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JAPAN IN SEARCH OF A “NORMAL” ROLE

Chalmers Johnson



“All the world’s a stage,
And all the men and women merely players.
They have their exits and their entrances,
And one man in his time plays many parts.”

As You Like It, II: vii: 139

“Out, out brief candle!
Life’s but a walking shadow, a poor player,
That struts and frets his hour upon the stage
And then is heard no more. It is a tale
Told by an idiot, full of sound and fury,
Signifying nothing.”

Macbeth, V: vi: 23

International relations writers, like dramatists, often resort to the theatrical metaphor when they are trying to evoke ineluctable forces or excuse a leader or a nation from the consequences of their actions. Japan is a prime example. It seems impossible to talk about Japan without help from the concepts of role, actor, stage, and scenario. Noritsuo Matsui entitles a recent essay, “new roles for Japan in the global political economy.” Hideo Sato writes about “the emerging role of Japan in the world economy.” Masaru Tamamoto settles simply for “Japan’s uncertain role.” Brian Bridges adds a time dimension in “Japan: still searching for a role.” Doi and Willenson note, “As Japan gropes for a more active role, it is beginning to feel it ought to be more than just the rich cousin who signs the checks.” If Japan fails to find a role, it risks becoming “odd man out on the world’s stage, a post-Cold War bogeyman permanently hounded over trade by an increasingly protectionist United States and Europe.” And never in doubt about his own role, U.S. Secretary of State James Baker comments, “We recognize that Japan’s leaders and its people are now grappling with a difficult adjustment in Japan’s world role. . . . Your ‘checkbook diplomacy,’ like our ‘dollar diplomacy’ of an earlier era, is clearly too narrow.”¹

The questions are obvious. Role in what? What is to be the new play? What was and what happened to Japan’s old role? Is Japan the only nation that needs a new role? What does Tadae Takubo mean when, in a dialogue with LDP strongman Ichiro Ozawa, the

¹Matsui: Institute for Education on Japan, Earlham College, Richmond, Indiana, 1991; Sato: *The International Spectator* 26, 3 (July-September 1991): 75–102; Tamamoto: *World Policy Journal* (fall 1991): 579–97; Bridges: *The Pacific Review* 5, 1 (1992): 84–85; Doi and Willenson: *The Japan Digest*, 3 March 1992, 4; “odd man out”: “More Japanese Firms See Need to Change Ways,” *Los Angeles Times*, 20 April 1992; Jim Mann, “Baker Tells Japan: Take Global Role,” *Los Angeles Times*, 11 November 1991.

head of the ruling party's Special Committee on Japan's Role in International Society, he says, "In other words, you're saying let's become one of the normal countries"?²

These are not easy questions. Japan already has an important role, even if acknowledging it is embarrassing for many Americans. "Japan's superior economic performance," writes Tamamoto, "has served as an example to be emulated by Asian governments. . . . Japan, despite all the talk to the contrary, has been acting as a political leader and has made a significant contribution to international well-being. . . . Japan has inspired Asia in a fundamental way, luring its neighbors by way of example to embrace the politics of economic growth."³ This role, however, is increasingly in conflict with Japan's other roles as a signatory to the Japan-U.S. Security Treaty and a member of the "Global Partnership" that President Bush and Prime Minister Miyazawa proclaimed in Tokyo in January 1992. What the new division of labor between the two global partners might be, whether the rest of Asia welcomes a Japanese-American condominium, or whether such an arrangement is in the United States' national interest are also quite open questions, particularly since the current global Japanese-American arrangement was the fruit of a presidential trip to Tokyo that Kenneth Galbraith has called "quite possibly the most disastrous journey since the Fourth Crusade."⁴

Asia's economic achievements are embarrassing to the United States. The Americans did not cause them, did not anticipate them, still cannot fully explain them, and are politically and ideologically threatened by them. In part this reflects the fact that "Virtually all U.S. decision makers are Atlanticists whose entire working lives have been devoted to NATO- and EC-oriented affairs, focusing on the Cold War threats from the Soviet Union. They have paid scant attention to the Asia-Pacific region, treating it as a corollary of U.S. global policy that can be readily adapted to policy changes in the European-Soviet region."⁵

The Japanese-American relationship and Japan's old and possible new roles in it are, of

course, not exclusively economic. The Japan-U.S. Security Treaty of 1952, the wording of which was last substantially modified in 1960, took no cognizance at all of Japan as an economic competitor to the United States. It was based on the Cold War proposition that Japan had unimaginable strategic significance but no economic significance, which was arguably true in the global circumstances of the 1960s but has made no sense at all since at least the end of the Vietnam War in 1975. The Bush administration nonetheless continues to believe that "The U.S.-Japan security relationship will remain the vital linchpin of peace and security throughout Asia and the Pacific," and it takes credit for pressuring Japan to pay "72 percent of the non-salary costs [of] maintaining our 30,000 soldiers, sailors, and marines in their country."⁶

This view ignores the growing contradictions in American policy in Asia and the Pacific. In this preliminary discussion, which will be amplified below, let me mention only three of these contradictions. First is the obvious fact that the United States cannot afford its current foreign policy. Edward Olsen mentions some of the implications:

Compounding this [Asian] sense of caution and guarded confidence that the U.S. will not make truly major revisions to its post-Cold War strategy as it applies to them, Asians tend to see the U.S. military action in the Persian Gulf War as a clear signal that Americans will not change their behavior. . . . The [American] eagerness to be the leader, even at a high cost, reassures Asians greatly. It also surprises them greatly because they also see the United States as a superpower with economic feet of clay. In short, Asians—even as they act as cheerleaders, and sometimes bankers for the American cause—wonder how long such disproportionate arrangements can last.⁷

²Tadae Takubo and Ichiro Ozawa, "Hoshu seiji no shissei o tadasu" (Correcting the Misgovernment of Conservative Politics), *Voice*, March 1992, 42.

³*World Policy Journal* (fall 1991): 593.

⁴Quoted in Kathryn Tolbert, "Pacific Grim," *Boston Globe Magazine*, 29 March 29 1992, 40.

⁵Edward A. Olsen, "A New American Strategy in Asia?" *Asian Survey* 31, 12 (December 1991): 1140.

⁶Remarks of Vice President Dan Quayle to the Council on Foreign Relations, New York, 27 April 1992.

Secretary of State Baker claims that the Japanese are paying 73 percent in "America in Asia: Emerging Architecture for a Pacific Community," *Foreign Affairs* 70, 5 (winter 1991-92): 10. According to Reinhard Drifte, "Japan now pays \$2.5 billion or 42 percent of America's \$6 billion outlays for its troops operating in Japan," "Japanese Defense Policy and the Security of the Korean Peninsula in the 1990s," *Journal of East Asian Affairs (Seoul)* 6, 1 (winter/spring 1992): 88.

⁷*Asian Survey*, December 1991, 1142.

The second contradiction concerns the role of the American forces in Japan. It has crossed the minds of some people that they are there not to contribute to peace and security elsewhere in Asia but to ensure that Japan itself does not destabilize the area. In 1990, Lt. Gen. Henry Stackpole, then the U.S. Marine Corps commander in Okinawa, said that "U.S. troops [are] the 'cap in the bottle' of Japanese military power."⁸ Former Prime Minister Nakasone agrees. He recently asserted that the Security Treaty both contributes to the stability of Asia and is also important in "preventing the resurgence of Japanese militarism."⁹ China, too, for the past two decades has supported the Japanese-American military alliance as a restraint against the revival of Japanese militarism, which was also one of the original purposes of the treaty in 1952 that Americans have conveniently forgotten. The Security Treaty was the institutional corollary of Article 9, of Japan's disarmament, and the two have long been linked in Japanese thought as the *kyujo anpo taisei* (Article nine-Security Treaty structure).¹⁰ In urging greater Japanese spending on defense, the Americans are tampering with the very foundations of the Japanese constitution, a theme to which I shall return.

The third contradiction in current Japanese-American relations concerns the fact that the Americans are asking Japan to pay almost three-quarters of the costs of keeping their forces there but do not invite Japan to participate in a joint command, as in NATO. Koji Kakizawa, parliamentary vice-minister of foreign affairs and the ruling party's chief spokesman on these issues, said in a recent interview that "If the U.S. pays less than 50-50 we Japanese will become the majority shareholder" and went on to quote the American revolutionary slogan, "No taxation without representation." Commenting on the idea that American forces are actually there to contain Japan and that the Americans are thus asking Japan to pay for its own containment, Kakizawa replied that if it is true, "What do you think will happen inside the bottle? . . . The withdrawal of

the U.S. will be inevitable."¹¹ For a Japanese audience, Kakizawa recently wrote, "When President George Bush visited Japan last January and collapsed at the dinner party sponsored by the Prime Minister's Office, it was Prime Minister Kiichi Miyazawa who helped the President to his feet. This scene seems to symbolize the current situation in Japan-U.S. relations."¹²

I believe that in order to conceive of a new role for Japan, one must first write the play in which Japan is to be cast. Its elements must include the vacuum left by the end of the Cold War, the anachronisms in the old Japan-U.S. relationship, the decline of America industrially and the failure of American leaders to mount an economic reform program, the degree to which Japan is tying the East Asian region together economically, the ambiguities in Japan's political system (what Yamaguchi has called "the blanks that were left in the constitution"), and the structural differences between Japanese capitalism and Anglo-American capitalism.¹³ Before one can envision a new role for Japan, one needs a scenario.

