangements, themselves products of historical circumstances, clearly erode over time. But their institutional remnants continue to constrain future policy options for dealing with the fundamental forces that drive human behavior.[9] In our case, this overall

[9] The renewed emphasis on the weighty role institutions persist in exerting on state policies was perhaps begun by Evans, Ruechemeyer, and Skocpol, in Bringing the State Back In. Also

inhibiting effect that institutions exert simply reflects the fact that institutional change in US-Japan security relations has not occurred very often. When it has transpired, such as in the 1976 National Defense Program Outline and 1978 US-Japan Guidelines, it has been quite pivotal to subsequent larger changes in alliance relations. Institutions can and do initiate changes that in later years realize unforeseen significance. These points become evident as we examine the dynamics of alliance transformation in each case:

(a) 1960: Treaty Revision

In the 1960 case, political-economic forces, filtered through different domestic systems of relative security priority, produced a new security treaty that codified the 1954 quid pro quo and, in retrospect, can be said to have acquired Japanese domestic legitimacy. From the perspective of the Kishi administration, the prime motivations for Treaty revision were rather similar to what had driven pre-war Japanese state officials to seek national economic advantage -- basic monetary needs (dollar reserves and a positive balance of payments) and trade needs (stable export markets and secure sources of raw

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see G. John Ikenberry, Reasons of State: Oil Politics and the Capacities of American Government (Ithaca: Cornell University Press, 1988); John A. Hall and G. John Ikenberry, The State (Minneapolis: University of Minnesota Press, 1989); and Krasner, "Approaches to the State," Comparative Politics 16.

materials).[10] However, Eisenhower administration officials viewed matters of national security through traditional American lenses that suppressed economic security initiatives in favor of containing the ubiquitous communist threat. So genuine military burdensharing against that common threat was sought, to include a regional Japanese military role.

In the interaction of these two competing sets of national security priorities, military considerations of security were screened out by two political factors -- Japanese domestic turbulence and American fears of Japanese neutrality. Domestic political opposition to both rearmament and continuation of the 1951 Security Treaty pressured the newly unified Liberal Democratic Party ruling coalition. As a result, Prime Minister Kishi needed a new treaty that would remove its more unpopular aspects yet preserve the "economics first" security strategy. For their part, American officials initially rejected Treaty revision in an effort to compel Japan to credibly rearm against the common communist threat. But the US side ultimately relented to all of the Kishi administration's treaty revision goals after mounting Japanese domestic opposition ostensibly threatened the US-Japan security relationship itself. This second failure by US security policy makers to institutionalize the Japanese

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[10] Prime Minister Kishi's own ambition to unify the Liberal Democratic Party clearly benefited from these economic security priorities.

rearmament promise,[11] in contrast to the success of Japanese officials in reemphasizing national economic priorities, would prove to be persistent. To this day, this preestablished bilateral preference structure of different relative economic and military security priorities profoundly shapes security interactions.

(b) 1981: Military Role-Sharing

In the case of the 1981 military role-sharing agreement, military technology and the tremendous shift in relative economic potential provided the fundamental impetus for alliance change. As in 1960, the forces of change worked their way through different national priorities of economic and military security. Elements of the original 1954 framework had indeed eroded, but the Suzuki administration still operated within the confines of persistent constitutional limits and new policy proscriptions (the 1967 and 1976 arms export bans, the three non-nuclear principles, and the 1% GNP guideline) regarding the military means to achieving national security. In contrast, the Reagan administration embarked on a large-scale defense buildup, continued to eschew industrial policy, and pressured allies to contribute to the common defense.

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[11] The verbal commitment to rearm was originally made by Prime Minister Yoshida during the 1951 Security Treaty negotiations (see Chapter 3, "Staying the Rearmament Promise").

