

UNITED STATES POLICE TOWARDS JAPAN  
1969-1973

JAISHR. GURJANI

02392 - 2

A DISSERTATION SUBMITTED IN PARTIAL  
FULFILLMENT FOR THE DEGREE OF  
MASTER OF PHILOSOPHY OF THE  
SCHOOL OF INTERNATIONAL STUDIES  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI

1976

## CONTENTS

		Page
	Preface	1-11
Chapter I	INTRODUCTION	1-23
Chapter II	FROM PATERNALISM TO PARTNERSHIP; POLITICAL RELATIONS	24-62
Chapter III	ON MATTERS OF DEFENCE AND SECURITY; A NEW ROLE FOR JAPAN	63-95
Chapter IV	ALLY AS A COMPETITOR; ECONOMIC RELATIONS	96-140
Chapter V	CONCLUSION	141-145
	BIBLIOGRAPHY	146-157

P R E F A C E

## P R E F A C E

US policy towards Japan occupies an important place in America's Asia policy. Japan's consistent support for American objectives in Asia has been an important feature of the international system since the end of the Second World War. For nearly two decades the United States' relations with Japan were that of a sponsor-client state. The former provided the nuclear umbrella under which the latter carried on its tremendous economic development. Japan's economic progress and consequent growth in power and status called for a modification in the pattern of US-Japanese relations. When Richard M. Nixon was elected President of the United States in 1968, he tried to bring about the changes in American foreign policy in line with the changed reality. The new policy towards Japan was thus a part of the overall shift in American policy. I have tried to study in the following pages how the new US policy evolved and how it was linked with the other facets of change that were taking place. Though the political, strategic and economic aspects of policy are not separate but constitute an organic unity, yet for the purpose of analysis I have treated these three aspects in three separate Chapters.

This work has been done under pressure of time. I have only consulted materials available in the libraries of Jawaharlal Nehru University, Indian Council of World Affairs and the American Library, New Delhi. I have been only able to use a

limited amount of materials. However, I hope to make my study more comprehensive in course of further research.

My special thanks to my Supervisor, Dr. B.K. Shrivastava, Associate Professor, Centre for American and West European Studies, for his constant guidance and unfailing help through all the stages of preparation of this work. I am also indebted to Professor M.S. Venkataramani, for his keen interest in this study and constant encouragement which was a source of inspiration to me. I am also thankful to the Staff of Jawaharlal Nehru University Library, the Indian Council of World Affairs Library and the American Library, New Delhi without whose cooperation it would not have been possible for me to complete this dissertation in such a short time.

*Jaisree Gurnani.*

27 December 1976

JAISREE GURNANI

New Delhi - 57

## Chapter I

### INTRODUCTION

At the end of the Second World War the United States found itself at the apex of the international power structure. No other nation was in a position to challenge its dominant position or to surpass its wealth, prestige and power. Its war-time enemies had been crushed and their ambitions to dominate the world lay in ruins. Included among these was Japan. The defeat of Japan was brought about by a well calculated atomic bombing of Nagasaki and Hiroshima in August 1945, several months before 4 November 1945, the day on which a major military operation for defeating Japan was scheduled to be launched.<sup>1</sup> The defeat of Japan eliminated, at least for the time being, the greatest challenge to the United States in the Pacific region of which Japan had once been the mistress.

#### SHIFT IN AMERICAN OCCUPATION POLICY

Since the day the American General of Army, Douglas MacArthur accepted the formal surrender of Japan on 'Missouri' in Tokyo Bay, it was clear that the subsequent occupation of Japan would be a purely American show. The American policy of "do it alone" was in marked contrast to its earlier anxiety to secure the Soviet Union's entry in the war in the Far East.

---

1 Stephen E. Ambrose, Rise to Globalism (London, 1973), p. 98; Raymond Aron, The Imperial Republic (New Delhi, 1975), p. 21; and Edwin O. Reischauer, The United States and Japan (Mass., 1957), p. 240.

President Franklin D. Roosevelt even paid the price demanded by Stalin in order to ensure his support.<sup>2</sup> But once the war was over the United States was in no mood to share powers with others. This was aptly demonstrated in the consequent appointment of General MacArthur as the Supreme Commander of the Allied Powers (SCAP) and, the Commander-in-Chief of the American Far Eastern Command. Thereafter, the evolution of the Occupation policy towards Japan confirmed the suspicion that the United States intended to retain full control over Japan without splitting it with the other Allied Powers.<sup>3</sup> To this effect, the Initial Post Surrender Policy<sup>4</sup> for Japan was chalked out through the joint efforts of the United States Department of State and the War and Navy Departments. It was on the basis of this that the successive Basic Post Surrender Policy<sup>5</sup> was framed. The U.S. policy as defined in these documents was directed towards dismemberment,

- 
- 2 Stalin demanded the former rights of Russia lost by the treacherous attack of Japan in 1904. Aron, n. 1, pp. 20-22.
- 3 A detailed and graphic study of America's Occupation Policy towards Japan has been made by the well known Prof. Edwin O. Reischauer, a former American Ambassador to Japan, n. 1.
- 4 Department of State Bulletin (Washington, D.C.), vol. 15, 23 September 1945, pp. 423-30.
- 5 For full text of the Basic Post Surrender Policy see Arthur M. Schlesinger, The Dynamics of World Power: A Documentary History of United States Foreign Policy 1945-73 (New York, 1973), pp. 10-21.



demilitarization and democratization of Japan.<sup>6</sup> The American design was to make Japan a replica of American democracy in Asia. It was essential, therefore, to nurture in the Japanese society the necessary seeds of democracy. Accordingly, all top political and military leaders associated with the war-time government were purged with a view to totally eliminate the chances of a resurgence of militarism in Japan. Trials were held for war criminals and all war machinery and anti-democratic institutions were liquidated. These measures were carried out simultaneously with the implementation of several political, educational, social, administrative and agrarian reforms.<sup>7</sup> Further, in order to cut down the economic power of the Zaibatsu (large family combines), their economic organization was also ordered to be broken up.<sup>8</sup> To crown it all, the earlier Meiji Constitution was modified and a totally revised democratic constitution drafted under the personal guidance of General MacArthur.<sup>9</sup> This new Constitution categorically attributed sovereignty to be inherent in the Japanese people. Its very first Article dealt a death blow to the sovereign rights and powers of the Japanese Emperor, reducing him to a

---

6 Weischaer, n. 1, pp. 230-8.

7 Ibid., pp. 263-82; Lawrence F. Battistini, Japan and America (New York, 1954); pp. 138-50; Harold M. Vinacke, The United States and the Far East 1946-1951 (California, 1952), pp. 67-81; and H. P. Dore, Land reforms in Japan (London, 1959), pp. 23-53; 129-74.

8 Weischaer, n. 1, p. 282.

9 Ibid., pp. 260-1.

mere constitutional monarch. The 31 Articles of the Constitution along with a Bill of Rights guaranteed democratic rights to the citizens of Japan.<sup>10</sup> Apart from inculcating the spirit of democracy at school level with a modernized educational system, the growth of democratic institutions was encouraged in other spheres as well. Trade Unions were allowed to flourish and even granted the right to go on strike. Most significant, and, of far-reaching consequence, was Article IX of the Constitution which ensured that the demilitarization and disarmament of Japan be complete. It permanently renounced war and stipulated that no land, sea or air forces or any other war potential ever be maintained by Japan. Thus, throughout the initial years of the Occupation the reform of Japan continued. The policy was based on the assumption that Japan was an enemy and its capacity to pose a threat to the interests of the United States be drastically curtailed, if not totally eliminated.

However, by early 1948, the emphasis on reform of Japan began to dwindle. The American policy-makers began to realize that a strong and economically healthy Japan would be a far better alternative for the United States in view of the prevailing Cold War. It was felt necessary that Japan should not be treated as an enemy state any longer. It was feared that the inimical attitude towards Japan might incline it towards the

---

<sup>10</sup> For full text of the Japanese Constitution see, Schlesinger, n. 5, pp. 21-40.

Soviet Union, much to the disadvantage of the United States.

Reischauer wrote years later:

A Japan which actively supported the communist program of world conquest might tip the scales disastrously against us first in Asia then in the world. But a Japan actively supporting the concept of a world order of international democracy could prove a valuable, possibly a decisive ally to the democratic side.<sup>11</sup>

For the United States the need of Japan as an ally was further intensified due to the increasing turmoil in China. The internal disturbances in China were eliminating all earlier expectations of a friendly, stable and unified post-war China, which would have contributed to the maintenance of peace and stability in the region. But owing to the prevailing Civil War conditions in China it could no longer be expected to contribute to the peace and security in the Far East. Moreover, it was even doubtful whether a friendly Chinese government would emerge after the end of the Civil War in China.

#### JAPAN AS JUNIOR PARTNER OF AMERICAN CAPITALISM

Apart from the above considerations, the importance of the Japanese economy to the United States as well as to the rest of Asia could not be minimized. Japan appeared an attractive market for American investment and export. If restored to its pre-war economic heights, it could be adequately transformed into a workshop of Asia, and, a supplier of goods and

---

<sup>11</sup> Reischauer, n. 1, p. 38.

machines to the needy non-communist Asian nations.<sup>12</sup> In the face of the growing threat of Soviet communism and proliferation of communist regimes, the American business groups perceived a danger to the 'free trade' system they had envisaged at the Bretton Woods Conference.

The fact that communist regimes would not allow penetration of American capital and investment within their sphere of influence under American terms was known to all. To prevent such a situation from materializing, it was imperative to develop Japan as a junior partner of American Capitalism, from where assistance to other Asian nations against the possible communist threat, could be provided. Allied with the West, Japan was expected to provide both economic as well as political support, to the democratic cause in Asia.<sup>13</sup> However, to embark on such a programme it was necessary to change the existing policy towards Japan which treated it as an enemy, and instead, lay emphasis on the economic recovery of Japan. This task was not so difficult, for, even the earlier reforms had not been of a sweeping nature owing to the immense pressure exercised by the American business interests on their government. The economic reforms had been, mostly, superficial in content

---

12 Chitoshi Yanaga, Big Business in Japanese Politics (London, 1968), p. 36.

13 Edwin O. Reischauer, "The Broken Dialogue with Japan", Foreign Affairs (New York), vol. 38, October 1960, p. 12.

and had strengthened rather than weakened the economic potentiality of Japan. The proposed break-up of the Zaibatsu had been far from accomplished.<sup>14</sup> The programme for the decentralization of economic power had barely begun when American big-business interests advised the Department of State to halt it, since, it would directly hinder Japan's economic recovery and thus, add to the economic burden of the United States.<sup>15</sup> They argued that Japan was politically, economically and militarily important for the United States and, therefore, it was essential to help it rather than to make it hostile.

The main motive behind this intense pressure on the American government was the vast business interests that these influential men had in Japan. They feared the loss of their investments in Japan. The cumulative effect of this pressure was the total withdrawal of the decentralization plan.<sup>16</sup> Out of the scheduled 325 firms, eventually, only 18 were issued directives to split, and, even out of these, 7 were not required to comply with the orders.<sup>17</sup>

The 'success' achieved in the implementation of the other reform measures also told the same story. For instance,

---

14 Jon Halliday, "Japan-Asian Capitalism", New Left Review (London), no. 44, July-August 1967, p.11; Yanaga, n. 12, p. 36; and John Roberts, "Return of Zaibatsu", Far Eastern Economic Review (Hongkong), vol. 81, 6 August 1973, pp. 37-38.

15 Yanaga, n. 12, pp. 35-36.

16 Ibid.

17 Ibid.

the administrative bureaucracy was not totally disrupted, as per the original plan. In order to keep the ruling class in favour of Americans, only the top-most layer of senior officials was removed while retaining the junior bureaucrats. By entrusting responsibility to the juniors the Occupation authorities very effectively managed to secure their total subservience. Thus, it would appear that contrary to the commonly held belief, the shift in emphasis from economic reform to economic recovery of Japan had taken place, as far back as 1947. This emphasis increased with the rising discontent in Japanese domestic circles against the Occupation; the rise of the Left in Japan; the political struggle in China and Korea. To avoid further trouble the Occupation put restrictions on the Trade Union movement - strikes were banned and several laws were revised to curb communist movements in Japan. Article IX of the Japanese constitution originally intended to check revival of Japanese militarism appeared to have been forgotten. Instead, Japan was encouraged to strengthen its self-defence forces and police apparatus to counter internal disturbances. Seeds were thus sown in 1948-49 for the resurgence of a re-militarized Japan under encouragement from the United States itself. Japan was even provided sophisticated technology and technical know-how for revitalizing its vast industrial potential.

#### THE EMERGENCE OF THE PEOPLE'S REPUBLIC OF CHINA

With the victory of the Red Army in China in 1949 this

policy received further impetus and, steps were taken to put the political relations on a firm footing. The success of the Chinese communists was seen by the American policy-makers as adequate proof of the Soviet Union's attempts to expand its spheres of influence in Asia.<sup>18</sup> The Truman Administration was severely criticized by its opponents for having "sold out China" to the communists. Washington viewed the Chinese communists with great animosity since it regarded Communist China as a satellite of the Soviet Union. Many in the United States also believed that the Chinese communists had gained success only due to the aid received from the Soviets thus, totally ignoring the internal conditions of China at the time of the revolution. They failed to realize that Mao Tse-tung had come to power in spite of the Soviet policy, which had swung in favour of the Chinese communists only at the last stage. Washington was by now gripped by the anti-communist hysteria. It became totally committed to a policy for preventing any further spread of communism.

Emphasizing the dangers of Soviet imperialism in the Far East, Jean Acheson, the then Secretary of State, issued directives to the ambassador-at-large, Philip Jessup, on 18 July 1949, to study the existing situation in the Far East and recommend an American strategy that could prevent "further extension of communists domination on the continent of Asia or

---

18 Norman A. Graebner, "Global Containment: The Truman Years", Current History (Philadelphia, Pa), vol. 57, August 1969, pp. 77-83 and 115-16.

in the South East Asia area."<sup>19</sup> It was a commonly accepted idea that China had been forced "to accept a disguised form of foreign rule."<sup>20</sup>

#### AMERICAN PROTECTIVE SHIELD FOR JAPAN

Meanwhile, the United States continued with whatever efforts it could make, towards a quick restoration of the economic power of Japan. To overcome the fuel scarcity in Japan and thus, to forestall the coming dangers to the Japanese industries, the U.S. Atomic Energy Commission issued directives for distribution of radio-isotopes to Japan. In an obvious attempt to conceal the actual motives behind this deal, the Department of State took pains to justify it as an act of granting "humanitarian assistance" towards the cause of stabilizing a friendly democratic government.<sup>21</sup> The real motive, however, was that with the victory of the Chinese communists, Japan was regarded as the sole stabilizing factor in the Far East with the potential for countering militant communism. Therefore, it had already been included within the American defence perimeter. In a speech before the National Press Club on 12 January 1950, a speech which came to be referred to again and again in the context of the Korean war, Acheson emphasized

---

19 Department of State Bulletin, vol. 21, 15 August 1949, p. 236.

20 Ibid.

21 Ibid., 28 November 1949, p. 834.



upon the importance of Japan and its prefecture Okinawa, and said:

This defensive perimeter runs along the Aleutians to Japan and then goes to the Ryukyus. We hold important defense position in the Ryukyus islands and those we will at an appropriate time offer to hold these islands under trusteeship of the US. But they are an essential part of the defense perimeter of the Pacific and they must and will be held ... The defense perimeter runs from the Ryukyus to the Philippines islands....<sup>22</sup>

Japan was thus placed behind the American protective shield, free from the responsibility of its own defence.

The Korean hostilities in June 1950 and the subsequently intervention of the Chinese, was enough to support Truman Administration's earlier insinuations against China. China was now labelled as an aggressor and belligerent nation that had openly embarked on the path of world conquest. The thirty year Treaty of Friendship and Co-operation between China and the Soviet Union further intensified the American feeling that the People's Republic of China was nothing but a stooge of the Soviet Union. The United States feared the fate of its 'free trade' system that was to revolve around the U.S. dollar. To counter the proliferating communist regimes, a rejuvenated Japanese Capitalism under American leadership,

---

22 "Crisis in Asia", statement made by Secretary of State Dean Acheson before the National Press Club on 12 January 1950. Department of State Bulletin, vol. 22, 23 January 1950, p. 116.

was badly needed to support the status quo the United States wished to preserve. The Korean war was adequately used to justify the retention of the American naval and airforce bases in Japan. Japan, hence became extremely valuable as an operational base for the US land, sea and air-forces. Military supplies and services during the Korean war were provided to South Korea from Japan itself. The cumulative effect of these actions was an economic boon to the impoverished Japanese industries, particularly the steel industry. The Korean war benefited the American economy which was in the grip of a recession. 23

#### THE PEACE TREATY AND THE MUTUAL SECURITY AGREEMENT

In order to maintain a continuous alliance with Japan it was necessary to negotiate a Peace Treaty with it which would quieten the growing opposition in Japan against the American policies.

Since 1947 the United States had been trying to evolve a satisfactory agreement with Japan in co-operation with the other allied powers. But owing to the obstructionist policies of various nations, particularly, the Soviet Union, this task had not been accomplished. Moreover, the internal differences between the JCAP and the Department of State on one side and the Defence Department on the other, prevented a common approach to the nature and content of the proposed Peace Treaty with

Japan. The Defence Department, ignoring the wishes of the SCAP, continued to insist on the need for the continued Occupation of Japan because of the military necessities of the United States. However, under the impact of the emergence of the People's Republic of China a consensus was arrived at by the various departments for a Peace Treaty that would grant military bases and facilities to the United States. This Peace Treaty was signed at San Francisco on 8 September 1951 and, it was on 20 April 1952 that the seven year old Occupation of Japan by America formally ended.