There are several already on offer. Hideo Sato asserts that "This subject [Japan's future role] cannot be effectively dealt with in isolation from the future role of the United States" and says that the biggest problem with any "scenario" is America's "hegemonic mentality." He sees four dramatically different treatments: a Pax Americana restored, a Pax Nipponica, competing economic blocs, and a joint leadership system.¹⁴

Yoichi Funabashi warns that there are "many areas in which Japan and America could come into conflict." For example, "A new Cold War could develop between champions of the American model of capitalism and those of the Japanese model, especially as the latter becomes well established among the Asian NICs and the Association of Southeast Asian Nations, and as regional interdependencies increase." In Funabashi's view, the new play will be built around five basic themes:

- status ("Japan is likely to overtake America economically by the turn of the century");

⁸*Daily Yomiuri*, 20 March 1990; *Washington Post*, 27 March 1990.

⁹"Nakasone Says Security Treaty Helps Keep Japanese Militarism in Check," *The Japan Digest*, 21 February 1992, 2.

¹⁰Jiro Yamaguchi, "The Gulf War and the Transformation of Japanese Constitutional Politics," *Journal of Japanese Studies* 18, 1 (winter 1992): 161.

¹¹Text of interview with Koji Kakizawa, Tokyo, 10 December 1991, by David Evans, military correspondent, Chicago Tribune.

¹²Koji Kakizawa, "Ima Amerika to do tsukiau ka" (How Shall We Get Along With America Today?), *Chuo koron*, March 1992, 112.

¹³Yamaguchi, *Journal of Japanese Studies* (winter 1992): 164.

¹⁴Sato, *The International Spectator*.

- ideology, or one model of capitalism vs. another;
- power, or what is to be the division of labor in the Global Partnership;
- regional influence, or whether Japan should try to create a new Greater East Asia Co-Prospersity Sphere to balance the single market in Europe and the North American Free Trade Area;
- differences in American and Japanese relations with the former Soviet republics and China, including whether the G-7 democracies will support Japan's claims to the Northern Territories now that the Cold War is over, and whether a renewal of the democracy movement in China would swell Western sympathies and undercut Japan's appeasement of the current regime.¹⁵

Still a third scenario is contributed by David Rapkin, writing in Japanese in *Leviathan*, the leading Japanese journal of political science. His play revolves around a Japan that identifies its national interests with those of the larger world system and devotes itself to policies that seek to build a more stable and prosperous global political economy. Rapkin identifies three obstacles to this outcome, which form the content of his scenario: Japan's serious "legitimacy deficit" stemming from the legacy of World War II, a mercantilist image, and widespread doubts that Japan has any universally attractive ideas to offer to the world.¹⁶

My own scenario has three acts, but first let me outline its conclusion. Over the next five to ten years Japan will re-emerge on the world's stage as a significant political actor. It will shed the client status it has occupied under the Japanese-American Security Treaty and by the late 1990s it will become a fully fledged major power. A gradual U.S. drawdown of its forces in the Pacific will allow Japanese leaders to build the necessary domestic support to expand Japan's independent defense capabilities along the lines that former prime minister Nakasone proposed in the mid-1980s.¹⁷ A fast and substantial American withdrawal from Asia over the next

five years will probably leave Japan unready domestically and regionally to make the transition and would undermine Japanese popular confidence in the value of an alliance with the United States. The idea that the Japanese political system is unable to provide the leadership for this transition is nonsense, but reform of the political system will be unavoidable. Regardless of what the Americans do, Japanese momentum in much of the LDP, the business community, the intelligentsia, journalism, and the bureaucracy is toward greater independence from the United States.

Getting to this conclusion will be difficult. The three acts of this play are actually three plays-within-a-play: (1) Japan's business behavior and whether or not Japan can change it; (2) Japan's contributions to its own defense and its skill in handling an America in decline; and (3) Japan's perspective on and policies toward economic regionalism in other parts of the world and in East Asia. Depending on how each of these come out, the overall drama will be a farce, a comedy, or a tragedy. I can only identify the contradictions on which the action will turn, not foresee their resolution.

Act I

Japan's status as an economic overachiever, which everyone today acknowledges, and how it got there lie at the heart of the Japanese-American estrangement. Until recently this subject was controversial, largely because of the hegemonic role of economic ideologues and their definition of Japan as an economic little brother of the English-speaking capitalist countries. During the early 1990s this changed. It began to be recognized both inside and outside Japan that, as Stephen Cohen puts it, "Japan, not the United States, is the independent variable. . . . In the 1960s, U.S. political scientists learned from the emerging Sino-Soviet dispute that communism is not monolithic. In the 1990s, a third consecutive decade of U.S.-Japan trade frictions may finally convince the majority of U.S. economists that capitalism is not monolithic."¹⁸

¹⁵Funabashi, "Japan and America: Global Partners," *Foreign Policy* No. 86 (spring 1992): 24-39.

¹⁶David P. Rapkin, "Sekai shisutemu ni okeru Nihon no ridashippu" (Japan's Leadership in the World System), *Leviathan* 5 (autumn 1989): 34-51.

¹⁷See Chalmers Johnson, "Reflections on the Dilemma of Japanese Defense," *Asian Survey* 26, 5 (May 1986): 557-72.

¹⁸Stephen D. Cohen, *Cowboys and Samurai: Why the United States is Losing the Battle with the Japanese, and Why It Matters* (New York: Harper Business, 1991), 8, 11. For further evidence of Japanese exceptionalism, see Edward J. Lincoln, *Japan's Unequal Trade* (Washington, D.C.: Brookings Institution, 1990).

The issue here is structural differences within capitalism or the theoretically corrosive thought that there are different kinds of capitalism. This is not a new subject in Japanese studies, but it has taken a long time for the American establishment, much of which cannot read Japanese and is without the capability to study Japan empirically, to catch up with data that have long been accepted by specialists. In 1983, for example, a senior official of MITI, Koji Matsumoto, argued in great detail that Japanese corporations are not capitalist according to Western definitions of capitalism; or else, according to a new definition, which Matsumoto calls kigyoinism, they are ultracapitalist.¹⁹ According to Matsumoto, "A new economic system has developed and been nurtured in Japan inside a shell of capitalism."²⁰ Its key features are (1) "de facto total separation of management from the wishes of the owners" and (2) a shift of "the burden of corporate risk to the side of labor," thereby achieving (3) "the autonomy of management."²¹

During the late 1980s foreigners who made these same or similar observations were stigmatized by the Japanese Ministry of Foreign Affairs as "revisionists."²² This was because the ministry feared that accurate knowledge among foreigners about the structure of Japanese capitalism might lead to countermeasures against Japanese business activities, and it sought through propaganda and other dirty tricks to prevent this from hap-

pening. Revisionism refers to the "view that Japan's economy and society are not organized around classical notions of free markets, in which the direction of the economy is determined by the independent actions of consumers and corporations all operating to maximize their profits and incomes. This challenges the conventional wisdom (hence 'revisionism') among American policymakers that Japan is fundamentally similar to the United States and other Western capitalist democracies."²³ Those who hold that Japan is a junior-grade clone of the United States became known as either members of the chrysanthemum club or, in Pat Choate's phrase, "agents of influence."²⁴ They were actually influential, and thereby contributed to the worsening of Japanese-American relations, until prominent members of the Japanese economics community decided that reality could no longer be suppressed. Thus yesterday's revisionism about the Japanese economy has become today's common knowledge.

Iwao Nakatani, for example, now distinguishes Japan's "network capitalism" from the Anglo-American version and holds that it rests on two pillars: a cartelized (keiretsuka) economy that is conducive to so-called lean manufacturing, and interlocking shareholding that eliminates the influence of owners over corporate behavior.²⁵ Yukio Onuma, a manager of C. Itoh and Company, asserts that "Japan is not a market economy in the Adam Smith mold. . . . Two features (among many) set it apart from western industrialized nations. The first is that income distribution is maintained within relatively narrow bands by a number of unwritten contracts and norms that are widely accepted by members of society. . . . Second, Japanese society has ef-

¹⁹Koji Matsumoto, *Kigyō-shugi no koryū* (Tokyo: Nihon Seisensei Honbu, 1983), translated as *The Rise of the Japanese Corporate System: the Inside View of a MITI Official*, Thomas I. Elliott, trans. (London: Kegan Paul International, 1991). A cognate term to Matsumoto's kigyō-shugi is kaisha-shugi used by Kazuo Shibagaki. See *Ekonomisuto*, 10 March 1992, 30–35.