The interaction of the major forces of change was markedly different from the 1960 case. In 1981, American pressure and internal Japanese institutional changes (the 1976 National Defense Program Outline and the 1978 Guidelines for US-Japan Defense Ccoperation) enabled the Defense Agency to overcome domestic constraints to military cooperation. In comparison to domestic turbulence in 1960, there was a relative lack of concern about either challenges to Liberal Democratic Party rule, internal instability or nascent neutralism. In 1960, Japanese domestic factors[12] focused the Kishi government on economic priorities of security and rolled back US pressure for Japanese rearmament. In 1981, such internal concerns paled in comparison to other factors -- the presence of a rapidly increasing Soviet threat and reduced American credibility coincided with significant advances in military technology, thereby increasing the incentives for military role-sharing. In addition, a long period of sustained Japanese economic growth enabled Japanese military forces and financial compensation to be increased with minimal Japanese domestic opposition. However, the cost of simultaneously deepening military ties and increasing financial payments to adhere the US military guarantee was one of rising political uncertainty about the nature and cross-purposes of the

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[12] Prominent factors include: unpopular aspects of the 1951 treaty, a Japan Socialist Party with over one-third of the Diet seats, large-scale strikes and a rise in foreign policy neutralists (see Chapter 4, "Political Factors").

security relationship. The passing domestic shock in Japan over the 1981 communique's sudden announcement that the security relationship was in fact an "alliance," which led to the resignation of the Foreign Minister, contrasted to American incredulity that this could really be at issue. This illustrated the pervasive uncertainty about what, in fact, the basis for US-Japan security cooperation is.

(c) 1987: Transition to Co-development

From 1987 to the present, the forces of military technology and economic interdependence continue to erode the original quid pro quo in a complex way, opening up new areas for cooperation and competition. These forces still are filtered by different relative security priorities that are broadly distinguishable, but appear to be changing toward likeness. During this period of transition, there is mutual uncertainty about how best to achieve military and economic advantage -- and perhaps over whom.

The magnitude and pace of these forces of change foist unprecedented choices on security policy makers. Military technological advances pose strategic options ranging from development autonomy to genuine joint development, both of which require global access to raw materials needed for high technology weaponry. Military institutions in Japan and the United States find that traditional concepts of military security which stress

independent defense technology and weapons production are frustrated not only by the need for global access to critical raw materials for high technology weapons (chromium, cobalt, manganese and platinum-group minerals), but also by economic forces of interdependence. Of the 20 military technologies identified by the Department of Defense in 1990 as "critical," for instance, at least 15 are dual-use technologies, in which five Japan is "significantly ahead" of the United States.[13]

More annoying is the fact that while economic forces frustrate defense technological autonomy, they simultaneously erode the quid pro quo that has served as the foundation for security cooperation. Strategic market alliances among defense firms, for instance, reduce national capital and production autonomy and quietly increase Japanese stakes in military production and weapons technology. Increased Japanese foreign direct investment and acquisitions in the United States, and corporate diversification by American and Japanese firms are natural microeconomic responses that hedge against market instability. At the same time, state security institutions in Japan and the United States seek to cope with instability by broadening their definition of national security to encompass military and economic goals. Taken together, military technology and economic interdependence are driving American and Japanese security interests toward a more complex division of labor than

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[13] US Congress, Arming Our Allies, p. 25.

is reflected in formal security arrangements.

As in 1981, political institutions played the critical mediating role in determining how and when security relations change. In the FS-X case, large-scale change was forestalled when a Defense Agency bid for autonomy in defense technological development was countered with US pressure. JDA's failure to gain domestic allies forced it to depend on DoD support, which, in contrast to the 1981 case, was not forthcoming. The result was a mutually distasteful compromise. The Defense Agency was able to garner the FS-X program and retain Japanese industrial leadership over the project, but under concessionary financial terms that blatantly benefited US aerospace industry. The Department of Defense was able to gain ostensible access to leading Japanese military technologies, but felt piqued over the foregone alternative -- lost sales of "obviously" superior US fighter aircraft. Unfortunately, this state of affairs increased resentment at a time when military-institutional contacts should have been working to reduce mutual ascriptions of strategic intent.

Theoretical and Policy Implications

The complex nature of US-Japan security relations weighs heavily on the continually evolving mix of cooperation and competition referred to here as a security bargain. Theoretical

and policy implications of the aforementioned origins and dynamics will be considered in turn, with my normative view toward building strategic partnership.