The Peace Treaty while granting sovereignty to Japan also attributed legal status to Okinawa and to the retention of American military bases in Okinawa. Inherent in this Treaty was a marked departure from the earlier policy in as much as the treaty recognized Japan's right of self-defence. The incorporation of this clause was directly linked to the rising "aggressive and totalitarian" Chinese empire which, in American eyes, had embarked on "communist world revolution." It was hoped that the conclusion of the Peace Treaty would warn the communists that effective counter-checks were being put at various points against their further expansion.

---

24 For full text of the United States-Japanese Peace Treaty see Schlesinger, n. 5, pp. 54-66.

25 Schlesinger, n. 5.

26 Paul H. Clyde and Burton L. Beers, The Far East (New Jersey, 1971), p. 402.

Simultaneously with the Peace Treaty, the United States and Japan both, agreed to the signing of a Mutual Security Pact, which was initially for a period of 10 years. 27 The United States had tied both the treaties together. In fact, it was Japan's willingness to sign the Mutual Security Pact which made the successful conclusion of the Peace Treaty possible. One might say that the new treaties forced Japan into a relationship of dependency. Japan was being tied politically, economically and militarily to the United States.

For the United States the Security Pact was important. It provided the United States with a legal justification to station land, sea and air forces "in and about" Japan. In return, the US accepted responsibility for the defence of Japan against direct or indirect aggression. The strategic location of Japan had turned it into a major military base for America. First, by the long term association of the two countries during the Occupation period, and then by the Security Treaty, the United States could effectively implement its Far Eastern strategy with the help of Japan. The network of commitments and defence treaties that the US entered into with nations around the periphery of China, could be effectively discharged from the Japanese bases. Meanwhile all opposition to this increasing influence and, particularly, to the military role of the United States in Japan, was suppressed by

---

27 For text of the U.S.-Japanese Mutual Security Pact see Schlesinger, n. 5, pp. 75-77.

continued justifications of the need for such a policy. Speaking to the U.S. Congress on the dire need for military assistance to the Asian nations, President Truman reiterated that it was essential to contain communist expansion in Asia in the interest and security of the United States. Since the "interests of the United States were global in character" a threat to the peace of the world anywhere was a threat to the security of the United States.

28

#### ECONOMIC DEVELOPMENT OF JAPAN BEHIND THE AMERICAN SHIELD

Secure behind the protective American shield, Japan was free to concentrate all its resources purely on its economic development, spending less than even 1 per cent of its GNP on defence. The alliance with the United States thus enabled Japan to procure Western sophisticated technology and know-how. By the mid-fifties under American tutelage, Japan had by-passed its pre-war living standards and was even in a position to compete with the other world economies in the sphere of light as well as heavy industries. Japan's development into one of the greatest industrial and trading nations of the world was, therefore, not at all surprising. In return for all these benefits Japan was expected to play an ever active role in American operations aimed at guaranteeing protection to the pro-American

regimes in Asia. Thus Japan willingly or unwillingly acquired a significant role in the network of military alliances and treaty commitments made by the United States.<sup>29</sup>

The basic elements of US policy towards Japan remained unchanged for nearly two decades. However, from the very beginning there was strong domestic opposition from the Japan Socialist Party (JSP) and, the Japan Communist Party (JCP)<sup>30</sup> against the United States' policy towards Japan. The various opposition parties consistently urged the ruling Liberal Democratic Party not to accept this tutelage of the United States. These parties insisted on the adoption of a neutral course that would keep Japan equidistant from both, the Soviets and the Americans. They feared that Japan, which had not too long ago experienced the horrors of war, would be unnecessarily dragged into another one. Nonetheless, the dejected and defeated Japanese in the fifties also realized that a defence guarantee by a mighty power like the United States would be effective in letting them reconstruct their country after the traumatic experience of the war. A majority of the Japanese, therefore,

---

29      Apart from this, "A major goal ... was to develop markets for Japan in South-East Asia in order to counter-act Communist trade efforts and to promote trade between Japan and South-East Asian countries." Yanaga, n. 12, p. 266.

30      Robert Scalapino, American-Japanese relations in a Changing Era (New York, 1972), p. 57.

were willing to accept this subordinate status implied in the basic presumptions of U.S.-Japanese relations.

By the end of the nineteen-fifties, Japan had become increasingly aware of its great economic power. The Japanese gained in maturity and were no longer willing to accept a secondary status and instead insisted on the need for an 'autonomous defence' policy. The result was violent demonstrations in 1960 when the time for the revision of the treaty approached. These demonstrations and strikes forced Premier Nobusuke Kishi's Government to resign and, even resulted in the cancellation of the visit of President Dwight Eisenhower to Japan for the purpose of the extension of the Treaty. Notwithstanding these outbursts which Reischauer reasoned to be the cause of "a  
31  
broken dialogue", the Mutual Security Treaty was renewed in 1960, as scheduled. It was renamed as the U.S.-Japan Treaty of Mutual Co-operation and Security. The scope of the treaty was enlarged to include the entire Far Eastern region. This clearly implied that the U.S. forces located in Japan were to be used not only for the security of Japan but for the entire Far Eastern region. The revised treaty no longer specifically referred to American commitment to defend Japan in case of internal disorder. Apparently this deletion was the Japanese Government's concession to the strong domestic opposition but, it also implied that the United States wished Japan to gradually increase its own self-

defence forces to counter the internal disturbances.

CHANGES IN INTERNATIONAL SYSTEM AND ITS IMPACT  
ON UNITED STATES POLICY TOWARDS JAPAN

The main tenets of US policy towards Japan, as it had emerged in the fifties, survived the stresses and strains for nearly two decades. Japan supported loyally the objectives of American foreign policy in all forums. It shared the avowed objective of the containment of communism in Asia and elsewhere. Behind the protective American nuclear shield it carried on its own economic growth, in which too, it enjoyed the support of the United States. The policy-makers in both the countries were highly satisfied with the success of US policy towards Japan. The "miracle of economic growth" in Japan, however, did make a number of influential Americans somewhat uneasy. However, the need for a change in America's Japan policy was not the outcome of dissatisfaction with the course of bilateral relations, but, of changes in the international system.

Of all the factors which modified the international system, the Sino-Soviet conflict was probably the most significant, for it started a chain reaction. Signs of the rift between the two communist giants had begun to surface in the mid-fifties but American policy-makers were unable, at that time, to realize its existence or to seize the immense opportunity which it offered to them. As the relations between the Soviet Union and China began to deteriorate, there was a corresponding improvement in their relations with the United States. The area of



mutual agreement and co-operation was gradually enlarged as the result of a deliberate policy in the late fifties and sixties.<sup>32</sup> China too, in the fifties, indicated its desire for improving relations with the United States. However, these indications were not taken up by the U.S.<sup>33</sup> In the meantime, American attention was totally absorbed by the war in Vietnam, particularly after the intensification of American bombing in 1965. During most of the period of Johnson Administration, China was deeply involved in its own Great Proletarian Cultural Revolution (1966-69) and as a result looked inwards, not showing any desire for improvement of relations with any country.<sup>34</sup>

During the four years of the Johnson Administration (1965-69), two important developments took place which had a considerable impact on the thinking of the United States. First,

---

32 In the late fifties and sixties several agreements, including Partial Test Ban Treaty, the Space Treaty, the Seabed Treaty and the Nuclear Non-Proliferation Treaty were concluded at the initiative of both the United States and the Soviet Union in an attempt to improve the climate of relationship between the two nations. Neither the U-2 overflight incidence, nor the Cuban missiles crisis were allowed to adversely affect the attempts of the two nations to enlarge their area of co-operation and agreement. The Glassboro Conference of 1967 between Johnson and the Soviet leaders was significant since it took place at a time when American bombing of North Vietnam was at its peak.

33 Communist China's Premier Chou En-lai, in a statement to the Press at Bandung, Indonesia, on 23 April 1955, categorically stated that the "Chinese Government is willing to sit down and enter into negotiations with the United States Government to discuss the question of relaxing tension in the Far East...." Roderick MacFarquhar, Sino-American relations, 1949-71 (New York, 1972), p.114.

34 James C. Thomson, Jr., "On the Making of U.S. China

the United States sank deeper and deeper in the quagmire of the Vietnam war with no chance of success, and second, the Soviet Union attained nuclear parity with the United States. The continued US war effort generated an economic crisis forcing America to work towards a restructuring of its international trade. And as the preponderance of power which the United States had enjoyed since the beginning of the Cold War vanished with the attainment of nuclear parity by the Soviet Union, the United States was forced to seek agreement with its rival on strategic arms limitation. The other uneniviable alternative was to spend enormous amounts to compete with the Soviet Union at this critical juncture of the state of its economy. The American need for the Soviet market happily coincided with the Soviet need for American technology as well as the credits to buy that American technology.

The above, no doubt, were important considerations in the Soviet-American rapprochement. The Soviets were keen on detente because of their growing conflict with China. However, it would have been poor diplomacy if the Americans had been satisfied with detente with the Soviet Union while leaving their relations with China unaffected. Moreover, terminating American involvement in the Vietnam war required the assistance of China

---

(previous footnote contd.)

Policy, 1961-69: A Study in Bureaucratic Politics", China Quarterly (London), April-June 1972, p. 221.

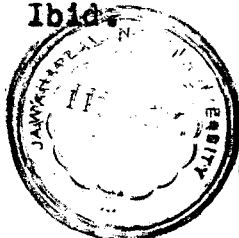
no less than that of the Soviet Union. That some thought was being given by foresighted Americans to this problem, is borne out by Richard Nixon's views.<sup>35</sup> He argued that there was a pressing need to bring China into the comity of nations "any American policy toward Asia must come urgently to grips with<sup>the</sup> reality of China."<sup>36</sup> He observed that a frustrated and embittered China, which was also a nuclear power, posed a serious threat to the security of the rest of the mankind. At the same time, Nixon also stressed on the need to be on guard against the possible aggressive moves by China against its own smaller and weaker neighbours. While referring to the 'present' and 'potential' danger from China and to the counter-measures chalked-out to meet such dangers, he was, however, quick to explain that such actions would be beneficial for the advancement of the long term goals of American foreign policy.<sup>37</sup>

As has been pointed out in the earlier pages of this chapter, the alliance with Japan was first conceived by the United States consequent upon its hostile relations with the Soviet Union. Also, it provided a base from which the pro-American regimes on the periphery of the Asian mainland could be supported. The Okinawa bases provided one such important link

35 Richard M. Nixon, "Asia after Vietnam", Foreign Affairs, vol. 46, October 1967, pp. 111-26.

36 Ibid., p. 121.

37 Ibid.



DISS  
V. 13, 1942 N. 73 ← N69  
G-39360



in the chain of military bases around the communist heartland. The development of Inter-Continental Ballistic Missiles by the United States, as well as, the Soviet Union, in the late fifties, rendered this aspect of the American-Japanese alliance redundant. But in the sixties, the United States came to view China as an independent threat and the US-Japanese alliance acquired a renewed justification. Japan's strategic location could still be of great value to the United States.

If there was going to be détente with China as well then there was a need for a complete reassessment of the nature of United States' relationship with Japan. The fact that the United States carried the burden of Japan's defence, whereas the latter made heavy investments in some pro-American regimes like, Taiwan, Hongkong, and South Korea and, devoted all resources for its own economic build-up, even competing with the United States, gave rise to demands in America for a more equitable distribution of the burden.

When Richard Nixon assumed Presidentship of the United States in January 1969, he felt that the time had come to bring the American foreign policy in line with the changes that had

---

38      The Japanese investments in Asia between the years 1951 and 1967 itself were \$267 million - 20 per cent of its total overseas investments. In South East Asia during the same years the Japanese investment was \$218 million - 18 per cent of its total overseas investments. Herman Kahn, The Emerging Japanese Superstate (London, 1970), pp. 257-9.

taken place in the international system. He also realized that four years of intensive effort in the Vietnam war and, the sacrifices it had entailed had sapped the will of the American people in carrying on the burden of the defence of others. As Nixon had foreseen in 1967, even in cases where a request for US military aid came from legitimate governments facing aggressions, aid was unlikely to come through. He had then written:

One of the legacies of Viet Nam almost certainly will be a deep reluctance on the part of the US to become involved once again in a similar intervention on a similar basis. The war has imposed severe strains on the U.S., not only militarily, and economically but, socially and politically as well ... If another friendly country should be faced with an externally supported communist insurrection - whether in Asia, or in Africa or even Latin America - there is serious question whether the American public or the American Congress would now support a unilateral American intervention, even at the request of the host government.<sup>39</sup>

Nixon was thus quick to observe that the economic crisis generated by the Vietnam war had further strengthened the American desire to pull back. The cumulative effect of these internal and external developments brought about Nixon's dramatic visit to Peking and his equally important visit to Moscow in 1972. Though not as dramatic, it also resulted in a change in the pattern of US-Japanese relationship.

In the following pages an effort will be made to study the evolution of this new pattern of relationship.

---

39 Richard Nixon, n. 36, p. 113.

**Chapter II**

**FROM PATERNALISM TO PARTNERSHIP: POLITICAL  
RELATIONS**

When Nixon came to the White House, he was well aware of the several tasks awaiting him. Even prior to his election in 1968, his familiarity with international affairs and his clear perception of the external and internal environment of American foreign policy had convinced him that America needed a fresh initiative to move ahead. In 1967 Nixon had stated:

...other nations must recognize that the role of the United States as world policeman is likely to be limited in the future. To ensure that a US response will be forthcoming if needed, machinery must be created that is capable of meeting two conditions: (a) a collective effort by the nations of the region to contain the threat by themselves; and, if that effort fails, (b) a collective request to the United States for assistance.<sup>1</sup>

#### THE NEED TO REDEFINE ALLIANCE WITH JAPAN

The policy which Nixon's above quotation advocated, implied a retreat from the global responsibilities of America. Nixon's ideas later appeared in a mature form in the famous Nixon Doctrine of July 1969 proclaimed at Guam. The doctrine, in brief, stipulated that even though the United States would continue to adhere to the treaty commitments made to its allies, it would not take up all their defence obligations.<sup>2</sup> It further

---

1 Richard Nixon, "Asia after Vietnam", Foreign Affairs (New York), vol. 46, October 1967, p. 114.

2 See Department of State Bulletin (Washington, D.C.), vol. 62, 9 March 1970, pp. 274-393 for text of US Foreign Policy for the 1970s: A New Strategy for Peace: A report to the Congress by Richard M. Nixon, 18 February 1970.

implied that the United States would be selective in assuming new obligations and extending help only where its interests were really at stake. The objective was to lighten the burden so far being borne by the United States by urging its allies to do more to help themselves. What irked the American public and policy-makers was the fact that their allies in spite of their increased strength and prosperity were not yet prepared to contribute to their own defence.

The curtailment of American commitments and its subsequent retreat from the global scene was, however, not to imply gains for the Soviet Union. The Nixon-Kissinger diplomacy was quick to perceive the changed international system consisting of a multipolar world with several centres of power. The pentagonal world consisting of the United States, the Soviet Union, China, Japan and Western Europe was one where each was to act as a check upon the other. This meant that a global balance was to be preserved by not letting any one power dominate the others or exclude a power from an area in which that power had legitimate interests. Later, while clarifying these views Nixon said:

I think it will be a safer world and a better world if we have a strong, healthy United States, Europe, Soviet Union, China, Japan, each balancing the other, not playing one against the other, an even balance. (3)

---

3 Department of State Bulletin, vol. 65, 26 July 1971, pp. 95-96.



## PROBLEM OF A RESURGENT JAPAN

By bringing a non-nuclear Japan into the major five centres of power in the world, Nixon in the above statement was obviously referring to its economic power. Japan had begun to show its autonomy on the economic level. It had begun to emerge as a serious economic competitor of the United States and was, therefore, unwilling to adhere to American economic policies, thus creating stresses and strains in its relations with the United States. This economic rivalry led to a demand that if the United States was to continue to provide nuclear umbrella over Japan, then the latter should also share American burden and contribute to its own defence. It was necessary, therefore, to adapt the U.S.-Japanese alliance to the changed international system and to move away from the paternalistic to a co-operative attitude toward Japan. In early September 1969 during an American-Japanese Assembly of officials, legislators and scholars, at Shimoda in Tokyo, the emergence of Japan as a major economic power was confirmed. The Shimoda meeting also expressed a general consensus on the changed realities of Asia which required an "end to the client-sponsor psychology" that had characterized the Japanese-American relations ever since the aftermath of the Second World War.<sup>4</sup>

Apart from Nixon's own intellectual background, his association with Henry A. Kissinger, who was later appointed as

---

<sup>4</sup> New York Times, 8 September 1969.

Special Assistant for National Security Affairs, was indeed helpful in steering the Pacific Alliance to a more mature relationship. Centralization and secrecy were introduced in the making of American foreign policy. Nixon himself in his First Report to the Congress on United States' foreign policy on 18 February 1970, emphasized on his Administration's "fresh purposes" which logically demanded "new methods of planning and a more rigorous and systematic process of policy-making."<sup>5</sup> This new style was well suited to make Tokyo aware of its continued dependence on Washington.

#### RAPPROCHEMENT WITH CHINA

The American rapprochement with China, culminating in Nixon's visit to Peking in February 1972 started a chain reaction. But for the sudden and dramatic way in which the rapprochement with China was brought about, the impact on Japan would not have been as great. The secrecy with which Henry Kissinger carried on his mission to China and the sudden announcement of President Nixon's visit in July 1971, belittled Japan and, inculcated in it the fear that the United States could act independently of its allies where its vital interests were involved.

American search for rapprochement with China was motivated by several considerations. Some of these, as we have

---

5

Department of State Bulletin, n. 2.

already pointed out, were general in nature and some affected Japan particularly. Here we would discuss these latter factors in somewhat greater detail.