²⁰*Rise of the Japanese Corporate System*, vii.

²¹*Ibid.*, 6, 195.

²²See, for example, Nagayo Homma, "Nihon 'tasharon' no kiken" (The Danger in the Theory that Japan is Different), *Gaiko Forum*, October 1989, 12–20 (*Gaiko Forum* is published by the Ministry of Foreign Affairs); "Gaiko no ketsuraku tsoku 'minnaoshiron'" ("Revisionism" Begins to Pick Holes in Diplomacy), *Aera*, 30 January 1990, 10–14; "Nihon o minaose" (Revisionism), *Newsweek*, Japanese edition, 26 October 1989, 8–15; and "The 'Gang of Four' Defends the Revisionist Line," *U.S. News and World Report*, 7 May 1990, 54–55. For reports of attacks on me personally, see Hiroshi Sugimoto, "Reisengo Nihon to Amerika" (Japan and America After the Cold War), *Asahi shimbun*, 7 November 1991; and Shigeo Minabe, "Jyapan bassha basshingu" (Japan-basher Bashing), *Ekonomisuto*, 31 March 1992, 42–44.

²³Peter Ennis, *Tokyo Business Today*, January 1990, 30.

²⁴Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (New York: Knopf, 1990); and Charles Lewis, *America's Frontline Trade Officials* (Washington, D.C.: The Center for Public Integrity, 1990).

²⁵Iwao Nakatani, "Nichi-Bei inbaransu no kihon kozo" (Basic Structures of the Japanese-American Imbalance), *Chuo koron*, January 1990, 50–63; and Iwao Nakatani, "'Nettowaku' shihon-shugi no kozai" (Merits and Demerits of Network Capitalism), *Shukan toyo keizai*, 13 December 1991, 4–8. For some mordant thoughts on Japanese-type capitalism by distinguished economists, see Yutaka Kosai, Rinichi Kosaki, and Yukio Suzuki, "'Nihon-kata shihon-shugi' no jumyo" (The Life Span of "Japanese-type Capitalism"), *Bungei shunju*, November 1991, 148–59.

fectively ‘privatized’ many of the social costs that, in other countries, are born by governments.”²⁶

Professor Tadao Kagono, writing in the house organ of the Ministry of International Trade and Industry, refers to “This special characteristic wherein Japanese businesses place greater emphasis on market share rather than profits, when compared with European and American—especially U.S.—businesses.” This emphasis is caused, says Kagono, by “the pressure from guaranteed employment,” “the lack of pressure for short-term earnings from the securities markets, especially shareholders,” and other structural eccentricities (as viewed from the perspective of American economics textbooks) of industrial organization in Japan.²⁷

Leaders of Japan’s aid-giving community have become restive over the continued domination of the World Bank by American economic doctrine. Isao Kubota, managing director of the Overseas Economic Cooperation Fund, the main foreign aid lending arm of the Japanese government, said of the World Bank’s economists, “It’s really incredible. They think their economic framework is perfect. I think they’re wrong.” Japan favors giving governments a bigger role in developing their economies, on the postwar Japanese model, and dumping the laissez-faire approach championed by Washington.²⁸

There are many other similar analyses with different lists of the significant structural differences.²⁹ The important point is that study of the Japanese economy has finally come out of the closet and adopted an empirical, inductive stance, as distinct from the formal, deductive abstractions of economic orthodoxy.

²⁶Yukio Onuma, “Asia Will Turn to Japan for Development Lessons,” *The Japan Times*, 20 April 1992 (My thanks to Glen Fukushima for bringing this article to my attention).

²⁷Tadao Kagono, “Nihon no kigyo kodo no shomon-dai” (Problems of Behavior by Japanese Corporations), *Tsusan jyanaru*, January 1992, 26–27.

²⁸“Japan Wants Strings on Aid: At Odds With U.S., Tokyo Urges Managed Economics,” *International Herald Tribune*, 9 March 1992.

²⁹See, for example, Saburo Okita, “Japan: Better to Spend These Billions on Aid than on Arms,” *International Herald Tribune*, 17 April 1991; Masaaki Noda, “Nihon kabushiki kaisha-ko ‘samurai shihon-shugi’ no mujun to genkai” (Limits and Contradictions of Japan Inc.’s “Samurai Capitalism”), *Shukan daiyamondo*, 31 August 1991, 72–77; and Robert Zielinski and Nigel Holloway, *Unequal Markets: Power and Risk in Japan’s Stock Market* (Tokyo and New York: Kodansha International, 1991).

By far the most important confirmation of these structural differences came in an article in the February 1992 *Bungei shunju* by Akio Morita, chairman of Sony Corporation, vice-president of Keidanren, and co-author of *The Japan that Can Say “No”*.³⁰ It had a sensational impact in Japan, suggesting that Morita is perceived there, no less than abroad, as an important bellwether.³¹ In the wake of President Bush’s visit to Tokyo in January 1992 accompanied by some 21 American chief executive officers of corporations, Morita wrote: “We are approaching a point where continued competition by Japanese companies operating under a management philosophy alien to that of Europeans and Ameri-

³⁰Akio Morita, “‘Nihon-kata keiei’ ga abunai” (Japanese-style Management in Danger), *Bungei shunju*, February 1992, 94–103. Thirteen years earlier Morita’s senior partner at Sony, Masaru Ibuka, made similar points but without advocating reform. See his “Ima no Beikoku kigyo wa Nihon ni katenai” (Today American Corporations Cannot Beat Japan), *Voice*, October 1979, 54–60. For excerpts from Morita’s article in English, see “Japan Must Play According to the Rules of its Competitors,” *Los Angeles Times*, 9 February 1992.

³¹See, for example, “Ronso: Nihon kigyo no chingin sui jun?” (Debate: What About the Wage Standards of Japanese Corporations?), *Asahi shimbun*, 28 January 1992; “Business Barons Call Truce over Workers’ Wage Debate,” *Nikkei Weekly*, February 29, 1992; Ayako Doi, “Trade Friction: Morita’s Startling New Revisionism,” *The Japan Digest*, January 24, 1992; Leslie Helm, “More Japanese Leaders Say Their Country Is at Fault,” *Los Angeles Times*, February 5, 1992; and R. Taggart Murphy, “Out of Control,” *New York Times*, 2 March 1992. Interestingly enough, in his Council on Foreign Relations Speech, Vice President Quayle launched an attack against revisionism, saying, “According to this view [the revisionists], Japanese investors are willing to accept low or practically non-existent dividends.” But three weeks before he delivered his speech on 27 April 1992, Makoto Kuroda, former deputy vice-minister of MITI, in attempting to rebut Morita, had written, “Large corporations form a kind of community in Japan. . . . Being part of this larger fabric, which extends through time as well as social space, has made Japanese shareholders willing to accept smaller dividends than would satisfy Western investors.” “It’s OK to Put the Company First,” *Nikkei Weekly*, 4 April 1992. There is no question that Japanese corporations pay only a fraction of the dividends that American corporations do, as Morita acknowledged. It is unclear why Quayle became involved in this discussion, except perhaps that he was repaying the Japanese ruling party for all but endorsing Bush’s reelection. See “Japan Goes Republican: The Strategy: Lie Low, Back Bush,” *Business Tokyo*, April 1992, 6.

cans can no longer be tolerated. . . . These differences of management philosophy are responsible for . . . creating a pricing structure that is impossible for Western companies to beat." It should be stressed that in this article Morita was writing in Japanese and, as is common in Japanese relations with non-Japanese-reading foreigners, he still says something different in English. For example, in the *Harvard Business Review* of May-June 1992, instead of calling for reform of Japanese practices, he advocates Japanese aid to help an increasingly decrepit American capitalism. Even in that context, he does mention the need for real Japanese investment in the U.S. in order to rejuvenate American manufacturing and not the current Japanese transplants that provide "a thin veneer of local content to a product basically made in Japan."³² In his Japanese article, Morita advocates major reforms of the Japanese corporate system in order to forestall defensive measures by foreign countries against Japan.

The question is, Will Japan change? Is it politically feasible for Japan to change, and what will the consequences of a change be? Let me begin with the case against change. Japan is today not just the international independent variable, the outlier; it is also the most successful form of capitalist industrial organization in existence. To ask Japan to conform to the American model, even if that model is closer to the global norm, means asking Japanese to save less, work fewer hours, demand larger profits, tolerate a more ineffective government, consume more, study less, and in other ways copy what in Japan will inevitably be seen as an unjustifiably arrogant Anglo-American stereotype. Takubo, for example, argues that "The Japan of today is being forced to brake its economic activities in various places throughout the world and is frantically spreading money in an attempt to avoid being hated by the world." He compares these pressures with the forced naval disarmament treaties of 1922 and 1930, when the Anglo-American powers dictated a smaller ratio of battleships for Japan than they assigned to themselves.³³ Thus, change will not go down easily in Japan, and not just because of economic vested interests in the old Security Treaty system.