Origins

Our study of alliance origins implies that different national security concepts can theoretically interact in three ways -- narrow-narrow, broad-broad, and broad-narrow. At the one extreme, a narrow-narrow interaction of state definitions of security seems ideal for harmonious security relations. Economic competition can occur outside the official realm of national security as defined by the state, according to the rules of the market. This provides both nations a mutually recognized system of norms in which to adjust to international changes without elevating those internal adjustments to matters of national security. The ability of alliance partners to cooperate without serious discord is enhanced by separating military matters from economic activities. However, such an idyllic, liberal state of affairs requires mutual willingness to embrace the rules of the market and share common a commitment to them.

Unfortunately, we have never been at this stage of cooperation in US-Japan security relations. Indeed, it is difficult to imagine reaching a narrow-narrow interaction without (a) Japanese constitutional revision that would permit a new

Security Treaty in which defense obligations are genuinely reciprocal, and (b) willingness to take the necessary steps for non-discriminatory, open economic access. While the former continues to be anathema in Tokyo and Washington, there has been progress on the latter. Demonstrating mutual commitments to free and open economic penetration require the elimination of Japan's non-tariff barriers to trade and finance, and US action to reduce the federal deficit, increase savings, revive education, and avoid a proclivity to blame Japanese business practices for American economic failures. This is not the place to assess the details of open access and "unfair" trade, but merely to recognize it as a highly desirable goal which has not been achieved in relative terms. To the extent that long-term endeavors such as the Structural Impediment Initiative (SII) spawn domestic reforms promoting open access, security relations can move forward toward this ideal type of narrow-narrow interaction. However, until and unless military obligations are truly reciprocal rather than unidirectionally dependent, the full potential of a liberal interaction will not be realized. Instead, a vestigial framework of unlike contributions will likely cultivate perceptions among both allies that the other partner is intentionally, perhaps strategically, reaping unfair benefits from an unequal arrangement.

At the other extreme of security concept interactions, a broad-broad mix of state definitions -- that is to say, one in

which both states actively pursue relative military and economic advantage -- implies increased potential for serious tensions, even between two democracies.[14] A broad-broad state of affairs could emerge from events that trigger an American embrace of illiberal economic security and failed Japanese economic liberalization with a return to seeking military security. These conditions could transpire from the articulation of a widely defined Commerce-Defense industrial policy, or national integrated strategy which strengthens the hands of the Ministry of International Trade and Industry and the Japan Defense Agency. Or, it could result from events that drastically reduce the credibility of the US military commitment to Japanese defense -- a massive weakening of the dollar, long-term failure to reduce the US federal deficit, or large-scale American protectionism against Japanese products. Cross-national linkages that frustrate broad domestic definitions of security, such as Department of State-Ministry of Foreign Affairs common interests in open trade, militate against a broad-broad state of affairs.

In this regard, issues such as technology transfer that merge economic and military considerations of national security are inherently explosive. When state security institutions are not involved in technology transfer issues, private firms can

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[14] It has been persuasively argued that liberal states do not go to war against each other. See Michael Doyle, "Liberalism and World Politics," American Political Science Review (December 1986). However, this does not rule out the realistic possibility of other forms of inter-state conflict.

simply collaborate or compete for new technology. But when such issues become elevated to the mantle of national security, state concerns (including national pride) replace market considerations, and the potential for conflict at the political level rises. Ironically, the increased potential for broad policy coordination that comes with government involvement in military-economic issues includes a greater risk that such issues become nationalistically politicized, leading to wide-ranging policy antagonism. If such issues come to dominate US-Japan relations and nationalistic coalitions hold, both states might consider the broad pursuit of economic and military advantage as vital matters of national security. This situation, the pre-war experience has shown, leaves less room available for compromise.

Limited room for military and economic cooperation could be provided by a growing, mutual recognition of a common enemy, but that basis for security cooperation would be undermined if the threat recedes. If the Soviet military power does diminish in the Asian-Pacific theater, it would be unfortunate if security policy makers had to rely on exaggerated portrayals of a Chinese menace, Korean peninsular instability or some other regional danger to feed US-Japan security cooperation. Absent such a shared villain, maintaining agreed upon operational capabilities for military missions, such as defense of straits and open sea lanes of communication, could provide a workable basis for military cooperation. Even with a close military relationship,

however, the real danger of a broad-broad interaction of security concepts is that Japanese and American security policy makers could view each other as national security threats rather than as legitimate economic competitors.