China's nuclear potential had concerned American policy-makers. It was clear to them that China could no longer be left in isolation. Months before Nixon's announcement of his intention to visit Peking, Marshall Green, the Assistant Secretary of State for East Asia and Pacific Affairs, while expressing fears over China's growing nuclear might said:

...Peking has given high priority to acquiring strategic weapons as a deterrent against attack as well as for the political leverage they afford. Achieving a nuclear capability will not make the Chinese more aggressive... But the fact is that the world is now faced with a nuclear China which is determined that its voice be heard.... (6)

Nixon himself later said:

It is a truism that an international order cannot be secure if one of the major powers remains largely outside it and hostile towards it. In this decade, therefore, there will be no more important challenge than that of drawing the People's Republic of China into a constructive relationship with the world community... For the United States the development of a relationship with Peking embodies precisely the challenges of this decade. (7)

---

6 Marshall Green's statement was made before the Subcommittee on Asian & Pacific Affairs of the House Committee on Foreign Affairs of the House Committee on 6 October 1970. Cited in Pacific Community (Tokyo), vol. 2, April 1971, p. 615.

7 Richard M. Nixon, U.S. Foreign Policy for the 1970's: Building for Peace. A Report to the Congress, 25 February 1971; and Department of State Bulletin, vol. 64, 22 March 1971, pp. 382-4.

These policy statements made it crystal clear that the Nixon Administration was gradually moving towards a reversal of its nearly two decade old China policy. What intensified this drive was the increasing fear of Japanese business leap-frogging the United States. By separating politics from economics, Japanese business concerns had been carrying unofficial trade relations with China in spite of their Government's continued adherence to America's China policy. In fact, it was widely believed that the United States had agreed to negotiate a Peace Treaty with Japan in 1951 only on the condition that Japan would have nothing to do with Communist China. Japan's then Premier Shigeru Yoshida, was specifically instructed by the then American Secretary of State John Foster Dulles, to refrain from maintaining diplomatic relations with the People's Republic of China and, instead was directed to continue relations with the Nationalist China. It was in pursuance of this line of policy that Japan had signed a Peace Treaty with Taiwan in 1954.

Nonetheless, Japan's unofficial trade with China vexed the American business groups. They feared the total loss of the Chinese market because of the self-imposed American trade embargo against China during the Korean war. Speaking to the American Chambers of Commerce at Hongkong in May 1971, Orville Freeman,

---

8 Roderick MacFarquhar, Sino-American Relations, 1949-71 (New York, 1972), pp. 11-12; and Savitri Vishvanath, "Japan's China Policy: Difficult Tasks Ahead", China Report (Delhi), vol. 7, July-August 1971, pp. 26-29.

a former U.S. Secretary of Agriculture in the Kennedy and Johnson Administrations, voiced the anxiety of several influential business men and said that, "The technological progress in Japan is as good as in the U.S. This is what worries the Americans and forces them to settle with China - the world's largest consumer market.<sup>9</sup>

With unlimited access to American technology and know-how, Japan was proving to be a dangerous competitor to American economic interests both, at home and abroad. The lure of the vast sprawling China market was as much strong for the Japanese as it was for the American business interests. Many American business men had since long dreamt of 'lightening the lamps of China'.<sup>10</sup> They were also aware of that China was in search of sophisticated technology and equipment. In view of the increasing arms build-up of the Soviet Union, China had no wish to be left behind. This was confirmed by the nature of the debates going on in the inner circles of the Peoples' Liberation Army (PLA) which centred around the issue of purchase of conventional weapons, sophisticated technology transfers, etc. While launching its Fourth Five Year Plan in 1971, China had already approached West Europe for plants and machineries on long term credits. Japan too had been anxiously competing for these deals. To avoid the

---

<sup>9</sup> Commerce (Bombay), 26 June 1971, p. 1182.

<sup>10</sup> Far Eastern Economic Review (Hongkong), vol. 75, 1 January 1972, p. 17 and 4 March 1972, p. 44.

coming together of the industrial potential of Japan with the vast manpower of China, the United States conceived it in its own interests to intervene.<sup>11</sup> However, in order to restore economic relations with China it was necessary to first abandon the policy of isolation and containment of China. This implied a re-opening of political and diplomatic relations with China eventually leading to its acceptance as a member of the United Nations.

#### PRESSURE IN JAPAN FOR REVERSAL OF CHINA POLICY

Meanwhile, Premier Eisaku Sato was facing strong internal opposition to his pro-American policies, particularly with respect to China. The opposition parties, like the Socialists and Communist Parties, and even a section of Sato's own Liberal Democratic Party (LDP) were vociferously asking for an independent defence and foreign policy for Japan. The supporters in Japan of both, the Nationalist and the Communist China, asserted that until it came to grips with the China problem,<sup>12</sup> it could not be said that the country had an independent policy. Sato, unwillingly caught-up in the complexity of this situation, repeatedly observed that "the most difficult aspect of the China problem lies in the fact that the Government of the Republic of

11 George F. Kenna, "After the Cold War", Foreign Affairs, vol. 51, October 1972, p. 222.

12 New York Times, 8 January 1971.

China in Taipei, and the Government of People's Republic of China in Peking are both claiming sovereignty over the whole of China." <sup>13</sup> What was more significant, however, was the fact that Sato had openly referred to Communist China as the People's Republic of China in the Japanese Diet on 22 January 1971, several months prior to the announcement of Nixon's proposed Peking trip. <sup>14</sup> The statement was an indication of the immense pressure exercised on Sato by the members of the Diet in this regard. Numerous visits of Japanese business men and influential diplomats to China further impressed upon the Nixon Administration the need to speed up reassessment of its own China policy. The private visit of Fujiyama Aichiro, a former Japanese Foreign Minister, could not be easily ignored since he carried with him enormous backing of the business circles in Japan. Koji Nakamura, a top political commentator of Japan, on his way to Peking for "political consultations" with Chou En-lai, in an interview with the Far Eastern Economic Review, blamed the Sato Government for its rigid posture over the Peking issue. He regarded this to be an immediate result of, "...the Taiwan issue that precluded <sup>15</sup> resumption of normal relations with Peking and Taipei." He further stated that the "Government operated jointly with Taiwan

---

13 Ibid., 23 January 1971.

14 Ibid.

15 Far Eastern Economic Review, vol. 71, 13 February 1971, p. 32.

and South Korea within the framework of U.S. Asian policy and cannot deviate from this basic line." He went on to add that, "The resumption of Tokyo-Peking relations should be conducive to Sino-U.S. contacts."<sup>16</sup>

Discontent with the Japan's China policy increased with the tough restrictions imposed by Chou En-lai in his Four Principles of Trade with China. These principles made it practically impossible for the Japanese to carry on "unofficial" trade with China simultaneously with their trade with other countries like Taiwan and South Korea. Trade with these nations was banned by the Four Principles of Chou.<sup>17</sup> Notwithstanding these restrictions, several important Japanese firms and industries willingly relinquished their option of trading with the countries banned by Chou in order to take up fresh trade deals with Peking.<sup>18</sup>

Although Japan was officially tied down to America's two decades old China policy, the credibility of Japan's policy was already being questioned. Only a slight momentum from Washington could trigger-off concrete Japanese moves towards Peking. That momentum was provided by the announcement of Nixon's China visit.

---

16 Ibid.

17 Far Eastern Economic Review, n. 10.

18 Japan Air Lines (JAL) and several major shipping companies of Japan were foremost amongst those willing to relinquish deals with Taipei in the hope of getting fresh ones with Peking.



## NIXON'S CHINA SHOCK

In his inaugural address on 20 January 1969, Nixon had indirectly dropped hints of the coming rapprochement with China. He had then said: "We seek an open world - open to ideas, open the exchange of goods and people...."<sup>19</sup> US political, military and economic interests pointed to the need for a rapprochement with China. In spite of the earlier promises of carrying on close consultation and co-ordination with Japan at the Nixon-Sato talks of 1969 in Washington,<sup>20</sup> Kissinger made a secret visit to Peking which was subsequently followed by Nixon's historic announcement of 15 July 1971 heralding his forthcoming trip to Peking.

The announcement came as a rude shock to Japan, which had been given no inkling of this major policy reversal and was informed telephonically barely twenty minutes before Nixon himself<sup>2</sup> made a dramatic appearance on television to make the announcement. The US reversal of policy was regarded as a bitter betrayal by the Japanese since they had all along religiously adhered to the

---

19 The President said in his State of the World Message to the Congress on 9 February 1972 that when he used these words he had People's Republic of China in mind. Department of State Bulletin, vol. 66, 13 March 1972, p. 331.

20 For full text of the joint statement issued at the end of Nixon Sato talks of November 1969 see Department of State Bulletin, vol. 61, 16 December 1969, p. 555.

21 Frank Van der Linden, Nixon's Quest for Peace (New York, 1972), pp. 140-5.

requirements of America's China policy. What irritated most was the fact that this announcement came at a time when both the Japanese and American representatives were engaged in a frank discussion over the issue of China's entry into the United Nations. The Japanese delegates attending the conference were stunned to learn of the latest development which exposed the myth of the discussions being 'intimate' and 'frank'.<sup>22</sup>

Although there were other powerful considerations for keeping Henry Kissinger's mission to China a secret, Nixon's annoyance with Sato's non-fulfilment of assurances made in November 1969 for limiting Japanese textile exports into the United States, also contributed to this. The United States went ahead with new policy initiatives without consulting Japan, the most likely nation to be affected by such moves. The secrecy was considered necessary in conveying to Japan that the United States would 'go it all alone' in important foreign policy matters. Some scholars later claimed that this was a step towards the unraveling of the American-Japanese alliance by putting it on a more mature footing. This was nothing more than making a virtue out of necessity. Nixon was also aiming at a devolution of power to Japan in accordance with the requirements of the Nixon Doctrine.<sup>23</sup> The following paragraphs discuss the way in which Nixon's moves were received

---

22 MacFarquhar, n. 8, p. 12.

23 Robert E. Osgood, Retreat from Empire? The First Nixon Administration (Baltimore, 1973), pp. 196-8 and 200-5.

by Japanese press, public and, opposition parties.

(1) reaction of Opposition Parties

The Japanese opposition parties lost no time in criticizing the Sato Government for landing Japan into such an embarrassing situation. Japan having always based its China policy on co-ordination with Washington was now left in the lurch.<sup>24</sup> There was a general consensus right from the Conservatives to the Radicals that a quick revision of the entire Japanese foreign policy was essential to avoid being totally isolated from the rest of the world community. When almost every nation was moving towards the recognition of China it was necessary that Japan too accepted the changing reality. These Opposition parties, together with some of the prominent members of the LDP, impressed upon Sato the need to accept the new situation. Aichiro Fujiyama highly vexed over his vast business interests in Peking sarcastically remarked: "Obviously the Premier does not have the slightest understanding of present day China and the Chinese people."<sup>25</sup> Takeo Miki, another former LDP member and also one time Foreign Minister of Japan, while criticizing the surprise element in Nixon's announcement, emphatically declared that it would be "more in Japan's national interest" to have

---

24 Roderick MacFarquhar, "Nixon's China Pilgrimage", World Today (London), vol. 28, April 1972, p. 159.

25 New York Times, 22 July 1971.

diplomatic ties with Peking. This approach towards Peking, Miki felt, would be more in accordance with Japan's past flow of unofficial commercial, political and cultural delegations to Peking.

Kawasaki Kanji, Director of Japan's Socialist Party, vehemently criticized Nixon's announcement. While characterizing it as Nixon's raising of the white flag towards Peking, he condemned "U.S. Imperialism" as the enemy of the world.<sup>27</sup>

The reaction of the Opposition Parties in Japan implied that though they were irritated with Nixon's style, they were also secretly pleased with the wide opening that Nixon's action brought in. They, therefore, urged their government not to lose this opportunity but to go ahead with establishing normal relations with Peking. Nonetheless, while accepting most of the blame for the stresses and strains caused by the controversial textile issue, the Japanese Opposition parties believed that the U.S. had far exceeded its limits in this particular instance. One official source commented:

...even after knowing all along that 'Taiwan is not a viable entity', and that the Government that is now on Taiwan does not in actual fact represent the Taiwanese people who have no political voice in the Government, Japan continued to adhere to

---

26 Ibid.

27 Shakai Shimpo (The Socialist News), 23 January 1972, quoted in Robert Scalapino, American Japanese Relations in a Changing Era (New York, 1972), p. 69.

Washington's policy of recognizing the Nationalist Government of Taiwan as the legitimate Government of China. (28)

While criticizing Nixon's lack of consultation, this official source declared that, "as Asians, we must assume that when President Nixon agreed to go to Peking, he accepted in some degree, Peking's claim to sole legitimacy. It was in a word, surrender. We believe a policy change of this order of magnitude should have acquired some degree of prior consultations."<sup>29</sup>

(11) Public Opinion in Japan

Nixon's announcement was regarded as part of a "great trilogy of betrayal" by the average Japanese citizen. The Sato Government was blamed for letting Washington achieve such a diplomatic breakthrough and score over Japan, particularly when the latter's several efforts had been rebuffed by the Chinese. Because of the close cultural affinity with Japan, China had since long presented an emotional problem to the Japanese people and government. Therefore, once the initial shock waves subsided, the public opinion polls in Japan revealed increasing sentiment in favour of normalizing relations with China. A poll conducted among a cross section of the population in October 1971 by Mainichi, a leading newspaper of Japan, showed that 82 per cent of the respondents favoured either immediate or at least gradual normalization

---

28 New York Times, 23 July 1971.

29 Ibid.

of relations with Peking; whereas 38 per cent of the respondents were of the view that their government had been following a very "unrealistic" attitude towards Peking.<sup>30</sup> Another poll in December 1971, published by Asahi based on interviews with adults showed a significant drop from 42 per cent to 28 per cent among respondents wishing to maintain friendly relations with the United States. In comparison, the figures for China rose from 21 per cent to 33 per cent. This implied that (within the short period following Nixon's announcement) the loss for the United States was a significant gain for China.<sup>31</sup>

30 Far Eastern Economic Review (Annual), 1972, p. 266.

31 The following Asahi Poll is quoted from Scalapino, n. 27, p. 120.

	Septem- ber 1969	November 1970	May 1971	December 1971
United States	40%	42%	39%	28%
People's Republic of China	10	21	21	33
Republic of Korea	1	1	0	0
Soviet Union	2	3	4	1
North Korea	0	0	1	1
Other Asian nations	4	3	3	3
Other nations	1	1	1	1
All nations	28	6	7	5
Other answers	4	3	2	3
No answer*	10	20	22	25
	100%	100%	100%	100%

\* Includes both those not answering and those stating that they did not know.

(iii) Attitude of the Japanese Business Groups

The 15 July 1971 announcement galvanized the business groups of Japan into action. They did not hesitate to cancel all the existing contracts with Taiwan and, in fact, even refused to participate in any forthcoming trade conferences with the Taiwanese. All but six of the major Japanese shipping companies that had been regularly servicing the ports of Taiwan withdrew from their Taiwan route.<sup>32</sup> These steps reflected a general feeling that Nixon's announcement marked the beginning of moves which would eventually lead to recognition of Peking. More significantly, the members of the non-partisan league for the Japan-China friendly relations had begun to draft a resolution aiming at recognizing Peking as the sole legitimate Government of China.<sup>33</sup> The influence that this League could exercise was not to be ignored since its members comprised of more than half of the Lower House of the Japanese Diet.

It could be inferred from the above that at a time when the United States was moving towards a rapprochement with Peking, the Japanese on their part were also being careful in dealing with the countries that were likely to arouse the hostility of China.<sup>34</sup>

---

32 New York Times, 23 July 1971.

33 Ibid.

34 Ibid.

## 'CHINA SHOCK' AND SATO

Sato was a little embarrassed by Nixon's secrecy. While speaking to the Lower House of the Japanese Diet, he said: "We are ready to keep a secret. There should have been full consultation in advance."<sup>35</sup> What was important in this statement was the fact that Sato was not at all critical of the move but, only of the style of Nixon's diplomacy. In fact, he even expressed willingness to go to Peking himself as and when the conditions permitted. The Japanese Prime Minister, however, added that the improvement in his country's relations with Peking<sup>36</sup> would not be at the cost of breaking its relations with Taiwan.

On the whole Sato's reaction was one of equanimity and imperturbability. He heralded the proposed visit as a "contribution to the lessening of world tension and specially of Asian nations."<sup>37</sup> He went on to add that Japan would not at all get flustered.

In an obvious attempt to justify American action Sato said:

I think I have very close relations with Nixon, and I think even if I had been consulted before hand, I couldn't have done anything about it. There is no need to make a big fuss about such things. (38)

Sato thus continued to reiterate that the United States remained the pivot of Japanese foreign policy. Probably what Sato had uppermost in mind was the fear that the United States might choose

---

35 New York Times, 22 July 1971.

36 Ibid.

37 Ibid., 25 July 1971.

38 Ibid., 2 September 1971.



to gradually withdraw into a "fortress America", and, the vacuum thus created might prove disastrous not only for Japan but for the rest of the world. <sup>39</sup> He found it essential, therefore, to immediately instruct his brother, Nobusuke Kishi, a former Japanese Premier, to go to Washington and personally inquire into the matter of this abrupt and inexplicable behaviour on the part of the Nixon Administration. To conceal his nervousness he, however, explained that, "...since there are many more things we want to know, we have suggested more discussions with the United States." <sup>40</sup>

It was primarily due to the above response at home that the Japanese Ambassador, Nobuhiko Ushiba, while speaking at the National Press Club at Washington, voiced his government's anxiety and said: "In dealing with any communist country, the first and the most important thing to bear in mind is the coordination of policies among the Western nations." <sup>41</sup> Ushiba was trying to draw the attention of the American policy-makers to the past close affinity between the United States and Japan over their China policy.

#### CHINA SHOCK AND US-JAPANESE RELATIONS

After the turmoil resulting from the 15 July 1971

---

39 Ibid.

40 Leo Mates, "Nixon in Peking and Moscow", Review of International Affairs (Belgrade), vol. 23, 5-20 February 1972, p. 3.