Of course, if Japan does not change, as Morita has observed, it risks a real counterattack from the U.S.—one that may already have

started. A serious "buy America" campaign directed against Japan has gotten underway. As of the spring of 1992, other aspects of the counter-attack included the U.S. Treasury's imposing tariffs on Canadian-built Hondas because of low North American content, Honeywell's successful patent-infringement suit against Minolta, and the Attorney General's targeting of Japanese keiretsu for antitrust prosecution. What makes this campaign more serious than earlier ones are signs of mass American political involvement. Examples include the Los Angeles revolt against the purchase of Japanese trolley cars; the runaway best-seller status of Michael Crichton's novel, *Rising Sun*; and irritation over Japanese racism against an American sumo contender while Nintendo negotiates to buy a Seattle baseball team. It may actually be too late for changes in Japan to affect American attitudes.

Nonetheless, will Japan change? The picture is mixed. On the one hand, Morita advocates Japanese change as the prudent response to the Japanese-American confrontation. He understands, for example, that in the American automobile industry, which is a major employer of Black Americans, Japan and America are on a collision course.³⁴ The United States cannot allow Japan to drive one or more of the American big three auto-makers out of business on social peace grounds. On the other hand, there is almost no evidence that the Japanese want to change or want anything more than to placate and distract the Americans. This is the conclusion of many serious, astute observers.

On the Uruguay Round, for example, the editors of *The Japan Digest* write, "The [Japanese] government formally rejected GATT Secretary General Arthur Dunkel's proposal for 'tarification without exception' of farm products, by refusing to replace its import ban on rice with a tariff. Prime Minister Miyazawa and the ministers concerned adopted the policy Wednesday [February 26, 1992], shattering whatever small hope the U.S. and others had that Japan would for once exercise leadership on an international issue."³⁵ Similarly, Kenneth Curtis, the senior economist of the Deutsche Bank in Tokyo, concluded, "With what was perhaps the weakest

³²Akio Morita, "Partnering for Competitiveness: The Role of Japanese Business," *Harvard Business Review* (May-June 1992):17.

³³*Voice*, March 1992, 49.

³⁴On the connection between race relations and the auto industry in the U.S., see Robert E. Cole and Donald R. Deskins, Jr., "Racial Factors in Site Location and Employment Patterns of Japanese Auto Firms in America," *California Management Review* 31, 1 (fall 1988): 9-22.

³⁵*The Japan Digest*, 27 February 1992.

government among the Group of Seven industrial nations, Japan has been unable or unwilling to address from a policy perspective any of the important structural issues currently confronting the economy.” In addition to Morita’s list of low wages, low dividends, long hours, and too few holidays, Curtis adds the need for reform of the land use laws, tax equity, and deregulation.³⁶

At the heart of the Bush administration’s approach to Japan was the so-called Structural Impediments Initiative, a scheme to use foreign pressure to force reforms in Japan intended to make Japan look more like the U.S. Leaders of the Bush administration have declared victory in this effort, even though none of them has the linguistic or cultural knowledge to monitor Japan’s compliance. Closer to the truth are the reflections of a senior Japanese journalist: “The main content of the discussions [by the LDP about the SII] was either how to stall the United States . . . or what to do to avoid a loss of LDP seats in the next election. These discussions never considered the effects [of the SII] on the world economy or on the Japanese consumer.”³⁷

Nonetheless, S. Linn Williams, former deputy U.S. Trade Representative, recently took credit for strengthening the Japanese Fair Trade Commission (FTC) and argued that the SII had bolstered Japan’s enforcement of its anti-trust laws.³⁸ Some Japanese, writing in English, would also like foreigners to believe that. The magazine *Tokyo Business Today* published a cover story on “FTC Gets Tough.”³⁹ Evidence for this toughness is said to be found in the Saitama dango (construction industry bid rigging) case, about which *Tokyo Business Today* intones, “The hammer fell again in June last year [1991], with the ‘Saitama dango scandal’ involving Kajima Corporation, Taisei Corporation, and five other

industry leaders” (actually a total of 68 construction companies). The truth is that the hammer never fell. Despite a full investigation during 1991, the FTC decided not to prosecute, even though the bid-rigging involved a colossal ¥94 billion in fiscal 1990 alone and defrauded the Saitama prefectural government. During the past 17 years the FTC has brought only one prosecution for violation of the Anti-Monopoly Law against manufacturers of plastic material like Saranwrap. The *Asahi* called the plastic wrap case, “A human sacrifice in order that the FTC could make a good showing of itself”—for the Americans.⁴⁰

It is possible that Japan will change its business practices. Noriatsu Matsui believes that a great revolution is underway now to bring about “change within systems to allow more individual initiative and to ease the constraints of an over-regulated and group-shackled way of management.”⁴¹ Some analysts predict a “Spartacus revolt” of subcontractors against the slavery of the keiretsu system.⁴² However, other than some youthful griping about inadequate housing and conservative hand wringing about the declining birth rate, there is no concrete evidence of economic change.

Act II.

Writing in the Spring 1992 issue of *Foreign Affairs*, former Senator Howard Baker and former Deputy Assistant Secretary of Defense Ellen Frost conclude, “If current trends prevail there is very little chance that Japan will become a major military power.”⁴³ It is hard for me to think of a generalization about Japanese-American relations that I believe is more in error. It is precisely because “if current trends prevail” that Japan will have no other choice than to become a major military power. The Baker-Frost view reflects the all-too-common complacency of Washington about East Asia—based on definitions rather than investigations of trends there—and a reso-

³⁶Kenneth S. Curtis, “Japan Faces Dangers of the Downside,” *The Japan Times*, December 9, 1991.

³⁷Yukio Kashiyama, *Sankei Shimbun*, “To Avoid the ‘Coming War’: A First Hand Observation of U.S.-Japan Relations,” (New York: East Asian Institute, Columbia University, December 1991), 6.

³⁸S. Linn Williams, “Through a Glass Darkly: Reflections on the Future of International Trade,” U.S.-Japan Program, Japan Society, New York, 22 October 1991. For a proposal that U.S. businesses respond to lax Japanese enforcement of their anti-trust laws by using the Racketeer Influenced and Corrupt Organizations Act, see James D. Harmon, Jr., “RICO Meets Keiretsu: A Response to Predatory Transfer Pricing,” *Vanderbilt Journal of Transnational Law* 25, 1 (1992): 3–36.

³⁹*Tokyo Business Today*, April 1992, cover and 30.

⁴⁰Editorial, *Asahi Evening News*, April 20, 1992 (*Asahi shimbun* editorial of 19 April 1992); and Hitoshi Saito, “Lax Pursuit of Bid Rig Case Seen Riling U.S.,” *Nikkei Weekly*, 2 May 2 1992.

⁴¹*New Roles for Japan In the Global Political Economy*, 6.

⁴²Steve Burrell, “Japan’s Keiretsu the Barrier to Trade,” *Financial Review* (Australia), 2 December 1991.

⁴³Howard H. Baker, Jr. and Ellen L. Frost, “Rescuing the U.S.-Japan Alliance,” *Foreign Affairs* 71, 2 (spring 1992): 105.

lute refusal to make any but the most generous assumptions about trends in America’s own capabilities and foreign policies.⁴⁴

For purposes of analysis, “current trends” and how they might affect Japan’s security can be divided into objective and subjective trends. By objective trends, I mean changes in Japan’s security environment that will compel it to respond whether it is ready or not. By subjective trends, I mean the on-going internal Japanese debate over the country’s political system, its de facto techno-nationalist policies to achieve self-reliance in dual-use (civilian and military) technologies, and the hollowing out of existing restraints on the exercise of military power.

Let me survey each set of issues.

After America’s most recent display of military might—the blitzkrieg against Iraq—the Japanese no longer see the United States in the same light as the one projected by the American administration. The Gulf War, combined with the United States’ refusal to attempt to rebuild the industrial foundations on which its military power ultimately rests or even to acknowledge that it has a problem in this respect, contributed powerfully to a reappraisal of Japan’s “America problem.”⁴⁵ There is no way that a Pax Americana can be restored or even a leadership role for the United States continued without serious American economic reform. But on almost every score the Japanese see the Americans ignoring their own most serious warnings about economic difficulties while continuing to produce bromides about how America’s “soft power” will see it through.⁴⁶

To take only one of the most prominent and official examples, on 1 March 1992, the Competitiveness Policy Council issued its first annual report to the president and Congress, and it caused a bigger stir than is usual when a report

of this sort appears.⁴⁷ The 12-person Council was created by the Trade Act of 1988—the same law that created Super 301—which instructed the council “to develop recommendations for national strategies and on specific policies intended to enhance the productivity and international competitiveness of U.S. industries.”⁴⁸ The Competitiveness Policy Council thus resembles many Japanese shingikai and chosakai going back to the immediate postwar era that were headed by such figures as Hiromi Arisawa, Miyohei Shinohara, and Saburo Okita to produce economic strategies for the nation. The members of the CPC are appointed one-third by the president, one-third by the Senate, and one-third by the House of Representatives.