Transformation

What implications can reasonably be drawn from the study of alliance dynamics? The long-term dynamic of alliance transformation suggests that military technological advances and economic forces will continue to impact the terms of cooperation through institutions that define what mix of national security is appropriate. In the short-term, the current security bargain is unstable. As illustrated by the different national policy responses to the recent Persian Gulf crisis, US-Japan security cooperation continues to consist of a fitful meshing and clashing of different relative security priorities that reproduces politically irritable mutations of the original military-economic quid pro quo. Given the critical intermediate role (as an intervening variable) that institutions have played in the past, institutions can act to stabilize the future mix of security cooperation and competition. This calls for flexibility to adapt to new economic and military-technological realities and recognition of practical political limits to stable change.

To promote a reasonable level of stability, policy action should be moored to the three core elements of the original framework that have endured -- Japan's constitutional constraints on military forces, the bases-for-rearmament deal, and the Peace Treaty. Why so? First, the Constitution is broadly accepted in Japan and only a small minority advocate revision. If constitutional revision does transpire in the future, it should come from internal Japanese domestic processes in order to be considered a legitimate initiative. Raising the issue of constitutional revision by applying external pressure, such as urging a new security treaty with an expanded Japanese military commitment, risks alienating the "middle mass"[15] that has supported moderate Liberal Democratic Party rule.

Second, the bases-for-rearmament deal should be recognized as part of the historical basis for cooperation, and then reconsidered in light of new military and economic realities. Although the deal was originally intended to be a temporary one, institutional factors account for its persistence, allowing Japan to focus on economic means to achieving national security. As long as Japan's constitutional constraints prohibit a realistic level of defense, US bases provide a tangible military guarantee of Japanese security and regional stability. But we must face the real probability that Japan's gradual high-tech march toward

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[15] Murakami Yasusuke, "The Age of New Middle Mass Politics: The Case of Japan," Journal of Japanese Studies (Winter 1982), pp. 29-72.

rearmament (at an annual pace of 5% real growth in defense spending) will someday attain an operational level of "sufficiency" for self-defense. When this point is reached, what should happen to the US bases? Japan's expanding financial and trade interests in global stability and constitutional strictures on assuming military responsibilities beyond "self-defense" will force a reevaluation of the bases-for-rearmament arrangement. This will necessarily involve Japanese domestic debates over constitutional limits to a more realistic security role.

Finally, the Peace Treaty remains a reasonable expression of what would secure long-term US-Japan cooperation -- operating under UN principles, concern for human rights, maintaining Japanese internal stability and prosperity, and agreement on fair trade practices. Agreement on these fundamental values that concern legitimate human interaction is necessary for security cooperation, regardless of what the limits to Japanese military force levels happen to be. In the future absence of either Japanese constitutional constraints on military security or the bases-for-rearmament deal, mutual acceptance of these principles will be central to maintaining a positive security partnership.

We should consider these three elements as a core foundation for continued cooperation, then ask, what can institutions do, in light of changes in the dimensions and dynamics of alliance transformation? Changes in the dimensions of the security bargains indicate movement toward an unstable bargain composed of

competing and cooperating elements. To take advantage of new opportunities for security cooperation, a closer bilateral military relationship should be encouraged within Japan's constitutional constraints.

This could be promoted by increasing military role-sharing and accelerating more effective military personnel exchanges. More role-sharing would be a useful way to encourage a loosening of policy constraints on this most cooperative aspect of the security relationship within the bounds of constitutional interpretation. In spite of domestic differences and priorities, the security strategies of both states heavily rely on maintaining technological supremacy. Role-sharing could help maximize these complementary interests by promoting dual-use technologies. The Ministry of Foreign Affairs, Defense Agency and MITI would likely support this potential expansion (probably over Ministry of Finance objections) if it presented opportunities to justify advanced weapon system acquisitions in critical high-tech industrial sectors. The framework for the self-defense force structure, the National Defense Program Outline, is flexible enough to allow room for such expansion as long as the external strategic environment warrants it.[16] Going farther, there is nothing in the Constitution that limits

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[16] The recent aggression by Iraq in the vital Persian Gulf, internal volatility in Eastern Europe and the Soviet Union, and a nascent North Korean nuclear capability serve as unpleasant reminders that the external environment is far from benign.