41 New York Times, 12 August 1971.

announcement had died down, Japan, the most seriously affected ally of Washington, felt the dire need to readjust itself to the new international environment. As a popular weekly, Newsweek wrote: Washington had been both Japan's roof against and its window on the world. But with the China shock, mutual trust and confidence in Washington was shaken. Japan, therefore, embarked on its path of independent foreign policy. Step in this direction was taken soon which led to its wooing by the Soviets as well as the Chinese.

The most unwanted upshot of the Sino-American rapprochement, as far as the United States was concerned, was the Soviet attempt to draw closer to Japan. Not wanting to be isolated by the great powers of the world, the Japanese Government responded warmly to the initiatives of the Soviet Union which was trying to "redress the balance" that had been upset by the Nixon shocks.<sup>42</sup> The Soviets lost no time in embarking on a course that would further entice Japan. In early January 1972, Soviet Foreign Minister Andrei Gromyko paid a one week visit to Japan beginning from 22 January 1972.

The purpose of the visit by such a high official was to demonstrate the importance which the Soviet Union attached to the task of improving relations with Japan and also its willingness to sign a Peace Treaty with Japan. In fact Gromyko's visit to Tokyo was a countermove to Nixon's initiative towards China. The

Soviets were afraid that Japan might blindly follow the dramatic American shift in its relations with Peking. The Joint Communiqué issued at the end of Gromyko's visit, while making an indirect reference to Peking and Washington, declared that Moscow would not oppose Japan's moves to cultivate closer relations with other countries "provided such efforts are not detrimental to the interests of the Soviet Union." Moscow was thus trying to cash in and take advantage of the Nixon shocks. Some Soviet officials even suggested to the Japanese Foreign Ministry officials that had the Japanese and the Soviets been closer, Japan, perhaps, would have been spared of this humiliation at the hands of Washington.<sup>43</sup> Gromyko's visit was also aimed at making the Tokyo-Moscow settlement over the development of Siberia more solid.<sup>44</sup>

The overall impact of Gromyko's visit was the realization by Washington that it was not wise to leave Japan too independent. The value of Japan's friendship and alliance was realized for the successful implementation of America's Pacific strategy. It was clear that a quadrilateral balance had emerged in the Pacific -- the four powers being the U.S., the U.S.S.R., China and Japan. It was essential to keep Japan neutral so as to preserve a healthy balance. Therefore, immediate 'repair work'

---

43 Far Eastern Economic Review, vol. 75, 5 February 1972, p. 12.

44 Ibid., 4 March 1972, p. 3; and Halliday Jon and McCormack, Japanese Imperialism Today (London, 1973), p. 233.

of US-Japanese relations was required to cement the breach that had resulted due to the Nixon shocks.

Several scholars were of the view that Nixon had made an error of judgement. A. Doak Barnett, a China specialist told the US News and World Report in an interview that Nixon's trip to Peking actually reflected the changes that had been taking place in power relationships in Asia for many years. He emphasized that,

...split between Russia and China, the emergence of Japan into a more influential and independent role, the American trend to reduce its military involvement in Asia all have contributed to a new pattern of relationships among the four major powers. (45)

Nixon himself while acknowledging his actions as 'shocks' nevertheless found them unavoidable. He said that these steps, "only accelerated an evolution in US-Japanese relations that was in any event overdue, unavoidable and in the long run desirable." 46 What Nixon had in mind throughout was the need to adapt U.S. foreign policy to the changing world conditions. While writing a special article for the U.S. News and World Report Nixon explained that the American allies had become more "independent and self assured" and that, "...a new sense of national autonomy

---

45 A. Doak Barnett gave a special interview for the U.S. News & World Report (Washington, D.C.), vol. 72, 6 March 1972, p. 18.

46 Nixon made this comment in his State of the World Message to the Congress on 9 February 1972. Department of State Bulletin, vol. 66, 13 March 1972, p. 339.

guides most of their decisions." <sup>47</sup> He went on to add that the "task of the seventies is to reshape and strengthen our ties with Japan, to move from the paternalism which characterized our post-World War II relations to a mature partnership which is more attuned to the realities of Japan's new economic vigor." <sup>48</sup>

To this effect the economic shocks of August 1971 were highly effective steps towards reducing the economic challenge of Japan. But the disenchantment caused by these series of shocks and the humiliating treatment over the controversial textile issue forced Washington to make amends to Japan and openly confess that Japan was still the most important pacific ally of the United States. The following pages deal with Washington's attempts at making amends with Japan.

When Emperor Hirohito announced his forthcoming trip to Europe via Anchorage (Alaska), Nixon expressed his willingness to meet him at Alaska on 27 September 1971. This was to demonstrate to Japan that the United States Government was still interested in retaining its friendship in spite of all that had taken place earlier. On hearing of the proposed visit Nixon is reported to have said that, "the meeting will be a means of demonstrating the fundamental respect and friendship which forms the basis of their relationships between our two countries". <sup>49</sup> To mark this

---

47 Richard Nixon, "The Real Road to Peace", US News & World Report, vol. 72, 26 June 1972, p. 31.

48 Ibid.

49 New York Times, 22 August 1971; and United States Foreign Policy 1971: A Report of the Secretary of State (Washington, D.C., Government Printing Office, 1972), p. 54.

historic occasion of the very first visit by an Emperor of Japan, President Nixon flew to Alaska along with his wife and the Secretary of State William Rogers. In spite of the awareness that the Emperor's proposed visit to Europe was primarily aimed at cultivating alternative markets for Japan in view of the New Economic Policy of the United States, the exchange of greetings and statements made by the President and Emperor Hirohito "solidified" the existing friendship between the two nations. 50

During this meeting with Emperor Hirohito, Nixon announced his plans for a proposed meeting with Premier Sato. Responding to the criticism that in seeking rapprochement with America's erstwhile adversaries, he had ignored America's loyal allies, Nixon decided to meet them one by one before undertaking his journey to Peking and Moscow.

#### NIXON-SATO IN SAN CLEMENTE

Sato was in the last months of his tenure as Japanese Premier. Nixon was well aware of the political struggle going on in Japan over Sato's succession. The Japanese had still not fully recovered from the resentment created by the various Nixon shocks. They were frustrated and uncertain over the outcome of Nixon's coming trip to Peking. It was, therefore essential for the Nixon Administration to restore Japanese confidence and reassure

---

50 See Department of State Bulletin, vol. 65, 18 October 1971, pp. 397-8, for the exchange of greetings and statements made by the Emperor and President at Alaska, Anchorage on 27 September 1971.

them that the U.S.-Japanese relations would in no way be harmed by the outcome of the Sino-American talks. Washington desired to assure Japan that it still regarded it as the linchpin of its Pacific strategy.

The two-day meeting of Sato with Nixon at San Clemente, California was important in rebuilding a new sense of confidence. Though the meeting was a part of a series of meetings with other American allies, including Canada, France, Britain and West Germany, the message struck home that Japan's interests would not be ignored when the most powerful and the most populous nations met later in February 1972.

The Joint Statement issued after the Nixon-Sato meetings categorically stated that both the governments, "...recognized that the maintenance of co-operative relations between Japan and the United States is an indispensable factor for peace and stability in Asia...."<sup>51</sup> The success of this meeting can be also gauged from the remarks made by Sato on his return to Japan at a Conference of Youth and Women's Division of the Liberal Democratic Party. He said:

I had not been able to fully trust the U.S. since the sudden announcement of the President's plan to visit China and its dollar defense measures that included the 10% import surcharge ... Indeed, I sometimes felt contradictions in some of Nixon's remarks. But I may say that the U.S. is a trustworthy country now that it has showed us all sincerity in the course of negotiations.... (52)

---

51 Department of State Bulletin, vol.66, 31 January 1972, pp. 118-19.

52 New York Times, 8 January 1972.

It was during this meeting that a decision to set up a 'hot line' between Tokyo and Washington was made. Nixon regarded his talks with Sato as having restored 'mutual trust' and 'interdependence' between the two nations.

Meanwhile, Nixon's long-awaited eight day visit to Peking took place beginning from 17 February 1972. The Japanese were only partially relieved since the Shanghai Communique was regarded by them as a total sell-out on Taiwan. While the Chinese categorically stated that the Taiwan question was the only obstacle in the way of normalization of relations between Peking and Washington, the U.S. in its statement implied tacit recognition of Peking's claim to Taiwan. In the face of such assertions in the Shanghai Communique, Sato's Cabinet did not hesitate to overtake Washington in the race for improving relations with Peking.

#### JAPAN EMBARKS ON A NEW ROLE

Even though soon after his return from Peking, Nixon immediately sought to reassure his allies that, "there were no

---

53 For full text of the Joint Communique issued at Shanghai see New York Times, 28 February 1972.

54 In its statement the Government of United States affirmed that: "The U.S. acknowledges that all Chinese on either side of the Taiwan strait maintain there is but one China and that Taiwan is a part of China. The U.S. Government does not challenge that position.... It affirms, the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan. In the meantime it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes." Department of State Bulletin, vol. 66, 20 March 1972, p. 437.



secret deals of any kind," and that "we have done all this, 55  
 without giving up any U.S. commitments to any other country."  
 And in spite of the fact that Nixon particularly instructed  
 Marshall Green to deliver a personal letter to Sato reassuring 56  
 him that Japan still remained a key ally of the United States,  
 Japanese fears did not abate as much as was desired. The Japa-  
 nese press labelled the outcome of Nixon's visit as yet another  
 "betrayal". The popular Japanese paper Asahi Shimbun was puzzled  
 as to how China could possibly respond to American initiatives  
 while rebuffing those of Japan. 57 The paper probably was appre-  
 hensive that some secret deals had taken place at Shanghai.

Therefore, to avoid further shocks, the Japanese  
 Government immediately approved the extension of official long  
 term credits for the financing of sales of heavy equipments to  
 China. 58 Japanese Foreign Minister, Takeo Fukuda went to the  
 extent of suggesting that his country should even apologize to  
 the Chinese for the sins committed in the past against them. 59

---

55 New York Times, 29 February 1972.

56 Ibid. Marshall Green while heading an American  
 delegation to Japan repeatedly assured the Japanese  
 that the President had not sacrificed their interests  
 during his meetings with the Chinese.

57 New York Times, 26 February 1972.

58 Far Eastern Economic Review, vol. 75, 4 March  
 1972, p. 3.

59 Ibid.

Furthermore, the Japanese looked around to get even with Washington and began evolving an entirely independent foreign policy. In March 1972, soon after Nixon's return from Peking, Tokyo sent an official trade delegation to Hanoi. This was the very first formal contact that the Japanese Government tried to establish with the North Vietnamese. Initially, Japan was even prepared to ignore the fact that an official Japanese delegation to Hanoi at a time when Nixon was visiting Peking would embarrass Nixon. The State Department officials made several attempts and finally succeeded in dissuading Japan's high level delegation from leaving for Hanoi during the period of Nixon's visit. It was agreed upon as compromise that the Japanese delegation would visit Hanoi a little more than a week before Nixon left for Peking.<sup>60</sup>

In further attempts to improve relations with other Asian countries, Japan did not hesitate to recognize Bangla Desh despite the knowledge of Washington's pro-West Pakistani stand. Outer Mongolia, which was directly under the influence of the Soviet Union, was also recognized by Tokyo without any prior consultations with Washington. And it was only through the morning newspapers that Washington came to know of this diplomatic move.<sup>61</sup> The recognition of Mongolia by Japan indicated that it was deliberately making new deals with even old Asian enemies of not only

---

60 New York Times, 25 February 1972.

61 Newsweek, 6 March 1972, p. 22.

Washington but also of Taiwan, whose stand against Outer Mongolia was well known.

Tokyo also sent a parliamentary delegation to Pyongyang, North Korea, comprising of several important LDP members. This delegation returned successfully after concluding an agreement<sup>62</sup> for the future promotion of trade between the two nations. Thus, Nixon's visit to Peking triggered-off Japan's effort to evolve a fresh approach to her political relationship with other countries in its own interests and not remain bound by Washington's likes and dislikes. Japan sought new solutions and new friendships. This new role of Japan received further impetus after Nixon's yet another dramatic visit in May 1972 to Moscow. Nixon returned home jubilant having secured with several deals with the Soviet Union over the development of the Siberian resources. What had initially been only a Soviet-Japanese partnership soon turned into a collaboration of all the three nations. Nixon's trip to Moscow deepened the distrust in Japanese minds necessitating another round of reconciliatory trips to Tokyo as will be discussed in following pages.

(1) Kissinger's Reconciliatory Visit to Tokyo

Henry Kissinger, the chief architect of detente with the Soviet Union and China, decided to visit Tokyo to allay the fears of Japan and to assure it of America's continued friendship. Kissinger's visit had been long overdue. On two earlier occasions,

---

62 Ibid., and Far Eastern Economic Review, n. 58, p. 3.

he had postponed his scheduled visit to Tokyo on the ground that more urgent matters at home and, matters pertaining to Vietnam, required his immediate attention. However, the Japanese leaders were greatly annoyed as they regarded delay as deliberate and, yet another example of snubbing of Japan at the hands of Washington.<sup>63</sup> These postponements added to the anti-Washington feelings in Tokyo.

Kissinger's "mission of reconciliation" eventually took place in June 1972. Kissinger carried a personal letter from President Nixon for the Emperor inviting him to visit the United States. This was the first time that an American President was inviting the Japanese Emperor over to Washington. Apart from acting as Nixon's messenger, Kissinger was entrusted to brief the Japanese Foreign Minister on President's visits to Peking and Moscow.<sup>64</sup> During his stay in Tokyo, Kissinger pledged his government to close co-operation and consultation with Japan in any future moves towards Peking.<sup>65</sup> In his talks with Yoshizawa Iwasa, Chairman of the Japanese-U.S. Economic Council and also the Chairman of the great Fuji Bank, Kissinger emphatically declared that the United States regarded Japan as an equal partner and believed that close relations were essential to the stability of Asia and, that the retention of Mutual Security Treaty was

---

63 New York Times, 12 April and 2 May 1972.

64 Ibid., 11 June 1972.

65 Newsweek, 19 June 1972, p. 12.

in the interest of both the nations. Later, Iwasa reported that Kissinger had assured him that no secret arrangements had been entered into by Nixon either at Moscow or at Peking.<sup>66</sup> The statement by Iwasa showed that in spite of the anti-Kissinger demonstrations and leaflets that had greeted him on his visit, Kissinger did succeed in reassuring the Japanese leaders to a certain extent.

#### NIXON TANAKA HAWAIIAN MEETING

Kakuei Tanaka was elected as Japan's new Prime Minister in July 1972. From the very beginning Tanaka made loud proclamations favouring an active foreign policy for Japan. He outlined a foreign policy which besides stressing close ties with the United States, also aimed at improving relations with China and the Soviet Union.<sup>67</sup> While stating that Tokyo would establish diplomatic relations with Peking, he said that, "no nation had continued to maintain diplomatic relations with Taipei after establishing relations with Peking." He further added that,<sup>68</sup> "Japan will be no exception". This clearly implied that Tokyo was on way to breaking off relations with Taipei. Tanaka's very first address to the Japanese public on 28 October 1972 heralded a new role for Japan. He said:

I intend to exert all efforts to build a society that will be trusted more than ever by the nations of the world....

---

66 New York Times, 9 and 12 June 1972.

67 Ibid., 6 July 1972.

68 Ibid., 8 August 1972.

Japan's responsibility in international society has become heavier and our country has assumed an obligation to contribute to the peace and prosperity of mankind. (69)

The statement implied that Japan was willing to play an active role in international affairs and regarded it as her responsibility to safeguard the peace and prosperity of all mankind. In other words, Japan was seeking a political role in the world commensurate with its economic powers. In spite of the fact that the Ryukyus had already been returned to Japan in May 1972 and, that no unresolved irritant existed at that time in U.S.-Japanese relations, yet Tanaka's statements produced uneasiness in Washington, which increased when Tanaka began to be wooed by Peking. Premier Chou En-lai issued an invitation to Tanaka to visit Peking and the latter's agility in accepting this invitation intensified pressure in Washington to invite Tanaka to Washington. Kissinger immediately decided to go to Tokyo in order to fix-up the agenda for the Nixon-Tanaka meeting to be held at Kuliima, Hawaii on 31 August 1972. The choice of the site was significant. It was here that the World War II had first been fought between the forces of Japan and the United States. The proposed meeting at Kuliima, Hawaii was, therefore, to imply an end of the old era for Japan. Japan was to enter a relationship of equality with the United States,<sup>70</sup> and Tanaka was acknowledged as<sup>71</sup> the leader of a country that had now emerged as a great power.

---

69 Ibid., 29 October 1972.

70 Ibid., 20 August 1972.

71 Newsweek, 4 September 1972, p. 13.

In a news conference before the scheduled meeting, Nixon described the Japan-American co-operation as the linchpin of peace in the Pacific and said that they were trying to strengthen it in the forthcoming meeting. He added that Japan had great potential for political and other leadership in the region. It could play a great part in maintaining peace in the region.<sup>72</sup> What had actually disturbed Nixon was the Peking-Tokyo rapprochement, which could seriously jeopardize American treaty commitments to Taiwan. An editorial in the New York Times, hit the nail right on the head when it wrote:

Tanaka's meeting with Nixon in Hawaii in preparation for his visit to Peking next month marks a major turning point in the postwar history of Japan. After a quarter century of American tutelage and miraculous economic growth, Japan is moving out on world stage as an independent power. (73).