One source of interest in the report stems from the fact that the chairman of the Council is the well-known economist and director of the Institute for International Economics, C. Fred Bergsten. Up until now Bergsten has been the very model of a good neoclassical economist, convinced that America’s international economic problems are macroeconomic, strongly in favor of the American as opposed to the Maekawa position in the Plaza Accord (Bergsten once wrote that the American trade deficit with Japan would be ended when an exchange rate of ¥190 to the dollar had been achieved), and opposed to any form of industrial policy.⁴⁹

Thus, it is interesting when Bergsten’s Council writes that government and industry should work together in a new Federal agency, along the lines of the Pentagon’s Defense Advanced Research Projects Agency (DARPA), to develop civilian technologies and then adds, “There need be no embarrassment over conscious endorsement of such a policy, particularly as it is pursued by virtually all other countries around the world.”⁵⁰ The Bergsten report also calls for “monitoring the activities of foreign governments and firms” in the so-called “critical technologies” and suggests, “The intelligence community might be able to contribute signifi-

⁴⁴Other sources of error are to interpret strains in the Alliance as due to personality differences or to blame the bad news on the messenger or the analyst. For an example of the first, see Richard Holbrooke, “Bashing is Dangerous and Avoidable,” *New York Times*, 22 February 1992; for an example of the second, see Robert B. Reich’s review of Michael Crichton’s novel *Rising Sun*, *New York Times Book Review*, 9 February 1992.

⁴⁵See Chalmers Johnson, “History Restarted: Japanese-American Relations at the End of the Century,” in R. Higgott, R. Leaver, and J. Ravenhill, eds. *Economic Relations in the Pacific in the 1990s: Conflict or Cooperation?* (Sydney: Allen and Unwin, 1992).

⁴⁶Joseph S. Nye, Jr., “Soft Power,” *Foreign Policy* 80 (fall 1990): 153–71.

⁴⁷Competitiveness Policy Council, First Annual Report to the President and Congress: Building a Competitive America (Washington, March 1, 1992); and Steven Greenhouse, “Competitiveness Panel Urges Action,” *New York Times*, 5 March 1992.

⁴⁸*Ibid.*, v–vi.

⁴⁹C. Fred Bergsten and William R. Cline, *The United States-Japan Economic Problem* (Washington, D.C.: Institute for International Economics, 1985), 6.

⁵⁰Competitiveness Policy Council, First Annual Report, 32.

cantly to this part of the effort.”⁵¹ The report further concludes that “our capital markets, traditionally viewed as one of America’s great economic strengths,” are the cause of America’s catastrophically short-term orientation; that “the United States has the lowest rates of saving and investment of any industrial country”; that the “U.S. educational performance . . . is inadequate by any conceivable standard”; and that “the American record of the past decade is dismal.”⁵²

What then are the Japanese to make of a country that merely puts such a report on the shelf, beside at least another dozen like it from the past decade? As if to answer the Bergsten report, Vice President Quayle in his April 27, 1992, speech on Japanese-American relations said, “First and foremost, the United States since the 1970s has been fundamentally restructuring its economy to make it globally competitive.”⁵³ This was, incidentally, two days before Los Angeles erupted into riots, looting, and fires caused by inadequate domestic policies on many fronts.

The Japanese increasingly suspect that Paul Kennedy got it right in his *The Rise and Fall of the Great Powers*. The United States has been so long engaged in being a hegemonic power it has forgotten how to manage its domestic affairs, just as Japan has been so long preoccupied with economic competition it has forgotten how to manage foreign and security problems. The United States almost instinctively prefers a war in the Persian Gulf and the attempt to broker an Arab-Israeli peace to trying to forge a national energy policy; it badgers Japan endlessly to open its markets rather than working on its own domestic industrial policy; and it engages in military operations against foreign drug lords in Grenada and Panama rather than fighting the demand for drugs within the United States.⁵⁴ Seen in this light, “Mr. Bush’s War,” as Stephen Graubard has put it, looks more like an “adventure in the politics of illusion,” an American version of Mrs. Thatcher’s Falklands campaign intended to give Bush the same aura of infallibility that she, however briefly, obtained.⁵⁵

⁵¹Ibid., 33.

⁵²Ibid., 11, 18, 20, and 26. Also see David Calleo, *The Bankrupting of America* (New York: William Morrow, 1991).

⁵³Remarks of the Vice President to the Council on Foreign Relations, New York, 27 April 1992.

⁵⁴Alan Tonelson, “Prudence or Inertia? The Bush Administration’s Foreign Policy,” *Current History* 91 (April 1992): 145–50.

⁵⁵Stephen R. Graubard, *Mr. Bush’s War* (New York: Hill and Wang, 1992), x et passim.

One recent book that has attempted to explain this anomaly of a macho America with economic feet of clay is George Friedman’s and Meredith LeBard’s *The Coming War with Japan*. Interestingly enough, while this book has sold only about 40,000 copies in the U.S. during its first year of publication, in Japan it became a best-seller with 400,000 copies sold.⁵⁶ The essence of Friedman and LeBard’s argument is that in a post-Cold War world the United States finds that its “vast military power accumulated during the Cold War” is its greatest asset. “It is easier,” they write, “to force Japan to limit its exports of cars to the U.S. and to increase its purchase of U.S. cars than to increase the efficiency of Detroit. This is the trap of empire. Empire is first won by the most efficient and industrious. It is then maintained by political and military efforts, not economic efficiency. Thus, economies atrophy while armies and navies grow. This military power is used to transfer wealth from colonies and allies [this was written before the U.S. had extracted \$13 billion from Japan to pay for the Gulf War], rather than going to the political effort of rebuilding the domestic economy. At each point, the imperialist power has a choice of solving an economic crisis through internal effort or increased exploitation. The latter, being the path of least resistance, is the usual choice. The result is frequently a vast military force with a hollow socioeconomic center, an empire in collapse.”⁵⁷

The Japanese fear that in lieu of domestic reform American foreign policy could degenerate into an international protection racket. They note that Bush has yielded to Pentagon pressures for only minimal cuts in military outlays, despite the collapse of the Soviet threat and the end of the Cold War. They observe the leak of the so-called Wolfowitz report, in which the U.S. Undersecretary for Defense advocated a “lone superpower” policy. According to Wolfowitz, “We must maintain the mechanisms for deterring potential competitors from even aspiring to a larger regional [emphasis added] or global role.”⁵⁸ Despite White House disavowals of the report, Leslie Gelb describes bipartisan plans to spend \$1.5 trillion on defense between now and 1997

⁵⁶New York: St. Martin’s Press, 1991. For sales figures, see “When a Book Scares a Nation,” *Los Angeles Times*, 16 February 1992.

⁵⁷*The Coming War*, 401.

⁵⁸Quoted in Leonard Silk, “Weak Economy Pins Bush Down,” *New York Times*, 13 March 1992.

without any apparent American enemies on the horizon.⁵⁹

All of this lends credibility to Friedman and LeBard's scenario: "The bill for the Cold War has fallen due, and the United States is adding up the bill for its allies, particularly Japan's. The price—permanent subordination to the United States and a willingness to suffer economic damage on U.S. demand—is too high a price for Japan to pay. On the other hand, for the United States to continue protecting Japan's global interests free of charge is too high a price for Americans to pay. . . . The coming war with Japan will not arise out of wickedness or mean-spiritedness. It will not arise because of a lack of mutual understanding. It will not arise because Japan and America are similar or different cultures. It will arise because both are responsible nations living in a dangerous world."⁶⁰

I believe that despite their shrill title, Friedman and LeBard have written a significant book, if for no other reason than that it clearly resonates with Japanese public opinion.⁶¹ Nonetheless, I do not share their view that the U.S. and Japan are headed for a military confrontation. I agree with Reinhard Drifte that Japan is guided by "the popular conviction that economic power is in the end more decisive" and that the collapse of the USSR and the decline of the U.S. buttress this view.⁶² Japan's response to an American "lone superpower" strategy will be not to parlay its dual-use technologies into a military capacity but rather one of techno-nationalism and the creation of American military dependencies on Japanese high-tech products. But that subject moves us from the objective security problem to the realm of subjective security as seen from Japan.