Japan to one percent of GNP for defense -- this actually has been a recent policy constraint that was breached in the late 1980s. Similarly, the "no offensive weapons" limitation is not part of the Constitution and is being eroded by technological advances. As we have seen, tactical offensive maneuvers have been planned and conducted for realistic, strategic defense.[17] By taking incremental steps toward greater military role-sharing, convergent military institutional interests could legitimately and incrementally loosen policy constraints for future military cooperation.

Acceleration of serious military personnel exchanges could work to increase formal and informal channels that can enhance mutual interests and provide beneficial points of contact in unforeseen future issues. Self-Defense Forces and US armed forces members would receive substantial language and area specialist training, then attend service academies or professional military education courses, and be assigned to a wider range of joint operational and staff positions. The Department of Defense in particular needs to encourage regional expertise and Japanese language skills, the neglect of which routinely translates into missed opportunities for cooperation and pervasive cultural misunderstanding. This does not naively assume that differences of interest central to national security

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[17] See Chapter 5, footnote five, concerning the remarks of Foreign Minister Ito and Director of the Cabinet Legislation Bureau Tsunoda before the Diet in March of 1981.

will disappear as a result of more exchanges, it merely assumes that institutional interaction among highly prepared individuals is better than inbred insensitivity and insularity. In this period of transition, expanded cross-national networking among government institutions can provide critical avenues of communication that are badly needed to maximize common interests.

A deepened military relationship appears conducive to cooperation, but what happens to the more competitive aspects of the security bargain, such as military-technological competition and military-economic issue linkage? These would seem to increase with closer bilateral military relations. Mutual long-term interests are in preventing the opposed crystallization of a broad-broad security policy interaction: a Defense-Commerce-State industrial policy and a Defense Agency-MITI-Foreign Affairs military-industrial policy. The attendant American dilemma is: how can US security policy makers encourage JDA progress toward a traditional military alliance without also feeding Japanese industrial policy objectives? Fifty years of Japanese industrial policy is difficult to undo. Similarly, from a Japanese perspective: how can Japanese officials retain a credible US military guarantee from an economically stagnating America without breaking out of constitutional restrictions? The MacArthur Constitution also has proven to be difficult to undo. How can these questions be reasonably resolved?

Chapter 7

The dynamic of US-Japan alliance change presented in this study suggests that the prospect for stable resolution of these issues resides in how institutions will choose to define and interact in matters of national security. The fundamental forces of change shaping the security relationship (military technology and economic interdependence) are long-term, unlikely to be reversed quickly. Furthermore, these forces are capable of increasing military-technological competition and military-economic issue linkages quite apart from more narrow, collaborative military relations. Whether these forces stabilize or aggravate security relations in the long run will turn on what internal adjustments are made. Although military technology and economic forces are analytically taken to be external (independent variables), in practice they arise from the bilateral interaction of domestic processes. Similarly, economic forces of interdependence are the resultant[18] of many internal practices and decisions, such as national savings and investment rates, government expenditures, tax structures, tariff levels, and structural barriers to trade, and the interaction of these practices across borders. These internal practices would need to be brought into greater symmetry to affect fundamentally how the alliance relationship changes over the long run.

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[18] The important distinction between result and resultant is used with effect by Aaron Friedberg in "The Political Economy of American Strategy," World Politics, Vol. 40, No. 3 (April 1988), pp. 381-406, p. 385.

In the short to medium term, until these domestic adjustments are made, institutionalized differences in relative security priorities render the alliance inherently vulnerable to unilateralist paranoia and techno-nationalism. This places security institutions in a unique position to take the critical steps toward long-term alliance stability. By implementing incremental changes, security institutions can stabilize the security bargain. This need not entail pushing for a new Security Treaty with a "new," unspecified division of alliance labor.[19] Nor would it require going through the process of Treaty revision simply to end up where we are now.[20] It certainly would not involve a deliberate rupturing of the formal military relationship that has served as a force for bilateral and regional stability.[21] Before a new division of labor can be established, institutional channels to accomodate the complex political, military and economic aspects of security must first

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[19] See Chalmers Johnson, "The End of American Hegemony and the Future of US-Japan Relations," Harvard International Review, Vol. 10, No.4 (May 1988), pp. 126-131.