However, the fact that Tanaka visited Washington and met Nixon before meeting Chou was enough to assure that the Japanese Prime Minister was truthful in maintaining that the U.S. and Japan were "inseparable brothers" with the U.S. acting as the 'big brother'.<sup>74</sup>

The Hawaiian conference did succeed in patching the differences and strengthening agreement and understanding on a wide range of issues between the two countries. The joint statement issued by the leaders after their meetings on 31 August 1972 and, 1 September 1972, stressed upon the maintenance and, further

---

72 New York Times, 30 August 1972.

73 Ibid., 31 August 1972,

74 Ibid., 20 July 1972.

strengthening of the existing friendship and co-operation between both the nations. The retention of their alliance was considered essential for the safety, stability and peace of the world.<sup>75</sup>

Tanaka pledged to reduce the existing trade imbalances in the Japanese-U.S. trade deals. Though Taiwan was not specifically mentioned due to Tanaka's skilful diplomacy, yet both nations reaffirmed the maintenance of the 1960 Treaty of Mutual Co-operation and Security. On the whole, the meeting at Hawaii was important in so far as it implied that both the nations were free to take separate but parallel steps towards China without interference from the other. Ronald L. Ziegler, White House Press Secretary, observed:

Our view is that each country will follow their own policy... U.S. would not attempt to offer advice to the Japanese Government, we are satisfied that Japan will not act in any way adverse to our mutual interests. We are confident nothing they will do will affect the mutual security treaty. (76)

Ziegler's statement and his fears over the attitude of Japan as far as the Security Treaty was concerned were somewhat similar to those of U. Alexis Johnson, the Under Secretary of State. When questioned at Hawaii over the Japanese moves towards Peking,

---

75 For full text of the Joint Statement issued at Hawaii, see Department of State Bulletin, vol. 67, 25 September 1972, pp. 329-31.

76 New York Times, 1 September 1972.



Johnson also affirmed that the United States was confident that even though Japan was free to develop its relations with China any way it liked, it was not going to act in a way which was "contrary to our mutual security interests with Taiwan".<sup>77</sup> These statements showed that the major concern of the United States in the Pacific region was its security commitments to Taiwan. The bases on Japan had been retained to fulfil American treaty obligations to its allies. But if Japan was to cut-off relations with Taiwan several clauses of the Mutual Security Pact of 1960 would have become redundant.

Nonetheless, the Hawaiian communique was received with mixed feelings both in Japan and in Washington. It marked a watershed in American-Japanese relations. The Seattle Times (Massachusetts) observed proudly that the Hawaiian talks signified "the beginning of a new era of constant dialogue between our two countries".<sup>78</sup> The Los Angeles Times (California) wrote that the Hawaiian conference clearly showed that "the alliance between the two nations had indeed been re-refined and that Tanaka had achieved his announced intent of establishing a more equal partnership". The editorial went on to say that a 'new dimension' to Japanese-American relations had been added due to Japan's growing self-assurance and

---

77      quoted in Martin E. Weinstein, "Is Japan Changing Its Defense Policy", Pacific Community (Tokyo), vol. 4, January 1973, p. 189.

78      Editorials on File (New York, N.Y.), vol. 3, 1-15 September 1972, p. 1103.

79  
 decision to follow a more independent foreign policy. The  
Washington Post while acknowledging and appreciating the sense  
 of "cheerful realism" that had prevailed in Hawaii, criticised  
 the communique for being a "bland and dull affair" with the most  
 important points being the omissions, namely, the lack of a  
 specific mention of military security in the Pacific. <sup>80</sup> The Chicago  
Tribune remarked that Nixon had gone towards the 'setting sun' to  
 meet Prime Minister Tanaka of the land of the 'rising sun'. These  
 paradoxical wordings were intended to characterize the problems  
 involved in the U.S. Japanese relationship, <sup>81</sup> The Evening Bulletin  
 (Philadelphia, Pa) saw in the talks an implicit blessing of Nixon  
 for Tanaka's scheduled trip to Peking, particularly, because of  
 the fact that no pressure had been exercised on Tanaka to make a  
 specific guarantee for the security of Taiwan. <sup>82</sup>

#### TANAKA VISITS PEKING

Tanaka's scheduled visit to Peking in September 1972 was  
 followed by a series of diplomatic, as well as technical missions,  
 negotiations and other agreements with the People's Republic of  
 China. Most important of all was the understanding reached on  
 Taiwan. Japan recognized the People's Republic of China's claim  
 to be the sole legitimate Government of China. The establishment  
 of diplomatic relations with Peking led to severing of diplomatic

---

79 Ibid., p. 1104.

80 Ibid., p. 1105.

81 Ibid., p. 1103.

82 Ibid., p. 1101.

links with Taipei. Japan, however, was to continue trade and other relations with Taiwan.

The policy statements of Tanaka continued to stress on a new triangular relationship while assigning an active role for Japan. These statements impressed upon Nixon to issue an invitation once again to Emperor Hirohito to visit Washington. The invitation was duly issued but to Nixon's dismay it was declined by the Emperor.

Summing up the general feeling in Tokyo, Tanaka said that since the United States was no longer able to solve the problems of the world alone, other nations should not expect it to do so. Japanese Foreign Minister Ohira pointing out to the crux of the whole problem said,

What is fundamentally to be desired, is for us both to have an unshakeable trust in each other, to have a very deep mutual understanding. I think this need for a deep mutual understanding and mutual trust lies at the heart of any talk of policy objectives.  
(85)

Just when it appeared that the strains in the relations of Japan and the United States had straightened out, there was a setback. This resulted owing to the American failure to include Japan in the post-Vietnam war consultations on reconstruction of the war ravaged economy of Vietnam. The omission

83 New York Times, 27 December 1972; and Ralph Clough, East Asia and U.S. Security, (Washington, D.C., 1975), p.30-32.

84 New York Times, 2 July 1973.

85 New York Times, 26 January and 18 February 1973.

confirmed that Washington feared Japan's active role in world affairs - particularly as "one of the pillars of peace in Asia".<sup>86</sup> The excuse given for the deliberate exclusion of Japan was that Hanoi had objected to the Japanese participation since the latter had permitted use of its military bases in the Vietnam war. The fact was that Japan had actually offered to foot 50 per cent of the \$2 million multinational reconstruction fund for Vietnam,<sup>87</sup> much to the distaste of Washington. This was further confirmed when the U.S. Ambassador to Japan Robert S. Ingersoll advised Japan's Foreign Ministry officials that the announced mission for Japanese economic assistance to Hanoi be called off till Kissinger completed his visit to North Vietnam. However, Kissinger did not want to give the impression that he was opposed to any Japanese initiative. At a news conference on 22 February 1973 he made this clear and told that the United States was not only not opposed to any Japanese assistance to the Democratic Republic of Vietnam or to any other country of Indochina, but positively welcomed such a move. It regarded it as an exercise of Japan's sense of responsibility for the maintenance of stability in Asia.<sup>88</sup>

Kissinger's statement truly reflected the success of

---

86 The Times (London), 19 February 1973, p. 10.

87 Ibid.

88 For full text of Kissinger's News Conference of 22 February 1973 see Department of State Bulletin, vol. 68, 19 March 1973, pp. 318-19.

Nixon's policy of devolution of power and responsibility which he had set out to achieve on coming to White House in 1969. By the end of 1972 and early months of 1973 Japan was well set out on a path of autonomous and independent foreign policy. The resentment created by the 'Nixon Shocks' had abated as a result of American initiative. By making Japan share in American responsibilities, the Nixon Administration had succeeded in putting the American relationship with Japan on a more satisfactory basis.

**Chapter III**

**ON MATTERS OF DEFENCE AND SECURITY:  
A NEW ROLE FOR JAPAN**

Another area of significance which greatly affected the US-Japanese relations related to matters of defence and security. The United States, in the Fifties, had constructed a defence and security strategy assigning Japan a very important role. The strategy was devised on the basis of the perception of the threat from the communist powers, as well as the level of technological development and the distribution of power within the international system. All these factors had undergone radical transformation calling for changes in the nature of the United States' relationship with its allies. The Nixon Administration dealt with this problem.

#### REVERSION OF OKINAWA

Since 1951, Japan was linked with the United States by a Mutual Security Pact which established American control over Okinawa,<sup>1</sup> thereby making Japan an integral part of the defensive network in the Pacific region. The American occupation of Okinawa was a grim and ugly reminder of the Peace Treaty that had been imposed on Japan after its defeat at the hands of the Allies. It was a clear infringement of its sovereignty and national honour. For this reason there was a strong and ever growing feeling of resentment against the continued American occupation of

---

1 Okinawa is an island prefecture of Japan situated to the South West of Tokyo and faces the Philippines, Formosa and China. In accordance with the terms of the Peace Treaty of 1951, it was governed by an American General and used the dollar as its currency. Its possession was essential for the American "forward strategy" in the Pacific.

Okinawa. The Japanese statesmen responding to the pressure within their country, applied the same on the Americans, for the reversion of Okinawa to Japan. In June 1957, President Eisenhower promised to Premier Nobusuke Kishi that Okinawa would be returned to Japan once the tensions in the Far East decreased.<sup>2</sup> All the successive American Presidents repeated the pledge. But the pledge was one sided, in as much as the Americans alone, were to finally decide when the conditions were ripe for the reversion.

In 1969, President Nixon was quick to realize the intricacies involved in the Okinawa problem. He was aware of the fact that the nearly one million Japanese citizens on Okinawa could not possibly remain under the United States for too long.<sup>3</sup> The successive demonstrations and strikes on the Island pointed out the hostility of the Japanese over the continuous use of Okinawa as a base for the B-52 Bombers. The sudden discovery of chemical weapons on Okinawa further enflamed Japanese sentiments and forced Nixon to find a speedy solution to the problem.<sup>4</sup> With the Nixon Doctrine envisaging an eventual pull out of American forces

---

2 Department of State Bulletin (Washington, D.C.), vol. 37, 8 July 1957, pp. 51-53.

3 Makota Takizawa, "Okinawa: Reversion to Japan & Future Prospects", Asian Survey (Berkeley), vol. 11, May 1971, p. 496; Far Eastern Economic Review (Hongkong), vol. 71, 10 April 1971, p. 11; and P.A. Karasimha Murthy, "Reversion of Okinawa & Japan's Future Defence Posture", China Report (New Delhi), vol. 6, January-February 1970, pp. 17-22.

4 New York Times, 10 June 1969; and Christian Science Monitor (Boston), 22 July 1969.



from their various outposts, the Nixon Administration considered it a ripe time for the reversion of Okinawa, and thus put at rest the growing anti-American sentiment in Okinawa as well as in Japan which might have hindered a peaceful extension of the Security Pact in June 1970. Thus, to earn the Japanese goodwill this growing and malignant 'tumour' in the U.S.-Japanese relationship was removed.

Details on the terms of Okinawa reversion had already been worked out at various levels, by the United States Defense and State Departments with their various Japanese counterparts. These culminated in the preliminary talks held between the Secretary of State William Rogers and the Japanese Foreign Minister Kiichi Aichi in Washington. In a news conference on 5 June 1969, after his talks with Aichi, Secretary Rogers hinted at what was likely to take place at the coming top level summit meeting between Nixon and Sato. While speaking on the progress of talks with Japan on the future of Okinawa, Rogers stated that:

The fact is that our interests are common. The interest of Japan in the Far East is to assume a greater burden of economic aid and to provide additional security for that region. Our objective is complementary. We would like to reduce our presence in that area, to some extent lessen our foreign aid, consistent with our security obligations under treaties. (5)

Rogers implied that the U.S. desired to minimize its presence in the Far East, assuming that Japan would take up more responsibility for that area. The vacuum created by a U.S. withdrawal would

---

5      Department of State Bulletin, vol. 60, 23 June 1969, pp. 529-30.

be filled by Japan. This possibly meant that the United States was willing to hand over Okinawa, provided, Japan linked up its security with that of the Far East. Following the Rogers-Aichi talks, Nixon invited Sato to Washington in November 1969 to discuss the future of Okinawa. Nixon's welcome address to Sato on his arrival in the White House on 19 November 1969, was in itself a harbinger of Tokyo's new role in the Pacific. He said:

Today, as we look to the future of the Pacific, we recognize that whether peace survives in the last third of the century will depend more on what happens in the Pacific than in any other area of the world. And whether we have peace and prosperity and progress in the Pacific will depend more than anything else upon the cooperation of the United States and Japan, the two strongest and the two most prosperous nations in the Pacific area. (6)

The Nixon-Sato joint communique thus became the most significant document in East Asian affairs. While announcing the return of administrative rights over Okinawa back to Japan, clause six of the document "recognized the vital role played by the U.S. forces in Okinawa in the present situation in the Far East".<sup>7</sup> Both the leaders affirmed that "the mutual security interests of the United States and Japan could be accommodated within the arrangements for the return of the administrative rights over Okinawa to Japan".<sup>8</sup> The two leaders agreed to complete

---

6 Public Papers of the Presidents of United States, Richard Nixon 1969 (Washington, D.C., U.S. Government Printing Office, 1971), pp. 946-7.

7 Department of State Bulletin, vol. 61, 15 December 1969, p. 555.

8 Ibid.

the reversion arrangements by the end of 1972, "without detriment to the security of the Far East including Japan". The document went on to state that the "United States would retain under the terms of the Treaty of Mutual Cooperation and Security such military facilities and areas in Okinawa as required in the mutual security of both countries". Clause seven of the communique declared that, "upon return of the administrative rights, the Treaty of Mutual Cooperation and Security and its related agreements would apply to Okinawa without modification thereof". Sato significantly stated that the reversion would be "accomplished without affecting the United States efforts to assure the South Vietnamese people the opportunity to determine their own political future without outside interference".<sup>9</sup>

The meaning of all these clauses was clear. Together the clauses asserted Japan's solidarity with the United States. Japan assured that it shared the policy objectives of the U.S. towards Asia and therefore, reversion of Okinawa could be accomplished without any qualms on the part of Washington. The terms of the Security Pact became directly applicable to Okinawa thereby assuring the United States, continued access to the facilities on Okinawa. A report in the Law York Times rightly concluded that Okinawa Pact, indeed, facilitated the use of U.S. forces in Japan for the fulfilment of American commitments abroad to

countries like South Korea and Taiwan.<sup>10</sup>

Steps towards the reversion of Okinawa went ahead at full speed, notwithstanding the stresses and strains caused by the controversial textile issue.<sup>11</sup> The Reversion Agreement, tele-vised simultaneously in both Tokyo and Washington, was signed on 17 June 1971, by Secretary Rogers and Foreign Minister Aichi.<sup>12</sup> According to the terms of the Agreement, the United States surrendered, in favour of Japan, its rights and interests in Okinawa island, acquired under Article 3 of the 1951 Treaty of Peace with Japan. Though no specific mention was made to return Okinawa nuclear free to Japan, nonetheless, keeping in mind the emotions of the Japanese over the issue of nuclear weapons, clause seven of the Agreement categorically stated that the reversion would be carried out "not in contradiction" to the Japanese interests.<sup>13</sup>

It was, however, only after the ratification by the U.S. Senate, later, that Okinawa was formally restored to Japan in an impressive ceremony on 15 May 1972, held at Tokyo and attended by Vice President Spiro Agnew, Japanese Emperor Hirohito, Premier

---

10 New York Times, 22 November 1969. For comments of other newspapers see Editorials on Files (New York), vol. 3, 16-31 May 1972, pp. 723-5.

11 See chapter IV.

12 Department of State Bulletin, vol. 65, 12 July 1971, pp. 33-35.

13 Ibid.

14

Sato and several other officials from both sides.

The reversion of Okinawa should not be treated as a magnanimous act on the part of the United States. There were several reasons which had forced the United States to give up the island which had cost it nearly 12,520 lives in the Second World War,<sup>15</sup> and also, had served as an important military base in the Cold War struggle against the rising threat of international communism. But it was primarily to retain continued friendship and support of Japan for U.S. policies in Asia, and to assure the continuation of the Security Treaty, that the reversion was eventually contemplated. Interestingly enough, the price of granting back administrative rights over Okinawa to Japan, was fixed at £20 million by the American policy makers. This was, despite the fact, that the U.S. was going to continue the pursuit of its security interests in Asia and the Far East through Japanese help. The reversion of Okinawa was not to cause any disruption of U.S. activities. In fact, it went ahead vigorously with its plans. The New York Times informed, that the plans for the extension of Kadena airport with a budget of approximately \$60 million, were to be continued.<sup>16</sup> The Far Eastern Economic Review noted, that the plans for the extension

---

14 New York Times, 15 May 1972.

15 U.S. News & World Report (Washington, D.C.), vol. 38, 28 June 1971, p. 42.

16 New York Times, 5 July 1970.

of U.S. facilities at Oura, which was already a crucial base for Poseidon and Polaris submarines, remained unchanged.<sup>17</sup> The Reversion Agreement of July 1971 revealed some more interesting features. Out of the 145 bases on Okinawa, 83 were not be returned, and, out of the remaining 57 bases, 12 were to be taken over by the Japanese troops and 34 were to be deactivated. According to a Japanese source, the Agreement did not materially effect the military and strategic position of the United States. The U.S. bases were reduced from 14.8 per cent of the total land surface to 12.3 per cent only.<sup>18</sup> In fact, a well placed official source was reported to have remarked: "Even after the return of Okinawa administrative rights I am of the opinion that we can freely take operational actions in order to protect the common interests of Japan and the United States".<sup>19</sup>

Soon after the signing of the agreement, the Defense Agency and the top military representatives of the United States in Tokyo lost no time in arranging for Japan's take-over of the defence of Okinawa. In the agreement signed between the two, the number of forces to be deployed by Japan were also specified.<sup>20</sup>

---

17 Far Eastern Economic Review, vol. 71, 2 January 1971, p. 18.

18 Ibid., vol. 77, 1 July 1972, p. 14; and Asahi Journal, 22 October 1971, p. 95. quoted in Jon Halliday and McCormack, Japanese Imperialism Today (London, 1973), p. 200.

19 Halliday and McCormack, n. 18.

20 John K. Emmerson and Leonard A. Humphreys, Will Japan Rearm? (Washington, D.C., 1973), pp. 71-73.

The Japanese Defense Agency, according to press reports, had even decided to send its forces to Okinawa on 15 May 1972, the very day of the reversion.<sup>21</sup> Thus, if American rule ended in Okinawa, the Japanese forces moved in to rule over the Island.