There is a lot of anomalous and contradictory defense information coming from East Asia in the wake of the Cold War. The Pacific nations are today the major defense growth market, replacing the Middle East. In 1977 Pacific Asia bought 6 percent of the defense equipment sold

worldwide; that grew to 23 percent in 1987.⁶³ *The Washington Post* notes that "A number of Asian-Pacific nations have embarked on an arms-buying spree that contrasts sharply with the reduced appetite for new weaponry in the United States and Europe caused by the end of the Cold War."⁶⁴ T. J. Pempel asks, "Why, when the rest of the industrialized world seems to be reducing military expenditures, is Japan increasing its?"⁶⁵ Even acknowledging that Japan's expenditures today have stopped growing, "In the past decade . . . Japan's military capacity has increased significantly by recording an average real defense budget growth of more than 5 percent per year in yen terms. . . . Japan purchases . . . more U.S. weapons under the Foreign Military Sales program than any other nation, and more than Italy, Britain, France, and Germany combined."⁶⁶ Starting this year Japan also intends to import some 30 tons of plutonium from Europe ostensibly for use in fast-breeder reactors. Despite high costs, the availability of much cheaper uranium, and analyses that the reactors will not be commercially viable until 2030, Japan is going ahead.⁶⁷

For what purpose?

Equally important is Japan's commitment to techno-nationalism. The leading specialist on this subject, Richard Samuels, concludes, "From the Japanese viewpoint the licensing of production has never been an end in itself; it has been in the twentieth century, as it was in the nineteenth century, a means toward learning the processes that underlay the design and production of the products under license. . . . Japanese industry remains poised to succeed by creating dependencies in a global market that requires its dual-use products and process technologies. Japanese techno-nationalism has guided the nation to rein-

⁵⁹Leslie H. Gelb, "\$1.5 Trillion 'Defense,'" *New York Times*, 17 April 1992.

⁶⁰*The Coming War*, 403.

⁶¹For a review praising the fairness and insight of Friedman and LeBard, see Shoichi Saeki, *Bungei shunju*, July 1991, trans. American Embassy, Tokyo, *Summaries of Selected Japanese Magazines*, December 1991, 18–25.

⁶²Journal of East Asian Affairs (winter/spring 1992): 92.

⁶³*Jane's Defense Appointments and Procurement Handbook: Pacific Rim Edition* (Alexandria, Va: Jane's, 1992); *Asia Pacific Defense Reporter* (Australia) (December-January 1991–92).

⁶⁴R. Jeffrey Smith, "E. Asian Nations Intensify Arms-Buying From West," *Washington Post*, 9 March 1992.

⁶⁵T. J. Pempel, "From Trade to Technology: Japan's Reassessment of Military Policies," *Jerusalem Journal of International Relations* 12, 4 (199): 1–28.

⁶⁶Drifte, *Journal of East Asian Affairs* (winter/spring 1992): 86, 88–89.

⁶⁷Jim Mann, "Japan's Energy Future Linked to Risky Cargo," *Los Angeles Times*, 23 February 1992; David E. Sanger, "Japan Is Cautioned on Plan to Store Tons of Plutonium," *New York Times*, 13 April 1992.

vent security in war and in peace.”⁶⁸ Reinhard Drifte concurs: “The Defense Agency aims at a high technology military force and at becoming self-reliant in production as well as technology. . . . Rather than instrumentalize its military power for anything else than deterrence, it is economic power which is increasingly used for political purposes as well as security-related policies.”⁶⁹ All available information suggests that the Defense Agency’s Technical Research and Development Institute is engaged in a more advanced and comprehensive research program than the people at the Pentagon who sell them equipment realize.⁷⁰

There appears to be nothing in the way of an American policy on these issues. This was perhaps best revealed in the heavily censored Congressional hearings on the sale in 1988 of the American Aegis ship-defense system to Japan. Aegis is among the most sophisticated naval technologies in the U.S. today. It is the naval equivalent of the Air Force’s AWACs, and its integration of computers and radars has many dual-use potentialities, particularly in air traffic control operations. It is to be installed on four new 8,900-ton destroyers to be built in Japan, the first of which will be completed in 1993. At the hearings concerned with the system’s sale, members of Congress raised questions about the Toshiba Machine Company’s sale of numerically controlled machine tools to the former USSR, the Japanese government’s promise but subsequent failure to pass an anti-espionage law, and whether Japan could reverse-engineer the Aegis, all of which were turned aside by Karl Jackson, then Deputy Assistant Secretary of Defense for East Asia and Pacific Affairs.

One particularly embarrassing exchange occurred when one of the admirals testifying said that the Japanese would build their own ships for the Aegis because Japan “has an excess of capable shipyards without enough business.” Congressman Bennett, the chairman, asked Jackson, “If you require the Aegis to be installed in a U.S.-built ship, the Japanese will not buy the system. Is that correct?” . . . [Mr. Jackson:] “That is right.”⁷¹ The Japanese have subsequently said

⁶⁸Richard J. Samuels, “Reinventing Security: Japan Since Meiji,” *Daedalus* 120, 4 (fall 1991): 59, 65.

⁶⁹Drifte, *Journal of East Asian Affairs* (winter/spring 1992): 84, 90.

⁷⁰See Koku tembo (*Aviation Review*) (Tokyo: Koku Nyusu Sha, 1991), 505–19.

⁷¹Seapower and Strategic and Critical Materials Subcommittee, Committee on Armed Services, House of Representatives, Sale of the Aegis Weapon System to

that they had to build their own clones of the U.S. Navy’s Arleigh Burke-class of destroyers because in the American version, “The living spaces, the corridors, the steps are too big.”⁷²

All of these matters, even including the Aegis sale, like the equally controversial FSX co-production agreement, can probably be rationalized one way or another. Japanese-American military integration is said to contribute to the United States’ cork-in-the-bottle function: it helps ensure that the Japanese Self-Defense Forces cannot act on their own. And Japanese transfers of dual-use technologies to the U.S., such as those used in the “stealth” aircraft, may be less a matter of Japan’s acquiring leverage than of American needs. Andrew Moravcsik warns against excessive American pride in its high-tech weapons: “The decisive advantage of the United States [in postwar armaments production] did not lie in greater technological skills, an area in which it continued to lag behind Britain, but in the size of its domestic market and the level of its resources.”⁷³ It is also true that Japan’s growing labor shortage is an almost impassible barrier to the creation of a fully capable Japanese armed force.

But doubts arise when one puts together Aegis-equipped destroyers, a plutonium stockpile, and defense budgets of ¥4,159.3 billion in 1990 (\$28.73 billion at ¥144.79:US\$1) and ¥4,402.3 billion in 1991 (\$32.89 billion at ¥133.85:US\$1) in the face of Japan’s severe leadership problems. There are four policy-but-not-legally-based restraints on Japan’s use of armed force, plus the 1947 Constitution itself. Many Japanese have become alarmed by the fact that today all of these restraints have been hollowed out and, perhaps even more important, by the ways in which they were hollowed out. Recognition of and opposition to these developments has provoked the biggest constitutional debate in Japan since the

Japan [H.A.S.C. No. 100-53] (Washington, D.C.: Government Printing Office, 1988), 20, 68.

⁷²David Evans, “Japanese Doing a High-tech Two-step with Tanks, Ships,” *Chicago Tribune*, 20 December 1991. It is interesting to note that Karl Jackson went on to work for Vice President Quayle and is thought to be the author of Quayle’s speech of 27 April 1992 on Japanese-American relations. The *Far Eastern Economic Review* identifies Jackson as “one of the few remaining overt Japanophiles within the administration.” Susumu Awanohara, “The Good Scout,” *Far Eastern Economic Review*, 14 May 1992, 16.

⁷³Andrew Moravcsik, “Arms and Autarky in Modern European History,” *Daedalus* (Fall 1991): 33.