[20] See Peter Polomka, "US-Japan: Beyond the Cold War," Asian Perspective, Vol. 14, No. 1 (Spring 1990), pp. 171-186, in which he argues: "The need is for a new US-Japan Security Treaty which acknowledges Japan's standing as an economic superpower but respects the wishes of most Japanese people to reaffirm their commitment to a unique peace constitution, the non-nuclear principles and the ban on the export of military weapons, should that be, as polls still suggest, their preferred security posture" (p. 183).

[21] See Edward A. Olsen, "US-Japan security pact proves outdated," The Japan Times Weekly International Edition, 8-14 April 1991, p. 11.

be available. Before policy coordination is realistically possible, the institutional means to accomplish serious interactions have to exist. Their absence is notable, and now is the time to promote them.

This study suggests the institutional filters that screen the fundamental forces impacting the security bargain have gaps that need to be filled to facilitate bilateral interaction.[22] Communicative gaps derive in part from the two different domestic structures of relative economic and military security priorities -- systems that do not consist of equivalent components, are fragmented and outdated. The controlling element for FS-X technological cooperation within the Japan Defense Agency, for instance, is not the Air Staff Office, but the Equipment Bureau (due to its link with industry). During the FS-X negotiations, the Equipment Bureau interfaced with the DoD Defense Security Assistance Agency (foreign military sales), rather than with the Equipment Bureau's functional counterpart, the Undersecretary of Defense for Acquisition. Outdated bureaucratic procedures that narrowly stress a foreign military sales role for the Department of Defense are ill-suited to promoting cooperative technological ventures with an advanced

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[22] The essentially reactive character of the Japanese state implies that American policy makers will have to initiate the process of filling in these gaps. See Kent E. Calder, "Japanese Foreign Economic Policy Formation: Explaining the Reactive State," World Politics (July, 1988), pp. 517-541.

industrialized ally such as Japan.[23] Defense Agency and Department of Defense officials are aware of numerous other instances in which opportunities for technological cooperation were thwarted by inappropriate bureaucratic SOPs (standard operating procedures). But how will these gaps be filled in? There are two starkly opposed alternatives in which security policy makers implicitly assume the other state to be either a threat or a legitimate challenge to national security interests.

First, there are strands of the techno-nationalist solution. Adherents include activists such as Shintarō Ishihara and Clyde Prestowitz, marginalized rightists in Japan and rust-belt Congressmen in the United States. Policy prescriptions range from ad hoc retaliatory trade policies to deliberate industrial policy planning and implementation.[24] Such nationalistic

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[23] The July 1989 Defense Science Board Report contains many suggestions for streamlining DoD procedures to encourage less a sales mentality than one of technology cooperation. One is to "place all Office of Secretary of Defense international trade activities [of the] Defense Security Assistance Agency, Defense Technology Security Agency, Deputy Undersecretary of Defense for International and Industrial Programs, under a single manager responsible to the **acquisition** executive." Defense Science Board Report on Defense Industrial Cooperation with Pacific Rim Nations, Executive Summary, p. xiv (bold print by author). Currently, the bureaucratic boundaries of jurisdiction for security assistance are being contested by the Deputy Undersecretary of Defense for Policy who controls DSAA (promotes foreign military sales through the Mutual Defense Assistance Office) and the Deputy Undersecretary of Defense for Acquisition who heads Defense Cooperation and Armaments (seeks to acquire foreign technology).

[24] An example of the former is the "super 301" provision of the 1988 Omnibus Trade Bill, which gave the United States Trade Representative the authority to establish a priority list of

solutions imply extensive state management of security broadly defined, something states are ill-prepared to do in a world where trade, financial and information flows are becoming increasingly complex. In the US-Japan security arena, a typical techno-nationalist solution would involve establishing a nationally integrated policy framework to create military-economic linkages for national advantage. A prime problem with this response is that it could evoke a spiral of similar reactions, risking escalation to a broad-broad national security interaction.