#### THE MUTUAL SECURITY PACT

The U.S.-Japanese Mutual Security Pact of 1951, renamed, the U.S.-Japanese Mutual Co-operation and Security Pact, when revised in 1960, was yet another significant issue. It constantly came under hard criticism and seriously impaired the U.S.-Japanese relations.

The Security Treaty had granted the United States the right to deploy its armed forces in and around Japan. Right from its inception, the Japanese opposition parties, in particular the Japan Socialist Party and the Japan Communist Party, had assailed the Treaty.<sup>22</sup> These critics described it with justification, as an unequal treaty imposed on Japan as a price for its freedom. The climax of their opposition was reached when the time for the renewal of the Treaty came in 1960. Intensive efforts of the opposition parties succeeded in thwarting the proposed visit of President Eisenhower to Tokyo and culminated in the eventual resignation of the then Japanese Premier, Nobusuke Kishi.<sup>23</sup> Nonetheless, the Treaty was modified and renewed in

21 Ibid.

22 George Packard, III, Protest in Tokyo: The Security Treaty Crisis of 1960 (New Jersey, 1966), pp. 16-32.

23 Ibid.

1960 for a period of ten years, after which it was to become subject to a one year notice period in case either party desired its termination. The modified form of the Treaty succeeded in making Japan willing to play an active role not only in its own defence but also for the maintenance of the peace and security in East Asia. Most significant of all was the provision for prior consultation with Japan under Article Four of the Treaty.<sup>24</sup>

With increasing American involvement in local conflicts and the perpetual use of military bases on Japan, the latter grew more apprehensive of American policies. It began to fear being dragged into war unwillingly. Opposition in Japan to the Treaty, was increasing rapidly, particularly because, many Japanese came to realize that no threat to Japanese security actually existed. This was revealed in the Asahi Survey of January 1969. Whereas 52 per cent of the respondents did not perceive existence of any outside threat to the security of Japan, only 32 per cent of the respondents perceived such a threat.<sup>25</sup> When questioned about the usefulness of the American bases for Japanese security, 41 per cent of the respondents found them very "harmful" and 44 per cent of the respondents felt that

---

24 For the text of Treaty see Arthur M. Schlesinger, Jr., The Dynamics of World Power: A Documentary History of United States Foreign Policy 1945-73 (New York, 1973), pp. 75-77.

25 Watanabe Akio, "Reversion of Okinawa: the Changing U.S.-Japan Alliance", Chuo Koron, August 1971 quoted in Robert Scalapino, American Japanese Relations in a Changing Era (New York, 1972), p. 100.



the preservation of these bases promoted American selfish interests.<sup>26</sup> This low perception of external threat by the people of Japan was highly instrumental in influencing their government's stand on its security policies. Added to this was<sup>27</sup> the fast dwindling confidence in American defence commitments. The results of these various public opinion polls perturbed the Nixon Administration. Utmost precaution was therefore suggested to avoid any further embittering of the situation. When an American reconnaissance plane flying over the North Korean coast in April 1969, operating from the American air bases on Japan, was shot down, it gave rise to heated criticism in Japan. It was feared that if such negligence continued, the United States would sooner or later find itself left with no Japanese bases<sup>28</sup> after the expiry of the Security Treaty.

26 Scalapino, n. 25, p. 101.

27 This was confirmed by the following periodic poll carried out by the Japanese dailies; quoted in Ibid:

No: Of Cases	Yomiuri (June 1969) (2,311)	Central Research (February 1970) (2,255)
U.S. will defend Japan	37 %	30 %
U.S. will not	29 %	39 %
Don't know	34 %	31 %
	100 %	100 %

A good per cent of those who formerly believed and those who were not sure whether the United States will defend Japan had moved to the position that it would not.

28 New York Times, 18 April 1969.

Nixon was quick to realize the need to work fast and eliminate opposition to the Security Treaty, which was scheduled to expire by June 1970. Okinawa reversion was therefore timely, for, it also helped in "defanging" the security issue. It made Japan realize that the United States had no territorial ambitions but only desired peaceful and friendly relations with Japan. Sato's visit to Washington in November 1969 further improved the existing climate between the two nations. During all the three meetings between Nixon and Sato on 19, 20 and 21 November, a wide range of problems were discussed. The joint communique issued on 21 November 1969 at the end of their talks emphasized the continued importance of the Security Treaty. Both the leaders affirmed the intention of their governments to firmly maintain the Treaty on the basis of mutual trust and common evaluation of the international situation.<sup>29</sup> It was also agreed to maintain close contacts between the two governments over all matters of peace and security in the Far East. Nixon reiterated that the "U.S. would continue to contribute to the maintenance of international peace and security in the Far East by honouring its defence treaty obligations in the area".<sup>30</sup> Sato while attesting to the importance of the American troops in Far East, also suggested that the U.S. withdrawal from the Far East would undermine regional security. For the maintenance of peace and stability

29 Department of State Bulletin, n. 7.

30 Ibid.

it was imperative that the United States not retreat from the area. Even on the question of sharing the responsibilities, Sato openly moved towards the acceptance of a wider and more active role for Japan in Asia. He stated that, "the security of the Republic of Korea was essential to Japan's own security", and he went on to add that "the maintenance of peace and security in the Taiwan area was also a most important factor for the security of Japan".

While linking the security of Japan with that of Korea and Taiwan, Premier Sato ushered in a new role for Japan. Although no specific or positive statement was made to that effect, it could be inferred from Sato's statements, that Japan had indirectly agreed to spur up its defence forces so as to fulfil the new responsibilities acquired under the Nixon-Sato joint communique of 1969. In Clause Seven of the communique Sato had actually said that the, "security of Japan could not be adequately maintained without international peace and security in the Far East and, therefore, the security of the countries in the Far East was a matter of serious concern for Japan".<sup>31</sup> It automatically followed that Japan would, therefore, not obstruct the fulfilment of the defence commitments of the United States, made to the other Far Eastern nations. After the signing of the 1969 communique, Sato repeatedly emphasized the essential linkage between

---

31 Ibid.

Japan's security and that of the region.<sup>32</sup> This was the basic premise on which the new role of Japan, as accepted by Premier Sato, was based.

A few days later Sato, while speaking to the Lower House of the Japanese Diet, repeated that, "Japan intends to firmly maintain its security treaty relationship with the U.S. over a considerable period of time".<sup>33</sup> This meant that Japan would continue to rely on the U.S. forces in the Far East and to provide America with bases including those on Okinawa for the fulfilment of its commitments. The Japanese Prime Minister declared emphatically, that he considered the 'partnership' with the United States as the foundation of his government's policy. A careful scrutiny of Sato's important speeches in 1969-70, would suggest the possibility of an understanding that Japan was to be responsible for its conventional defence, whereas the United States was responsible for its nuclear defence alone.<sup>34</sup>

Sato's statements to the Diet indicated that he agreed with the basic direction of Nixon's approach to foreign policy. A few days later, in January 1970, the Under Secretary for Political Affairs and also a former U.S. Ambassador to Japan, U. Alexis Johnson, testified before the Senate Foreign Relations

---

32 The most remarkable of all was Sato's speech at the National Press Club at Washington, D.C. soon after signing of the communique. See New York Times, 22 November 1969.

33 Ibid., 3 December 1969.

34 Ibid.

Committee. In his testimony he said:

Hitherto the Japanese Government, the Japanese people in general, have tended to take the attitude that their security arrangements with the United States had significance only in so far as the security of Japan itself was concerned.... What they are saying here for the first time is that they recognize that the security of Japan cannot be separated from that of Korea, Taiwan, and our obligations elsewhere in the area and, thus, in looking at the question of our bases and our facilities in Japan, they will look at it in terms of the security of the whole area rather than in the security just of Japan itself...it represented a new stage of thinking in Japan. (35)

The above statement implied the identity in the thinking of Sato as well as that of important U.S. officials. In other words, they believed that Japan had attained maturity and was willing to share responsibility with the United States for the defence of the Far East.

#### A NEW ROLE FOR JAPAN

It was not until much later in August 1970, that a Senate Sub-Committee on U.S. Security Agreements and Commitments abroad, of the Committee on Foreign Relations, affirmed that Japan had been handed over the responsibility of defending itself against any conventional military attack.<sup>36</sup> Testifying before a closed session of the sub-committee, headed by Senator Stuart Symington (Dem., Missouri), U. Alexis Johnson informed, that the U.S. had

---

35 US Senate, 91st Congress, 2nd session, Subcommittee on U.S. Security Agreements and Commitments abroad of the Committee on Foreign Relations; hearings on "U.S. Security Agreements and Commitments Abroad - Japan and Okinawa" (Washington, D.C., 1970), pp. 1 and 162. Quoted in Halliday and McCormack, n. 18, pp. 198-9.

36 Law York Times, 24 August 1970.

"no forces, either ground or air, in Japan that are directly related to the direct conventional defense of Japan". This fact, according to Johnson, signified that the United States was only encouraging its allies "to do more for themselves". It was revealed during these hearings that the steps towards devolution of military responsibility to Japan for its own defence, had already begun during the Johnson Administration. Alexis Johnson also informed that a major justification for the retention of American bases was, to enable the Americans to fulfil their commitments to South Korea, Taiwan, Philippines and the other South East Asian countries.<sup>37</sup> The question, however, was whether Japan had assumed, completely or even partially, the responsibility for their defence.

#### STRONGER SELF-DEFENCE FORCES FOR JAPAN

Close American-Japanese co-operation in defence matters had continued even during the post-occupation period. Before coming to the White House as President, Nixon had expressed his opinion in favour of Japan's ending its 'no war' Article and taking up defence responsibilities in East Asia.<sup>38</sup> By the time Nixon came to power, he was fully aware of Japan's capability with regard to carrying on its own defence. And because of its confidence in this matter, the United States could go ahead with its strategic plans in co-operation with Japan, by giving it

---

37 Ibid.

38 Richard Nixon, "Asia After Vietnam", Foreign Affairs (New York), vol. 46, October 1967, p. 120.

progressively greater responsibility. Accordingly, policy statements made by various officials in Japan, urged an increase in the Self-Defence Force of Japan.<sup>39</sup> While on a short visit to Washington in October 1969, Takeo Fukuda, Japanese Finance Minister had already laid down the outlines of his new proposal for Japan's conventional defence. He suggested that Japan develop its own military strength as much as was permitted under the Japanese Constitution. Fukuda added, that the development of Japan's conventional defence capability would directly lead to the withdrawal of the U.S. forces from Japan. While applauding Nixon's moves towards the reduction of American military strength in Asia, Fukuda expressed his apprehension over the total disengagement of America from Asia, as envisaged in the Nixon Doctrine.

Significantly, barely a few days before Fukuda's visit to the United States, the Japanese Defense Agency issued a Draft White Paper on Defense, the first ever since the Second World War ended.<sup>40</sup> This Draft White Paper was a result of the efforts of the newly appointed Director General of the Japanese Defense Agency, Kakasone Yasuhiro, who already held a strong reputation for being an advocate of an "autonomous defense policy" for Japan. Thus Kakasone's appointment activated the entire Defense Agency. In view of the Nixon Doctrine, and the awareness of the 'era of

---

39 New York Times, 3 October 1969.

40 Ibid, 18 September 1969.

choice' brought in by the security treaty of June 1970, along with knowledge of the gradual American troop withdrawal from Korea, Nakasone, decided that it was high time some changes were brought about in the Japanese Self-Defense Force. The Draft White Paper stressed on increased self-defense forces for Japan and urged the armed forces to be prepared to meet any eventuality of military aggression. It also stipulated the doubling-up of defence expenditure from 1972 onwards, for a period of five years. Nakasone was also reported to have explained, that by the end of the above plan, Japan would have 245,000 tons of naval vessels, 900 modern military aircraft, approximately 1,000 tanks and 286,000 men under arms.<sup>41</sup>

In early September 1970, the Japanese news media hinted at the possibility of Nakasone's forthcoming visit to Washington for talks with the American defence officials. Both, the Americans and the Japanese, were anxious to know each other's views on defence problems common to both. The Draft White Paper had raised serious apprehensions in Washington, that Japan was set on the path to militarism. However, Nakasone's short visit to Washington in September 1970, succeeded in allaying these fears. He made it clear that Japan had no desire whatsoever to acquire nuclear weapons. He also assured Washington that Japan was not intent on moving on the path of a militarism of the pre-war days.

---

41 Far Eastern Economic Review, vol. 71, 2 January 1971, p. 18.



It was not until 20 October 1970, that the final White Paper on defence was made public.<sup>42</sup> Its timing was important. It came a few months after the Nixon-Sato summit, and only one month after Nakasone's return from Washington. The White Paper codified nearly all the clauses of the Nixon-Sato 1969 communique. But while proclaiming Japan's aspirations to adhere to its three non-nuclear principles, and the earlier pledge to possess no offensive weapons or send Japanese troops abroad, the White Paper added that Japan could, however, move ahead to acquire small nuclear weapons for self-defence without violating the Japanese Constitution.<sup>43</sup> This inclusion aroused world-wide criticism for, it was seen as a sign of the resurgence of Japanese militarism. In the United States there was great relief that the Defence Paper did not allow preeminence to autonomous defence by Japan over the Mutual Security Treaty. However, the press was quick to point out that no ceiling had been fixed on conventional defence forces of Japan, implying its unlimited increase. Despite this, American-Japanese agreement over defence policies continued. Nakasone was reported to have even proposed joint use of American bases. He declared willingness to take over, on behalf of the American authorities, administration of the American

42 Emerson and Humphreys, n. 20, p. 20.

43 For an elaborate study of the world-wide response to the White Paper see *Ibid.*, p. 33; Ralph Clough, East Asia and U.S. Security (Washington, D.C., 1975), p. 53; and Martin E. Weinstein, "Is Japan Changing Its Defence Policy?", Pacific Community (Tokyo), vol. 4, January 1973, p. 179.

bases in Japan, by the Japanese Self-Defense Forces, and suggested that provisions for the use of the bases would be made whenever the United States wished to use them.<sup>44</sup> Besides this, Nakasone continued to work towards the objective of a defence force comparatively less dependent on the U.S., but working in close cooperation with the U.S. armed forces.<sup>45</sup>

It was in consonance with this that a major reduction of U.S. forces in Japan was being contemplated by Washington.<sup>46</sup> The proposed reduction was in conformity with the Nixon Doctrine of 1969, as well as, the tight financial position of the United States. The Asahi Shimbun report also carried a series of moves including the transfer of 54 Phantom jets and 18 RF-4C reconnaissance planes, and also, the transfer of the 7th fleet from Misawa in Northern Japan to Korea, and from Yokusuka to Sasebo in Southern Japan respectively. The report stated that all the naval observation planes currently based at Astugi, near Tokyo, would be withdrawn, and the facilities for ship-repair at Yokusuka and, the Itazuke Air Force Base on Kyushu, would be handed over to Japan.<sup>47</sup> The net result of these various transfers was a massive reduction of nearly 12,000 men of the U.S. forces, located in

---

44 New York Times, 14 February 1970.

45 Ibid., 6 March 1970.

46 Asahi Shimbun, 28 November 1970.

47 New York Times, 29 November 1970.

48 Japan. It was, however, notable that the U.S. Defence Department made no comment whatsoever over this widely publicized report. Nevertheless, a spokesman of the U.S. Embassy remarked that, "there had been a continuing reduction in U.S. forces in Japan". In an obvious attempt to diffuse the effect of undue publicity, this spokesman added that the subject of bases has been under discussion between the two governments on a continuing basis. He implied that these reports were not specially important.<sup>49</sup>

It was only on 21 December 1970, that the United States eventually announced the long awaited plans to bring about a reduction in its combat forces in Japan. It spelled out the details of the reduction and and transfers which nearly corroborated the earlier report published by Asahi Shimbun. In addition, the American report also envisaged a very drastic reduction in the American force on Okinawa from 45,000 men to 5,000 men.<sup>50</sup>

#### JAPAN'S FOURTH DEFENSE BUILD-UP PLAN

Japan's expenditure on defence continued to rise. In March 1971, the Japanese Diet gave its endorsement to a new budget for the Fourth Five Year Defense Building Plan for Japan, succeeding the Third Defense Build-up Plan, which was to end by

---

48 Department of State Bulletin, vol. 64, 19 April 1971, p. 528; and New York Times, 29 November 1970.

49 New York Times, Ibid.

50 Ibid., 22 December 1970.

31 March 1972. The Times (London) noted that "The Fourth Defense programme, running from 1972 to 1976 will cost from £6,000 million upwards - and the operative word is "upwards".<sup>51</sup> This implied that no maximum limit was fixed, indicating further acceleration of arms build-up. The new defence budget was published in January 1972, and revealed a 19.6 per cent increase over the previous year.<sup>52</sup> The Plan was received by the Japanese Press with a great deal of hostility, for it found no justification either for the proposed massive military build-up, or, for the heavy expenditure to be incurred.<sup>53</sup> Besides, not only was Japan to embark on the construction of supersonic jet trainer fighters but also to begin manufacture of the McDonnell Douglas E-4 EJ Phantom fighter aircrafts, despite the fact that both of these were available at much cheaper rates from the United States.<sup>54</sup>

The Fourth Defense Build-up Plan was to improve Japan's defence forces so as to counter-check the local conflicts. This suggested that Japan was also to build-up its offensive capabilities, in order "to cope with the localized wars, maintain air supremacy over its own territory", and, "control neighbouring seas within the necessary boundaries".<sup>55</sup>

- 
- 51 The Times (London), 29 April 1971, quoted in Halliday and McCormack, n. 18, p. 84.
- 52 Ibid.
- 53 For various press comments see Halliday and McCormack, n. 18, pp. 85-86; and Emmerson and Humphreys, n. 20, pp. 38-41.
- 54 The Times, 15 January 1972.
- 55 Scalapino, n. 25, p. 104.