Security Treaty riots of 1960. The Japanese government was embarrassed by its inability to contribute troops to the allied effort in the Persian Gulf, and it was even more embarrassed by its inability to contribute to the United Nations Peace Keeping Operation (PKO) in Cambodia.⁷⁴ Japan would like to become a permanent member of the U.N. Security Council, but so long as it is unable to implement a Security Council resolution that goal seems remote. The debate concerns the fact that the Japanese political system lacks a "checking mechanism," and until it gets one, the views of former Singapore Prime Minister Lee Kuan Yew are likely to prevail: "Allowing the Japanese to participate in military operations [is] like giving an alcoholic liqueur chocolates."⁷⁵

The four informal restraints are the so-called Three Non-Nuclear Principles (Japan will not produce, possess, or introduce nuclear weapons), the ban on the export of arms, the limitation of defense expenditures to one percent of GNP, and the refusal to deploy Japanese troops outside the country. All four have been breached, the first by home-basing an American aircraft carrier at Yokosuka and by the importation of plutonium, the second by the 1983 agreement to transfer to the U.S. militarily-related technologies and by agreeing to participate in the U.S. Strategic Defense Initiative, the third by the Nakasone cabi-

net and without a Diet vote, and the fourth by the deployment of minesweepers to the Persian Gulf and by the demands to join U.N. peace-keeping operations. The Constitution's Article 9 is the last remaining barrier; and it is under attack by one of the LDP's most dynamic leaders, Ichiro Ozawa, who currently heads the party's Special Committee on Japan's Role in International Society. It must be understood that most Japanese equate Article 9 of the Constitution with democracy itself; to alter one is to alter the other. Thus, when Ozawa proposes that the cabinet simply ignore Article 9 and use instead the line from the preamble that "no nation is responsible to itself alone" as justification for sending troops to joint U.N. actions, many Japanese see the whole edifice of postwar democracy starting to crumble.⁷⁶

Professor Jiro Yamaguchi explains:

Following the period of rapid economic development in the 1960s, constitutional problems—in particular, the problem of the revision of article 9 renouncing the practice of war and forbidding the maintenance of a military—was swept from center stage by conservative governments, and politics came to focus on the maintenance of healthy economic expansion. . . . The constitution said nothing about what Japan would do to preserve the order of international society should some aggressor arise as Japan itself had once done. . . . [Ichiro Ozawa, former secretary general of the LDP, wants] to have Japan return as a regular player on the stage of international politics. . . . The problem of how to arrive at a compatibility between an army and democratic principles remains unresolved. In that sense, we must call modern-day Japanese democracy incomplete. . . . Of course the Self-Defense Forces are going to be viewed by other countries as a threat if they are sent abroad with this present structure still intact.⁷⁷

⁷⁴In January 1992 U.N. Secretary General Boutros Ghali urged Japan to join in peacekeeping operations, asking for "even a small number" of people to participate. In return, former Foreign Minister Hiroshi Mitsuzuka asked for a permanent seat on the Security Council and to have Japan's name removed from a list of "enemy nations" named in the Charter. In January Prince Norodom Sihanouk asked visiting Socialist Party Chairman Makoto Tanabe "to send Japanese troops to help clear mines and restore peace." Four months later, at a press conference in Beijing, Boutros Ghali said that the U.N. contingent for Cambodia is already filled and that Japanese are not needed. The following day a Japanese Foreign office official said that what he meant was that "the forces in Cambodia are sufficient, not that the Japanese aren't needed." *The Japan Digest*, 16 January 1992; 28 January 1992; 16 April 1992; 17 April 1992. On 15 June 1992, the LDP rammed its PKO bill through the Diet despite mass resignations by some 141 Socialist Party members. The bill still bars Japanese troops from any operation that might involve actual military action. Japan says it plans to send a contingent to Cambodia to engage in medical assistance, bridge and road repair, and refugee relief.

⁷⁵Quoted in Tamamoto, *World Policy Journal* (fall 1991): 584–85.

⁷⁶"Ozawa Panel Would 'Reinterpret' Constitution to Let Troops Join U.N.," *The Japan Digest*, February 21, 1992; Ayako Doi, "Japan's First Step Into a Brave New World," *The Japan Digest Forum*, February 25, 1992; and Teresa Watanabe, "Shift Urged on Sending Japan's Troops Abroad," *Los Angeles Times*, February 22, 1992. Also see Asahi Shimbun Seiji-bu (Asahi News Political Department), ed., *Ozawa Ichiro tanken* (Exploring Ichiro Ozawa) (Tokyo: Asahi Shimbunsha, 1991) (My thanks to Eiichi Katahara for bringing this book to my attention).

⁷⁷Yamaguchi, *Journal of Japanese Studies* (winter 1992): 155, 164, 168.

Yamaguchi does not oppose Japan's making a contribution to international peace and security but he wants it done legally, via a vote of the elected representatives of the people. In calling for this, Yamaguchi is asking for a serious rejuvenation of the political system and for amending the Constitution. It is possible that this will occur. It is also possible that it will be blocked by the economic bureaucracy (principally the Ministry of Finance and the Ministry of International Trade and Industry), which does not want to see the return of military rivals to its own pre-eminent leadership positions.⁷⁸ There are very complex forces involved, and it will take time for the Japanese political system to resolve these issues. Time is also needed for the rest of Asia to come to terms with the growing evidence of Japan's military, as well as economic, power.

Act III.

Japan's agenda for the next decade is to resume responsibility for its own foreign policy and to begin to shape the world in which it lives rather than simply adjusting to it. As I have noted in the preceding pages, it faces two major hurdles in proceeding toward that goal. It must make its economy more open to others, and it must transform the Japanese-American security relationship in ways that are acceptable to both the Japanese and the Americans. If it succeeds in both of these tasks, or even if it fails in one or the other, it will still face a third task, and that is to come to terms with the rest of East Asia. Even though economic regionalism, including that of East Asia, seems the most likely shape of the New World Order, Japan's relationship with Asia goes well beyond economic regionalism.

Despite its prewar record of aggression in the area and its postwar attempt to ignore its neighbors as much as possible, since 1985 Japan has begun to integrate its economy with Asia in a true horizontal division of labor. As Hideo Sato notes, "In late 1989, Japan's monthly trade with Asia surpassed its trade with the United States for the first time in modern history."⁷⁹ The Plaza Accord, which raised the value of the yen against the dollar and thereby promoted Japanese investment outside the country, was more instru-

mental in causing this integration than the creation of free trade zones in either Europe or North America. But those developments also caused Japan to pay attention to an "age of Asia" as a way of responding to and possibly providing leverage against Europe and America becoming discriminatory blocs.⁸⁰ But integrating with Asia is for Japan not an unmixed blessing. It is fraught with dangers. Whatever Japan does, it is constrained by the legacy of the past and by the fact that its leadership in Asia means making some domestic sacrifices, something its people and political system are perhaps unprepared to do.

The former vice minister of Foreign Affairs and new 1992 ambassador of Japan to the United States, Takakazu Kuriyama, recently said to the press, "Deep remorse for acts committed by Japan in the first half of the 20th century should be strictly maintained in the future."⁸¹ But Japan may not want to or know how to do this, as revealed by continuing domestic controversy over the rape of Nanjing, the conscription during World War II of Asian women for Japanese army brothels (known in the Japanese press by the euphemism *ianfu*, "comfort girls"), whether or not to send the new emperor abroad to offer apologies, and by widespread ignorance in Japan of elementary historical facts.⁸² Steven Weisman, the Tokyo Bureau chief of the New York Times, reports the case of a Japanese high school teacher who raised with his students the war between Japan and the United States and was met with the question, "Who won?"⁸³ In 1992, Singapore, like several other Asian countries, opened a new museum to record life under Japanese rule, including the execution of at least 40,000 resident Chinese. Prime Minister Goh Chok Tong described the 44 months of occupa-

⁸⁰80. The phrase "age of Asia" is used by Kenji Suzuki in his interview with Takakazu Kuriyama, *Mainichi shimbun*, 29 January 1992, evening ed.

⁸¹Ibid.

⁸²See, for example, Yang Daqing, "A Sino-Japanese Controversy: The Nanjing Atrocity as History," *Sino-Japanese Studies* 3, 1 (November 1990): 14-35; Bob Tadashi Wakabayashi, "Emperor Hirohito on Localized Aggression in China," *Sino-Japanese Studies* 4, 1 (October 1991): 4-27; and Kentaro Awaya, "Japanese Mustard Gas in China: Then and Now," *Sino-Japanese Studies* 4, 2 (April 1992): 3-6.

⁸³Steven R. Weisman, "Pearl Harbor in the Mind of Japan," *New York Times Magazine*, 3 November 1991, 47.

⁷⁸The most important study of this subject is Katsuya Hirose, *Kanryo to gunjin: bummin tosei no genkai (Bureaucrats and the Military: The Limits of Civilian Control)* (Tokyo: Iwanami Shoten, 1989).