Second, there is the liberal solution -- the narrow pursuit of security cooperation in the military arena. This course is compatible with the traditional American self-concept of security, as well as with the post industrial catch-up (contemporary) official Japanese position, both of which favor *sei iki* separation of economic issues from military affairs. The liberal path would trust the long-term forces of interdependence and economic-political integration, relying on the inherent strength of a liberal state to flexibly adjust to environmental forces. The chief risk with this approach for the United States would be the "unfair" erosion of its relative economic position by a less liberal Japanese domestic structure that presumably seeks and creates comparative economic advantage. For Japan, the

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"unfair" trading states and practices. This is used to target illiberal states for US negotiations or retaliation in kind. An example of incipient industrial planning would be the recommendations of the July 1989 Defense Science Board Report, which so far have not been adopted (cited in Chapter 6, p. 340).

associated risks are those engendered by the process of economic liberalization, such as increased political pluralism and weakened LDP domestic hegemony.

Those are the two basic choices for the future. The techno-nationalist path implicitly assumes the other state's economic prowess as threatening, while the liberal approach views it as a challenge for internal reform. Thus, while it is an auspicious time to create new channels of bilateral interaction between two leading global democracies, it also is a time ripe for the fateful emergence of a broad national definition of security. Policy makers' strategic choice of which path to take will depend greatly on perceptions of what path the other state is embarking upon. US policy makers will ask if Japanese financial and trade liberalization is genuine, and will likely reach conclusions based on actual results. Japanese officials will similarly ask if the United States is willing to reduce the federal deficit, increase savings and investment, and engage in a serious long-term dialogue for military and economic policy coordination. Domestic constraints will impair the ability of both states to make good on many commitments; however, at a minimum, government officials can respond to the fundamental forces of change in such a way that liberal, narrow definitions of national security prevail.

To that end, policy makers should act to shape institutional forms to shunt the forces of military technology and economic

interdependence in a direction that fosters bilateral cooperation instead of mutual recrimination.[25] Policy tools are limited, but the historical lessons for mutually beneficial security relations are clear. Broad institutional interaction must be encouraged without erecting broad national security policy frameworks against each other. To accomplish this, institutions considering national strategies also need to build bilateral channels that might cultivate transnational interests. One idea might be to establish a joint technology development office as a clearing-house for joint proposals. Such an agency should be given sufficient responsibility and authority to avoid exacerbating the multiple points of contact problem that already exists. Additionally, deepened formal interactions and backchannels between the Department of Defense and Defense Agency might be expanded to include Commerce-MITI, Treasury-Finance, State-Foreign Affairs, with a view toward defusing nationalistic security broadly defined. Although not a natural impulse of national security institutions, this seems the wise move for the long-term. How can this be done without simultaneously provoking broad national security strategies? This should be the centerpiece of future research.

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[25] See Destler, I.M., and Michael Nacht. "Beyond Mutual Recrimination: Building a Solid US-Japan Relationship in the 1990s." International Security 15, No. 3 (Winter 1990/91), pp. 92-119.

Future Research

Historical research that focuses on competing concepts of national security can provide insights for building US-Japan strategic partnersnip, with timely relevance to other states as well. Generally, the interaction of external conditions and internal practices generate institutions that shape perceptions of national security and constrain future policies. Given the rapidity of transformative change that is occuring well beyond the bilateral scope of US-Japan relations -- the disintegration of the Eastern European communist bloc, reunification of Germany, regional economic integration, and global military-technological advances -- now is the time to reflect on how we have thought about national security in the past, and where that has brought us. Due to the scope of these global transformations, contemporary policy makers may be afforded the historically rare opportunity to institutionalize new political and economic patterns that will shape and constrain future policies and behavior. With these points in mind, I would like to suggest three sets of related questions for future research.

First, a central question should be, what are the political conditions that generate the patterns of security interactions described in this study (narrow-narrow, broad-narrow, broad-broad)? Late industrialization and domestic fragility at the time of sudden contact with economically and militarily superior

foreign powers were key factors shaping the Japanese broad definition. Has it been political and economic liberalization (the latter since the 1980s in Japan) or economic prosperity that accounts for the absence of a broad-broad interaction today? If the answer is political and economic liberalization, then there should be no reasonable concern about a loosening of domestic constraints on the Japanese military. There also would be no reason to expect that an America in temporary relative economic decline would depart from a comparatively narrow national security conception to pursue security broadly defined. If the answer is to be found in relative economic prosperity, however, then the apparent ending of the Cold War may indeed be followed by mercantilist conflict.[26]