## THE SECRETARY OF DEFENCE VISITS JAPAN

These developments in the defence policy of Japan only indicated that it was, at this stage, ready and willing to accept a wider political and military role commensurate with its growing economic power. Japan first sought the American endorsement of its new role. Perhaps, it would be more correct to say that this new role of Japan was conceived by the United States in the hope, that the diversion of Japan's resources to defence would lessen the economic challenge of Japan. Whoever might have conceived the idea, at this juncture, the views of these two countries on this matter seemed to converge. This was confirmed when Melvin R. Laird, the U.S. Secretary of Defence, paid a long visit to Japan in 1971, the first one made by any U.S. Secretary of Defence.<sup>56</sup> Laird's visit had been preceded by that of Nakasone's to Washington in September 1970. During his visit, Nakasone had expressed aspirations for Japan to be looked upon in the future as an equal partner of the United States in the sphere of nuclear technology. In pursuance of this goal he had then urged the U.S. officials, especially Laird, to supply Japan with the needed technology and technical knowhow for the implementation of the idea.<sup>57</sup> Laird's visit to Japan in July 1971 was to make an assessment of the situation.

During his stay in Japan, Laird made a careful survey of

---

56 New York Times, 6 July 1971.

57 Ibid., 8 July 1971.

the Japanese military scene. He was appalled at the obsolete arms and armaments and other equipments in possession of the Japanese forces. In view of the above existing anomalies, Laird seemed to have indulged in a sales promotion plan by urging the Japanese Government to buy modern equipments from the U.S., particularly planes, from America.<sup>58</sup> He reminded Japan that the United States was spending 7 per cent of its GNP on defence and this heavy burden could no longer have the approval of the U.S. Congress. He also warned Japan about the continued development of Soviet missiles, and its increasing naval power. He impressed upon the Japanese people, the fact that even China had begun to deploy medium range ballistic missiles.<sup>59</sup> Laird was thus, indirectly complaining about the increasing burden the security of Japan imposed on the United States under the changing strategic balance in the Far East. From his various statements, some Japanese gathered the impression that the United States wanted Japan to acquire nuclear weapons. On hearing such rumours and receiving much criticism, Laird decided to set them at rest. While answering questions in a news conference, he quickly denied that he had ever suggested that Japan should go nuclear. He clarified his position by saying, "I see no role for Japan regarding a nuclear deterrent in the 1970s or beyond. No responsible Japanese official has suggested to me on this trip and I have not

---

58 Halliday and McCormack, n. 18, p. 81.

59 New York Times, 8 July 1971.

suggested it to them".<sup>60</sup> On the contrary, Laird even added:

If I were a defense planner here (i.e. in Japan) I would set a higher priority on conventional defense capabilities. I can assure you our government will continue to provide the nuclear umbrella. (61)

The U.S. State Department also categorically denied knowledge of any "responsible body of opinion in Japan or the United States that advocates possession of nuclear weapons for Japan or foresees such a necessity or possibility".<sup>62</sup> Nevertheless, it could not be ignored that Laird during his stay in Tokyo, was actually impressing upon Japan, the need to rapidly develop its own sophisticated conventional weapons and not nuclear weapons by simultaneously assuring the U.S. nuclear umbrella. Furthermore, the United States was having a growing unfavourable balance of trade with Japan for many years. Particularly, in the last few years it had been increasing at an alarming rate. One sure way of reducing the gap was to ask Japan to acquire sophisticated conventional weapons, in the long run by producing them in Japan but, in the short run by purchasing them from the United States itself.

When the Secretary of Treasury John B. Connally visited Japan in November 1971, he repeated what Laird had said before. Connally's task was to improve the existing trade imbalance

---

60 Ibid., 11 July 1971.

61 Ibid.

62 Ibid.

between Japan and the United States. As a solution, he suggested that Japan should buy more military equipment, including planes, in order to cover up the existing trade imbalances.<sup>63</sup>

#### CHANGE IN ATTITUDE TOWARDS JAPAN'S SECURITY POLICY

The announcement of Nixon's proposed visit to Peking and the admission of the People's Republic of China to the U.N., made Japan aware of the changes that had occurred in the power relationships in Asia. In Japan itself, public opinion polls revealed increasing sentiments in favour of improving relations with China rather than with the United States.<sup>64</sup> Therefore, the Japanese Government's attitude towards the U.S.-Japan Security Treaty was coming under increasing criticism. Although Sato had reiterated his support for it in November 1969, after Nixon's China shocks of July-August 1971, the wisdom of the continuation of the Treaty was questioned. In order to make a conciliatory gesture to the shocked Japanese, before leaving for Peking in February 1972, Nixon invited Sato to San Clemente in January 1972.

In the meetings of 6 and 7 January, Nixon tried to reassure Sato that the interests of Japan would not be overlooked in the coming Sino-American dialogue. Significantly, the changed

---

63 Frank Gibney, "The View From Japan", Foreign Affairs, vol. 50, October 1971, pp. 107-08.

64 In a poll carried out by Asahi Shimbun on 3 January 1972, China received heavier percentage of 33 as compared to 28 of the United States. This was in reply to the question as to with whom Japan should continue to improve relations.



international atmosphere was also reflected in the contents and wordings of the joint communique issued by both the leaders at San Clemente on 7 January 1972. Only a passing reference was made to the Security Treaty unlike in the 1969 meeting of these two leaders. While taking note of the Security Treaty, in just one subordinate sentence the document went on to declare that both the leaders, "highly valued the important role played by the Treaty of Mutual Co-operation and Security between Japan and the United States".<sup>65</sup> This was in marked contrast to the strong wordings and heavy emphasis laid on the role of the Security Treaty, in 1969.<sup>66</sup> No mention was made, however, of the security of Korea or Taiwan. This could be directly attributed to the concealed desire of both Nixon and Sato to appease China. Further, in view of the rapprochement taking shape between the United States and China, the very basis of the Security Treaty had lost its justification since initially the Treaty had been evolved to check Communist China's expansion into Asia.

Several important American diplomats and specialists had an entirely different opinion of the Treaty. They viewed it as a check on Japan's revival of militarism and on its turning into a nuclear power. Edwin O. Reischauer, a former U.S. Ambassador to Japan, warned that if the Treaty was abrogated it would

---

65 Department of State Bulletin, vol. 66, 31 January 1972, pp. 117-19.

66 Ibid., vol. 61, 15 December 1969, p. 555.

directly lead to Japan's becoming a nuclear power. He added:

...the treaty was a deterrent against the revival of Japanese militarism - more, that its termination now would alarm China. The message was thus that the treaty should remain as valid as before, but for the purpose of ensuring the safety of China from alleged Japanese militarism. (67)

Reischauer explained that the Treaty was more than just a military relationship and that its liquidation would only result in a rapid military build up. In short, he regarded the Treaty as a curb on Japan's militarism and nationalism. It should be recalled, that even as early as in September 1970, an "authoritative source", later identified as either Henry Kissinger or even Nixon himself, had remarked in San Clemente that the "treaty was now an instrument to "police" Japan against turning communist or returning to militarism"<sup>68</sup>. Another unnamed American official was also reported to have remarked in January 1972, that "one of the effects of the United States-Japanese Security Treaty is to stem Japan's enthusiasm for nuclear development"<sup>69</sup>. Sato was moved by similar feelings. He was even reported to have asked Nixon at San Clemente in January 1972, to convey to the Chinese the message that "under the existing security treaty with the United States" nuclear<sup>70</sup> weapons would never be possessed by Japanese. A

67 Far Eastern Economic Review, vol. 75, 4 March 1972, pp. 8 and 27.

68 Ibid.

69 Mainichi Shimbun, 16 January 1972, quoted in Emmerson and Humphreys, n. 20, p. 79.

70 Jiji Press (Tokyo), 4 February 1972, quoted in Emmerson and Humphreys, n. 20, p. 80.

year later on 30 January 1973, Premier Tanaka also stated that, "If there is no security treaty, defense power will become greater".<sup>71</sup>

It could be inferred from the above, that the treaty was actually serving Chinese interests in checking Japan's military power; whereas, the original idea behind its conception was to check Communist China's expansion into Asia.

Nonetheless, Nixon's use of secret diplomacy over his Peking visit and his rude economic shocks to Japan in August 1971, encouraged the latter to aim at improving relations simultaneously with the Soviets and the Chinese, as well as, with the other Asian nations.<sup>72</sup> The several independent moves taken by Japan in the sphere of its foreign economic policy, impressed upon Washington, the need to make amends with Japan. Japan was clearly set out to attain a role commensurate with its great economic power. In the words of Foreign Minister Kiichi Aichi<sup>73</sup> "influence is but another name for responsibility". The result of Japan's independent moves and the outcry over Kissinger's secret diplomacy in Japan was, that the Nixon Administration decided to keep Japan informed about the developments in Sino-American relations. Kissinger made brief stop-overs in Tokyo

---

71 Asahi Evening News, 30 January 1973, quoted in Ibid, p. 80.

72 See Emerson and Humphreys, n. 20, p. 81.

73 Kiichi Aichi, "Japan's Legacy and Destiny of Change", Foreign Affairs, vol. 48, October 1969, p. 39.

before and after his several visits to Peking. During one such visit, in July 1972, Kissinger briefed the Japanese over the Nixon-Chou talks of February 1972. In the course of his briefings, he was reported to have said:

In the military field the doctrine is clearest. It means the U.S. wants Japan to assume a heavier share of maintaining the defenses of its home islands, but not to play a military role beyond these islands.... (74)

This statement implied that the United States was well aware of Japan's new initiatives in foreign affairs and was not particularly happy with them.

With the coming of Kakuei Tanaka as the Japanese Premier in July 1972, Japan embarked on a more active role in world affairs. Tanaka's loud declarations and the subsequent invitation of Chou En-lai to Tanaka to visit Peking in September 1972, jolted Nixon. To avoid any "Chou shocks", Nixon invited Tanaka to visit the United States in August 1972, before he left for his proposed Peking trip. The U.S. President wanted to remind Tanaka of Japan's previous commitments to the United States. Nixon was also apprehensive as to how he would fulfil his commitments to Taiwan if Tanaka extended an olive branch to Chou. For, by then, the Ryukyus had already been reverted to Japan in an impressive ceremony attended by Vice President Spiro Agnew.<sup>75</sup> The contents of the Nixon-Chou Shanghai communique of 27 February had also been

---

74 New York Times, 14 July 1972.

75 Ibid., 16 May 1972.

revealed. Therefore, the sudden American invitation to Tanaka, was an attempt to check Japan from drifting too far away from the United States. The Joint Communiqué issued at Hawaii on September 1972, at the end of the Nixon-Tanaka meetings reiterated the intention of both the leaders to continue to maintain the Security Treaty. They agreed to resort to close co-operation and consultation in bringing about an "effective implementation of the treaty".<sup>76</sup> Tanaka demonstrated his cleverness by avoiding any reference to Taiwan, since, he was to visit China shortly and had no desire to antagonize the Chinese beforehand. By reaffirming his commitment to the Security Treaty, Tanaka tried to divert all attention from the earlier commitment made by Sato during his visit to Washington in November 1969. However, by meeting Nixon at Washington before departing for his scheduled trip to Peking, Tanaka actually implied that despite his attempts to normalize relations with China, he had no intention of severing the security link with the United States. This was exactly what Nixon had set out to achieve while issuing his invitation to Tanaka. The Hawaiian communiqué thus carried a message that, "both Japan and United States would pursue essentially the same goals but each would recognize the different circumstances in which the other must operate, and accept the fact that the other may have to take somewhat different paths at times, toward the

---

76 Department of State Bulletin, vol. 67, 25 September 1972, pp. 329-31.

same goals".<sup>77</sup>

After Tanaka's return from Washington and Peking, he continued with the programme for expansion of Japan's forces with greater fervour, and announced plans for allocating more funds towards increasing the military budget.<sup>78</sup> He announced that he had embarked upon the path of leading Japan towards an "independent and vigorous defense and foreign policy". On 21 November 1972, in a very important meeting between Japan's Foreign Minister, Masayoshi Ohira and American Ambassador to Tokyo, Robert Ingersoll, Japan made an agreement for the import of 14 RF-4E Phantom reconnaissance planes by March 1977, after the expiry of the Fourth Five Year Defense Plan. Besides this, Japan was also to embark on the production of F-4 EJ Phantom interceptor fighters. For this task again the United States was to provide all the necessary technical data and know-how to Japan.<sup>79</sup>

Thus once again both the nations began moving ahead in close co-operation and harmony towards the commonly perceived security directives in the Far East. Further, affinity between the two countries' strategic policy was expressed, when members of the Security Consultative Committee, comprising of top U.S.

---

77 Address by Marshall Green, Assistant Secretary for East Asian and Pacific Affairs, Department of State Bulletin, vol. 67, 18 December 1972, pp. 703-07.

78 New York Times, 12 October 1972.

79 Ibid., 22 November 1972.

and Japanese officials,<sup>80</sup> brought about a consolidation of American military bases in Japan. The American officials went on to say that in spite of the Nixon Doctrine, these bases would be retained in Japan, since, the "presence of American forces in Japan contributed to the peace and stability of Asia by deterring aggression".<sup>81</sup> The First Military Doctrine announced on 3 March 1973, was significant in sufficiently suppressing all fears of a Japan going nuclear. In order to provide even more proof of a continued accord between the two nations, the Japanese Government, for the first time allowed a U.S. Carrier 'Midway', to maintain a home port in Japan at Yokusuka, for the very first time since the end of the Second World War.<sup>82</sup>

In 1969, therefore, if Nixon had aimed at attaining greater co-operation and a greater share of responsibility from the Japanese, he succeeded in getting it by the end of his first administration.

---

80 Among the officials from the American side were also Ambassador Ingersoll, Administrator Koel A.M. Gayler, Commander-in-Chief of U.S. Forces in the Pacific. From the Japanese side there were Foreign Ministers Ohira, and Kakasone.

81 New York Times, 24 January 1973.

82 Ibid., 16 December 1973.

## Chapter IV

### ALLY AS A COMPETITOR: ECONOMIC RELATIONS



The United States had hoped in the fifties that economic growth in Japan would contribute to the stability of the region and strengthen the "Free World". But it had not bargained for the phenomenal economic growth of its ally and the latter's emergence as its rival. In fact, even in the years when the United States regarded Japan as a "client" state, Japanese economic policies had irritated American businessmen. Japan's slackness in adopting a liberal trade policy, its refusal to revalue the yen and its opposition to opening its market for investment while, at the same time, invading the American domestic market, were factors which had led to an increasing demand, that Japan end its one-way trade system and share the burden of defence with the United States. So long as the Cold War was intense, these voices were not very loud but, with the relaxation of tension the situation began to change. In the late sixties, for many Americans, conditions had reached a stage requiring prompt revision of America's foreign economic policy.

#### FEAR OF JAPAN'S ECONOMIC POWER

One potent source of American irritation with Japan was the issue of trade with the People's Republic of China (PRC). By following a policy of separation of economics from politics, Japan had built trade relations with the major communist powers. Its trade with China had grown while it still continued to lend political support to the United States policy of "isolation and containment" of China. By 1971, when American trade with the PRC

was negligible (US exports were worth \$0 million and imports \$4.09 million), Sino-Japanese trade had reached the respectable figure of \$900 million.<sup>1</sup>

With the prospects of relaxation in trade relations with China round the corner, US business groups were greatly angered by reports that the Japanese were, indeed, trying hard to prevent the entry of American firms into the coveted China market. President Nixon was fully aware of these strong sentiments. As late as June 1973, long after he had taken retaliatory measures against Japan, he reminded, that Japan's unofficial trade relations with China went as far back as 1952. He added that "it was inevitable that these economic relations would develop into political ties particularly in the new atmosphere of detente."<sup>2</sup>

This was then the crux of the problem. The Nixon Administration was surely unhappy about Japan's increasing political contacts with China but it was also very apprehensive about its increasing economic power.<sup>3</sup> In his speech at Kansas city, President Nixon said:

Then in the Pacific, ... we have a resurgent Japan. I met with steel leaders of industry and unions this morning. I pointed out what had happened to Japan in terms of their business. Twenty

---

1 Department of State Bulletin (Washington, D.C.), vol. 63, 4 June 1973, p. 764.

2 Ibid.

3 The fear of Japan's growing economic power was well justified. As is reflected in the following table I, the percentage of Japan's total production in certain industries had far surpassed that of the United States:

years ago Japan produced 5 m tons of steel; this year 100 m; two years from now Japan will produce more steel than the United States of America. (4)

What irked the President was that the United States was losing its economic predominance to its own allies, Japan and Western Europe, whose burden of defence was being shouldered by the United States itself.

The emerging economic super power status of Japan and the threat which this posed to America's economic pre-eminence repeatedly appeared in the important policy statements of the Nixon Administration. However, for obvious diplomatic reasons the part relating to the threat to American economic interests was understated. For instance, Nixon in his special article for the U.S. News And World Report wrote, "...our allies everywhere have become more independent and self-assured. A new sense of national autonomy guides most of their decisions".<sup>5</sup> Hence, the

Table I

	<u>Percentage of total Industrial Production of:</u>	
	United States (1970)	Japan (1970)
Textiles	7.3	8.6
Chemicals	17.2	8.9
Iron & Steel	5.1	7.3
Non-electrical machinery	10.8	14.7
Electrical machinery	3.4	15.2
Transport machinery	11.8	11.2
Other	39.4	34.1

Source: "Industrial Review of Japan, 1972", The Japan Economic Journal (Tokyo), vol. 9, December 1971, p. 11.