⁷⁹*The International Spectator*, July-September 1991, 78.

tion by Japan as a period of "terror, fear, and atrocities."⁸⁴

It is not just that Japan, unlike Germany, has made no effort to reconcile itself with its neighbors and that its educational bureaucracy refuses to teach about the recent past. Some observers suspect Japan will never face these matters. Tamamoto refers to "what many Asians see today as a thin veneer of contrition masking Japanese arrogance." He adds, "Asia continues to be for Japan a temptation to bare its chauvinism and conceit. This is true in part because most Japanese continue to believe that their country is superior to Asia, though it is clearly unfashionable to articulate such a sentiment."⁸⁵

The problem, then, for Asians is how far to go in throwing in their lot with Japan. It is comparable to the problem faced by Latin Americans vis-à-vis the United States, although not even Japan can match the United States' record of misunderstanding and exacerbating revolutionary situations—as in Mexico c. 1910 to 1940, Cuba from 1959 to the present, Nicaragua throughout the 1980s, and Peru today. For Japan the problem is related to the need for domestic political rejuvenation discussed earlier. Japan's inability to formulate a foreign policy independently of the United States is one reason for its lack of contrition, but that political weakness as well as the lack of contrition give pause to those who must depend on Japan. As Seth Cropsey asks, "Does Japan now understand that ruling another people without their consent—such as the Koreans—is wrong; is Tokyo's democratic form of government a bow to Western sensibilities, or has it truly been embraced in the years since the Allied occupation; is Japan's own commitment to popular rule deep enough to come to the aid of another whose democracy is threatened?"⁸⁶

Whatever the answers to those questions, Asian nations also expect Japan to offer concrete leadership, here and now. In a Nihon Keizai poll taken in February and March, 1992, of some 449 scholars and businessmen in 11 Asian countries and Australia, almost 80 percent said they wanted a regional economic bloc with Japan participating. While over 90 percent in Indonesia, Thailand, and the Philippines said they

would welcome Japanese leadership of such a bloc, 78.4 percent of mainland Chinese and 54.3 percent of South Koreans said they would not. Equally significant, all respondents supported the growth of subregional blocs, or what the Nihon Keizai has called "spontaneous economic spheres."⁸⁷

In order of preference, these miniblocs are ASEAN, the Yellow Sea (Japan, China, and the Koreans), South China (seaboard China, Hong Kong, and Taiwan); and the Sea of Japan (Japan, China, the Koreans, and Asiatic Russia). Some ninety percent of the respondents said that they would like to strengthen economic ties with Japan, ten percent wanted more political ties, and none wanted military ties.⁸⁸

This poll merely confirms international trends and the policies that Japan has quietly pursued since the mid-1980s. For example, since 1986 MITI has been advising Thailand, Malaysia, Indonesia, the Philippines, Pakistan, Sri Lanka, and Bangladesh on the development of export-oriented industries. This advice has often clashed with American economic doctrine opposing intervention in the market, but until recently the Americans were not paying close attention. During 1992 MITI expanded its program to promote import substituting industries, thereby seeking to reduce Asian countries' dependence on imports from Japan.⁸⁹ Equally important, Japan has been working to integrate mainland China more fully into the Japan-dominated Asian division of labor.⁹⁰ Regardless of China's record on human rights abuses, Japanese companies increased the value of their investments in China in 1991 some 69 percent over 1990.⁹¹ In April 1992, MITI Minister Kozo Watanabe promised Chinese officials that Japan will put up ¥5.2 billion (\$38.5 million), or 70 percent of the development costs of a new 536-acre industrial park in Dalian.⁹² All of these moves together with Japan's emergence as the world's leading source of

⁸⁴ *Asia Pacific Defense Reporter*, April-May, 1992, 34-35.

⁸⁵ Tamamoto, *World Policy Journal* (fall 1991): 583, 584.

⁸⁶ "On the Pearl Harbor Anniversary, Japan Still Says, 'Don't Blame Me,'" *The Heritage Lectures*, 353 (25 November 1991): 9.

⁸⁷ *Nihon keizai shimbun*, 9 March 1992, morning ed., 2.

⁸⁸ "Asian Opinion Makers Want Japan to Lead Region, Poll Shows," *The Japan Digest*, 22 April 1992, 2.

⁸⁹ "MITI Enlarging Role in Asia," *Nikkei Weekly*, 4 April 1992.

⁹⁰ See Chalmers Johnson, "Where Does Mainland China Fit in a World Organized into Pacific, North American, and European Regions?" *Issues and Studies* (Taipei) 27, 8 (August 1991): 1-16.

⁹¹ "Japan Firms Invest \$700 Million in China," *Nikkei Weekly*, 4 April 1992.

⁹² "MITI Minister, in China, Pledges to Finance Dalian Industrial Park," *The Japan Digest*, 20 April 1992, 2.

long-term capital led up to and conditioned Malaysian Prime Minister Mahathir's 1990 proposal to create an East Asian Economic Group.⁹³ The Americans opposed it, and it was shelved; but Japan has neither rejected nor endorsed it, seeming to see it merely as premature.

The original EAEG proposed by Mahathir excluded all the English-speaking nations—not only the United States and Canada but also Australia and New Zealand—which is a problem for Japan. It cannot (yet) afford to reduce its reliance on the markets of North America and Europe and it hopes never to have to make that choice. As the Editorial Board of *Kankai* (Bureaucratic World) reported on the tensions surrounding the release of MITI's latest White Paper on International Trade:

MITI now is truly at its greatest turning point. If it errs in the direction it should take, MITI and the Japanese economy as well will probably suffer great damage. Well, then, where should MITI advance? First would be to restrain even by a little the pressing growth of economic blocs. It is not possible now to dismember the economic blocs forming in Europe and North America, but MITI should act to overcome their "exclusiveness" to the greatest extent possible. On the other hand, it is probably necessary to deal carefully with the East Asia Economic Group (EAEG) of Japan, the Asian NIEs, ASEAN, and China. "Answering bloc with bloc" is likely to lead to the return of the Greater East Asia Co-Prosperity Sphere. Even though Japan is not the great military power it once was, as long as it is by far the greatest economic power in East Asia, an EAEG in which Japan participates cannot avoid being stamped with that kind of character. In order to escape the growth of exclusionary world economic blocs and protectionism, Japan and MITI must . . . offer leadership . . . that includes a partial opening on rice. It will probably be necessary, if one requests his counterpart to shed blood, to shed some of one's own as well.⁹⁴

It is not a matter of Japan just shedding some of its own blood; it will have to replace the United States as the main market for East Asian exports. That is a sobering thought to many Japanese. In 1987 the United States took 35.1 percent of the NIE's exports whereas Japan took only 11.5 percent, and the NIE's got 26.4 percent of their imports from Japan and only 16.2 per-

cent from the U.S., leaving America with a \$37.2 billion deficit and Japan with a \$21 billion surplus. Japan would also have to open its market to Asian investment. In 1989 direct foreign investment in former West Germany, for example, amounted to 17 percent of its assets, whereas the figure for Japan was 1 percent.⁹⁵ Sakutarō Tanino, head of the Asia Bureau of the Foreign Ministry, comments, "When American Reaganomics are mentioned their negative side is emphasized because the policy produced the twin deficits [trade and budgetary]. But it is also a fact that because of it the United States emerged as a great absorber of East Asian products. . . . But if the present U.S. Government is set to seriously tackle its financial deficits, things will not go as before. In the future, the problem will become who will absorb this region's products and support the prosperity of the East Asian economy. I think it will have to be Japan."⁹⁶

For this to occur severe political pressure will have to be generated inside Japan, and as part of that pressure the United States will have to start disengaging from the area. So long as the U.S. continues to give every regional problem "a Cold War veneer" and its military remains there on the pretext of maintaining regional stability, nothing will change—except the progressive moral and financial bankruptcy of the United States. "On balance," writes Olsen, "the resurfacing of endemic regional tensions in Asia may be inevitable and ultimately healthy. Its prospect is no reason to perpetuate an artificial Cold War environment to prevent releasing repressed dynamics. The argument that the U.S. must remain as a stabilizing force to prevent excessively powerful Asian states from disrupting the equilibrium is a relic of the Cold War."⁹⁷ As one of the few nations that can project power, the U.S. might want to remain in Asia to preserve its own interests, but all that it is doing at present is preserving an unstable status quo that it can no longer afford.

Japan's coming to grips with Asia, like opening its market and starting to assume re-

⁹⁵Hideo Sato, *International Spectator*, July-September 1991, 83, 87.

⁹⁶Dialogue between Masao Okonogi, professor of Keio University, and Sakutarō Tanino, director of the Asian Affairs Bureau, Ministry of Foreign Affairs, "To Ajia hendo e chikasuimiyaku" (Subterranean Influences Toward Change in East Asia), *Gaiko Forum*, February 1992, 4–16 (the quotation is translated from 15).

⁹⁷Edward A. Olsen, *Asian Survey*, December 1991, 1153.

⁹³Linda Low, "The East Asia Economic Grouping," *The Pacific Review* 4, 4 (1991): 375–82.

⁹⁴*Gekkan kankai*, August 1991, pp. 102–11.

sponsibility for its own defense, is fraught with possible conflicts with the United States. Such conflicts will not arise because America needs an “enemy” to replace the USSR, or because of American racism or Japan-bashing or revisionism, or because American workers are lazy, as apologists for Japan often contend. They may come about because the United States itself has not yet found the political leadership and will to face up to the implications that it too has become a “normal” nation. The problems surrounding

Japan’s search for a “normal” role stem from the fact that Japan is not a normal country. It is an economic giant and a political pygmy. This distortion has been an unintended consequence of the strategy pursued by the United States during the Cold War. But the United States has also been warped by its Cold War, superpower role—a role that it must now abandon. Recognition of this could serve as the basis for achieving normal roles for both nations.