The question of how broad definitions of national security emerge also bears relevance to the more ideologically reclusive states today, such as Eastern European communist governments and the Soviet Union, as they confront the forces of liberalization. As these newly uncapped regimes seek their share of global prosperity and independent physical security, how broadly will their domestic institutions perceive threats to national

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[26] Along this line, Robert Gilpin has repeatedly emphasized that "the options available to the nations and corporations in the global economy are no longer economic liberalism or mercantilism. Instead, the choices that must be made are between what I elsewhere called benign mercantilism and malevolent mercantilism." Robert Gilpin, "The Asia-Pacific Region in the Emergent World Economy," Analysis: The National Bureau of Asian and Soviet Research, No. 4 (April, 1990), pp. 15-20, p. 20.

security? Will domestic institutions in the economically decaying Soviet Union feel less threatened by a unified German state, as global liberalists assert, or more threatened, as realists contend? This study suggests that reliable answers to these questions are likely to be found less in parsimonious analysis of objective external conditions than in the complex interaction of external forces and internal institutional biases.[27]

A second set of questions is, will the present exchange of different relative security priorities be recognized as a workable basis for cooperation? Is such an arrangement sustainable? The recent US-Japan cooperation in the Persian Gulf could serve as a timely case study. The outcome of contributions to this vitally important area for both states -- a substantial Japanese financial contribution and a substantial American military contribution -- is consistent with a continuation of the unstable 1987 US-Japan security bargain. We saw an domestically unpopular exchange of Japanese economic and American military security priorities, with a political result of mutual indignation. Japanese officials complained of being dragged into supporting a war with which they had no prior consultation.

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[27] This assumes that external forces impacting states are perceived and filtered by states seeking relative military and economic advantage. This approach views the "second image reversed" dynamic as an abstraction to be disaggregated at the sub-national level. See Peter Gourevich, "The Second Image Reversed," International Organization (Autumn, 1978).

American officials downplayed, if not ridiculed, a huge Japanese financial commitment of $13 billion (this included a Japanese tax hike to support it). This raises a more fundamental question: how will the United States and Japan cooperate in security affairs regarding such regional threats to global stability? The reduction of mutual ascriptions of strategic intent through a network of institutional cross-linkages seems key.

The third area for further research concerns the dynamics of transnational coalitions. In an era of rapid international integration, these interactions are likely to be of increasing importance to resolving earlier questions about broad-broad security interactions. New, complex security-related issues, such as those of technology transfer, will be generated by growing linkages between domestic interests and their overseas counterparts. How far can integration proceed? How far will states go to reassert national boundaries on sources of power that are becoming more internationalized, such as technology? To what extent will states respond strategically or domestically to these linkages, as each seeks its own mix of political, economic, and military goals?[28] Is a broad, long-term national strategy

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[28] In the area of telecommunications and data processing policy, the Japanese state role has been found to be strategically reactive, rather than deliberately proactive. Despite the expectation that this sector ought to be considered strategically important to a state's relative international position, multinational corporations played the key role in affecting policy. Kent E. Calder, "International Pressure and Domestic Policy Response: Japanese Informatics Policy in the 1980s," Princeton University Research Monograph No. 51, Center of

better than a more flexible one composed of shorter time horizons? To answer these questions, we need to know more about the actual extent of cross-national alliances among security institutions and defense producers. After this is known, how internal divisions among national coalitions affect bargaining outcomes may be analyzed. Relevant questions would include: is domestic fragmentation a source of weakness to be exploited by the other side? Under what conditions can internal divisions be sources of leverage? What are the likely arrays of transnational coalitions for distinct sets of issues?

Thinking through the political choices posed by research questions such as these could better prepare us to deal with the tremendous global changes impacting US-Japan security relations. In times of flux, political decisions are more likely to create new institutional patterns that shape future choices. This must be done without erecting broad frameworks of national security against each other. Clearly, the latter would not be in the long-term best interests of either Japan or the United States. Fundamentally, the nature of the US-Japan "alliance" needs to be recognized for what it is -- a mixture of institutional remnants forged in a period of sharply different relative security priorities. As the world's two most powerful industrialized democracies move toward a convergence of like security interests,

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dealing with these historical differences will likely be more important than the real or presumed presence of a common threat. Understanding and ultimately agreeing on what legitimate national differences are seems central to building a lasting strategic partnership.

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