4 Department of State Bulletin, vol. 65, 26 July 1971, pp. 93-97.

5 Richard Nixon, "The Real Road to Peace", U.S. News And World Report (Washington, D.C.), vol. 72, 26 June 1972, pp. 32-41.

new conditions of the 1970s "call for creative redefinition of American relationship, not for its sudden abdication".<sup>6</sup> It was in pursuance of this line that the reversion of Okinawa Islands and the Ryukyus to Japan was agreed upon in November 1969, between Premier Eisaku Sato and President Nixon so as to eliminate the last reminder of World War II. The attitude of the Nixon Administration towards Japan, clearly reflected its sudden awareness of the important role which Japan could play in the new scheme of things. If the Nixon Doctrine was to be successfully implemented in Asia, the United States needed the requisite assistance from Japan. A certain devolution of power was necessary so that Japan could discharge its responsibility in the Pacific area as the junior partner of the United States. It was not only to share the political but also the economic burden.<sup>7</sup>

During the last decade and a half, US economic relations with Japan had become increasingly intimate. In the last twelve years, American investment was two-thirds of the total foreign capital investment in Japan.<sup>8</sup> American trade with Japan in 1970 had reached the \$10.5 billion level, and was second only to the American trade with Canada. Japan's purchase of agricultural

---

6 Ibid., p. 32.

7 Robert E. Osgood, Retreat from Empire? The First Nixon Administration (Baltimore, 1973), pp. 196-3 and 200-05.

8 Christopher Jugendhat, The Multinationals (London, 1971), p. 45; and Jon Halliday and Javan McCormack, Japanese Imperialism Today (London, 1973), pp. 5-15 and 211-24.

products in 1969-70 reached a billion dollars, making it America's biggest customer in this category of goods.<sup>9</sup> But this very close economic linkage only increased Japan's dependence on the United States. About 30 per cent of Japan's exports went to the United States, whereas US imports from Japan amounted to only 15 per cent of its total international imports.<sup>10</sup> This imbalance gave the US a great leverage in its dealings with Japan and it was to exploit it later with great astuteness.

Together, the United States and Japan constituted a major segment of the global economic order. In 1971, the total trade between them reached \$12.56 billions. The combination of the US and Japan's G.P. reached nearly 40 per cent of the total G.P. of the world.<sup>11</sup> Therefore, it was necessary in the interest of the United States that the economic power of Japan be used for the realization of American objectives. The highest American spokesman, President Nixon, consequently, repeatedly paid tribute to the importance of Japan in Asia:

The Japanese American cooperation is the linchpin for peace in the Pacific. In sheer economic and industrial power terms, it is clear that Japan is and will remain the overwhelmingly most important fact in Asia. (12)

---

9 United States Foreign Policy 1969-70: A Report of the Secretary of State (Washington, D.C., 1971), p. 40.

10 Halliday and McCormack, r. 8, p. 211.

11 Department of State Bulletin, vol. 62, 27 April 1970, p. 538.

12 Ibid.

The United States clearly sought Japan's co-operation but not at Japan's terms. Their spokesmen made it clear that the United States "welcomes" competition from other countries in the world market but it insists on fair competition from all.<sup>13</sup> What was "fair" could, however, be decided by the fact of who had more power. In dealing with Japan, the United States did not refrain from flexing its economic muscles.

#### TRADE IMBALANCE

Japan had embarked on its economic development by concentrating primarily, on capital and technology intensive industries. It soon emerged in the forefront of the world's top producers. This was made possible by a close co-operation between the Japanese Government and the business circles. The protectionist trade policies followed by the Japanese Government were a direct result of this close co-operation between the two, since, the business groups pressurized the Government to follow such policies. It was not surprising, therefore, that Japan's exports accelerated rapidly at an approximate average annual rate of 16.9 per cent in the early 1960s and later, jumped to more than 20 per cent. It was followed by an astounding growth rate of 24.5 per cent in 1971.<sup>14</sup> American import and tariff rules being less restricted

---

13 Public Papers of the Presidents of United States, Richard Nixon, 1969 (Washington, D.C., 1971), p. 3.

14 Robert Scalapino, American Japanese Relations In A Changing Era (New York, 1972), p. 20.

than other countries, soon faced the repercussions of the influx of the Japanese goods. Japanese products accounted for 14.7 per cent of all American imports, and nearly 30 per cent of the Japanese exports went to the United States. Out of this only 4 per cent were raw materials, 24 per cent products of light industry, 72 per cent, products of heavy and chemical industries. Reflecting an increase of 26.5 per cent over one year, Japan's exports to the United States in 1971 totalled approximately \$7.6 billion; whereas, in the same year, Japan's imports were considerably less than \$5 billion, revealing a reduction of almost 10.5 per cent over the year 1970. Thus, there was a trade deficit of more than \$2.5 billion in 1971 itself, which was also about 30 per cent of Japan's total trade surplus for the same year.<sup>15</sup> This continuous trend of increasing imbalance in trade, made possible for the Secretary of Treasury, John B. Connally, to predict, as early as in January 1972, that the trading surplus at the end of the year 1972 would be around \$3 billion.<sup>16</sup> Such a grave prophecy brought about a wave of protest in American domestic circles. Demands were raised for making Japan shoulder some of the American financial burden and also to modify its current rigid trade policies. A corollary to this was a slow but steadily rising resentment against Japan. The American b

---

15 The Japan Economic Journal, vol. 10, 3 February 1972, pp. 1, 3 and 10.

16 The Times (London), 10 January 1972; and Far Eastern Economic Review (Hongkong), vol. 77, 9 September 1972, p. 12.

business circles were particularly irked by the Japanese barriers against imports and foreign investments.

The American businessmen were immensely dissatisfied with their country's declining trade supremacy, and felt so particularly strongly, in the case of such countries as Japan which were providing tough competition. In April 1969, within a few months of assuming office, Nixon had dispatched Maurice H. Stans, US Secretary of Commerce as head of a delegation, on an international mission, to explain American trade policies abroad and even express Washington's concern over barriers to its exports. Japan was also among the list of the countries to be visited. This delegation was specifically instructed to draw attention to the trade imbalance which was a direct result of the trade policies followed by Japan.<sup>17</sup> It was to stress upon the need for an urgent solution to the problem. The Japanese, however, reiterated that the "trade balance should be considered in a global context". They expressed the view that the trade problems should be overcome in a spirit of mutual understanding and common interest. The Japanese, furthermore, assured Washington that they would liberalize "a considerable part of remaining residual import quotas restrictions by the end of 1971".<sup>18</sup> Consequently, at the Seventh US-Japanese Joint Committee on Trade and

---

17 Department of State Bulletin, vol. 60, 23 April 1969, p. 367.

18 Ibid., vol. 61, 18 August 1969, p. 121.



Economic Affairs held on 29-31 July 1969 at Tokyo, it was decided to send an American delegation to Tokyo headed by Assistant Secretary of State for Economic Affairs, Philip H. Trezise. This was in view of the continuing growth in trade imbalances and, the delegation was to carry on consultations with the Japanese officials concerning trade liberalization and removal of the remaining restrictions on products which were of interest to the US exports.<sup>19</sup>

Trezise met the Japanese delegates from 6-9 October 1969. However, the negotiations stretched over months with one delegation replacing the other. Not surprisingly, all conferences ended on a dismal note. The joint statement issued by the United States and the Japanese Ministry from Washington in July 1970, regretted that it had not been possible to reach an understanding on the pending problems but, they expressed their desire to continue discussions over the same.<sup>20</sup>

Meanwhile, in the United States, the pressure for action had increased. A new issue, the textile issue, had emerged, and was becoming progressively serious in nature. Domestic unemployment and inflation were increasing at an alarming rate. Against the deteriorating economic situation was the stark reality of mounting trade imbalance with Japan. The factors combined to create a politico-economic situation in which the US Government

---

19 Ibid., 20 October 1969, p. 338.

20 Ibid., vol. 63, 13 July 1970, p. 34.

had no alternative but to intervene. This led to the creation of the New Economic Policy and consequent intervention in the textile crisis.

#### NEW ECONOMIC POLICY

The year 1971, was a year of innovation, shock and accomplishments. This was true of the United States not only in the political but also, in the economic sphere. By now, the 'Bretton-Wood' system was on its death bed. The United States no longer enjoyed the dominant economic position of the early post-war years. It was extremely necessary to reinvigorate the competitive position of the US in the international economy. Competitors of the United States were not only making inroads into American markets overseas, but also into the domestic market itself. Nixon was gripped with the fear that the US might lose its economic leadership of the world. In December 1970, the President called for Secretary Connally to discuss with him this vital issue of "survival". Nixon was reported to have said:

The U.S. must maintain its military strength and economic strength or it would slide down to a second rate status. For years after World War II, it had enjoyed unparalleled prosperity and unrivalled access to world markets. But now, having restored ruined Japan and eastern Europe, this nation now found itself losing markets dangerously to foreign competitors having all the great advantages of low wage labor, modern machinery, and a myriad of restrictions on imports from the U.S. They might be called the trading partners in the euphemism of diplomacy, but not really friends.... We have provided economic and military shields to protect the rights of the people around the world. But gratitude is not in the Covenant. (21)

---

21 Frank Van der Linden, Nixon's Quest for Peace (New York, 1972), p. 112.

The protectionist policies of the Japanese Government made it possible for Japan to sell its goods at cheaper rates in the United States than in the home market itself. There was also no realistic exchange rate between the dollar and the yen, since the latter was undervalued in relation to the dollar. The weakness of the dollar further aggravated the problem of the outflow of gold from the United States. The US Treasury informed in early August 1971, that the gold stock of the United States had dipped down below \$10 billion, bringing the total US reserves to their lowest level since 1938.<sup>22</sup>

The United States, also, could no longer ignore the growing pressure in Japanese politics for normalization of relations with mainland China. As President Nixon himself wanted to exploit the lure of the "China market" to bring about a change in the American attitude towards China, he could well understand the pressure of Japanese business circles on Prime Minister Sato, to speed-up normalization with China, so that, they could openly and extensively trade with it. Nixon also understood that Japan would overlook no opportunities in its search for markets and resources. Hence, it was imperative to do something before the United States missed the bus to the mainland.

Before the New Economic Policy (NEP) was announced, the United States estimated that by the end of 1971 it would have a trade deficit of over \$3 billion.<sup>23</sup> In August Stans described

22 Lewswick (New York), 9 August 1971, p. 43.

23 United States Foreign Policy 1971: A Report of the Secretary of State (Washington, D.C., 1972), p. 57.

the sharp decline of the U.S. trade surplus during the late 1960s and predicted that there was still the "worst to come". He added that imports had increased by \$302.6 million producing a second quarter deficit of \$303 million. Further, for the first six months of 1971, the nation's trade balance was in arrears by \$372.3 million against a surplus of \$1.5 million for the same period a year ago.

In the face of repeated requests made to it for the liberalization of trade and despite the personal promise made by Premier Sato in Washington in 1969, the Japanese Government did not move quickly on the matter. It was only on 4 June 1971, that it announced an eight point programme to meet the international criticism of its economic policies. Japan declared that leaving aside seven of its industries, the rest of them would allow 50 per cent foreign capital participation. The Japanese proposal also went on to reduce 20 more items from the quota list. But even so, quantitative restrictions were not discontinued. On 30 June 1971, Secretary of State William Rogers, while addressing the members of the Japan Society at New York, reminded the Japanese Government that if the quantitative restrictions were not discontinued on items of trade interest to the United States, the latter would be left with no choice but to resort to the General Agreement on Tariff and Trade (GATT) framework and

seek elimination of such items.

As the economic situation of the United States continued to deteriorate, the patience of the Nixon Administration neared exhaustion. It was at this critical stage that Nixon made the sudden announcement of his proposed visit to Peking. In taking this very significant step, the United States did not consult or even give prior information to any of its allies, including Japan. The announcement shocked Japan. One reason for the shock was that Japan had based its policy in the region on the assumption of a continued hostility between the United States and China. This is apparent from the close economic relations which Japan had developed with Taiwan. One consequence of the sudden reversal of the course of American foreign policy was, that Japan began to doubt the credibility of the United States.

The severe economic conditions in the United States could not be uplifted without a determined assault on the basic causes for it. Before that could be done it was necessary to identify and analyze these problems. Nixon asked his advisers Connally and Paul McCracken, the Chairman of the Council of Economic Advisers, to sit down together and bring about a solution to this grave economic problem.<sup>26</sup> Paul McCracken is reported to have remarked at the meeting that, "...in the area of economic policy

---

25 Department of State Bulletin, vol. 65, 19 July 1971, pp. 69-72.

26 See Linden, n. 21, p. 118.

we need something of Peking proportions".<sup>27</sup> This clearly reflected the close links between the China announcement and the MEP that followed a month later. Along with Connally, McCracken chalked down three basic economic problems facing the United States. These were: the international monetary imbalance; unemployment and insufficient business expansion, and inflation which affected the overseas sales of the United States. In an effort to end these domestic and international problems, Nixon made his dramatic announcement on television on 15 August 1971, outlining the MEP. The very title of this programme "The Challenge of Peace" was significant and gave indications of its content. He announced:

I am today ordering a freeze on all prices and wages throughout the United States, for a period of 90 days.  
 I have directed Secretary Connally to suspend temporarily the convertibility of the dollar into gold... (this was expected to cause value of dollar to fall in exchange market).  
 As a temporary measure, I am today, imposing an additional tax of ten per cent on goods imported into the United States. (23)

The import surcharge brought a wave of protests from abroad. Some of the critics contended that the United States was resorting to 'old-fashioned protectionism' which could easily start an international trade war. Undoubtedly, the MEP was primarily directed against Tokyo. This became more evident when in October 1971 the Nixon Administration issued a humiliating

27 Ibid.

28 Ibid., p. 112ff. (This 10 per cent surcharge was, however, not to apply to imports on which no duties were levied or no concessions had been made.)

ultimatum to the Japanese Government and forced it to accept the plan for reduction of its textile exports to the U.S. Meanwhile, some high officials of the Nixon Administration continued their assaults against the restrictive Japanese trade policies. Secretary Connally himself was not very far behind. His main objective was to bring about a realignment of the currencies, especially the yen. While presiding over the Finance Ministers and Central Bankers of the Group of Ten Industrial Nations meeting at Rome in December 1971, he aptly demonstrated his shrewdness. His clever bargaining brought about a remarkable realignment to the benefit of the dollar.<sup>29</sup> The dollar was devalued by 7.89 per cent whereas the value of other major currencies went up. The yen went up by 16.88 per cent in terms of the dollar, the German mark by 13½ per cent, and the French franc and British pound by 8½ per cent.<sup>30</sup> The basis of the entire LEP and the resulting realignment of currencies, the Americans contended, was to make the world aware of the fact that, "...the prosperity of one nation should not be sought at the expense of another".<sup>31</sup>

Both at home and abroad, the reaction to the LEP was a mixed one. Secretary of State Rogers stated the case for the Administration while speaking before the National Convention of

---

29 Ibid., p. 124.

30 Ibid., p. 124; and Department of State Bulletin, vol. 66, 12 June 1972, pp. 823-33.

31 Department of State Bulletin, Ibid.

American Legion on 31 August 1971. He said, "...the facts showed a worsening of our balance of payments, the prospect of our first full year's trade deficit in this century, and speculative pressures against the dollar, -- with their direct connection to domestic inflation and unemployment". He further added: "...we seek a flexible monetary system that will permit the U.S. to be in healthy balance in trade and payments with the rest of the world".<sup>32</sup> Marshall Green, Assistant Secretary for East Asian and Pacific Affairs, while explaining the inevitability of the LEP, categorically stated that, "...it was designed to help us overcome our balance of payments problem and to enable us to move once again towards equilibrium in the world trade...."<sup>33</sup> He went on to say that the new policies were "an economic complement to the political-military moves made under the Nixon Doctrine".<sup>34</sup> Green said:

We believe that cooperation means that any country in chronic surplus - and Japan does appear to be such a country - has an obligation just as a country in chronic deficit to help correct disequilibrium. In case of the surplus country this means increasing imports, eliminating export incentives, stimulating capital outflow, and upvaluing its exchange rates - to bring its global balance of payments into equilibrium. (35)

This was an obvious and direct reference to Japan. While explaining the pressure put by the Nixon Administration upon Japan for

32 Department of State Bulletin, vol. 65, 20 September 1971, pp. 301-02.

33 Ibid., 25 October 1971, p. 459.

34 Ibid., p. 460.

35 Ibid.



liberalization, the Under Secretary for Political Affairs Alexis U. Johnson, described Japan as a "threatening economic juggernaut". Discussing trends in the U.S.-Japanese relations, he charged Japan as being too slow in changing its policies appropriate to its now changed status from a weak and developing nation of the earlier times. He explained that Japan's policies, therefore, created problems of dislocation of labour and earnings, as well as resulted in an increase in the United States' adverse balance of payments with Japan.<sup>36</sup> These statements by senior officials of the Nixon Administration clearly recognized the changed status of Japan. They found it imperative to make Japan aware of its new status and take up responsibilities commensurate with it. By continuing to take advantage of the United States' paternalistic attitude, Japan was very smoothly carrying on its task of building an economic empire. It was thus threatening the economic pre-eminence enjoyed by the United States.

Nixon's New Economic Policy was not, however, spared from criticism. It was said that he had not only changed his "economic game plan", but also changed the rules of the game itself. The labour unions in the United States felt cheated for they believed that the wage-price freeze gave more benefits to the businessmen than to them.<sup>37</sup> These unions referred to the NEP as a "diplomatic sacrifice" demanded from the working men. The common complaint

---

36 Department of State Bulletin, vol. 65, 8 November 1971, pp. 513-17.

37 Newsweek, 30 August 1971, p. 8.

was that while wages had been frozen no restriction had been imposed on profits and interests. This clearly reflected the administration's interest in satisfying the demands of American business circles which would directly lead to further enhancement of American international economic interests.

In general, both at home and abroad, the feeling prevailed that Nixon had acted in haste without allowing enough room for consultations and negotiations with the Japanese. In fact, the dollar crisis was not regarded as a problem of gold convertibility but an "aspect of the several intensifications of world capitalist national economies of the post Second World War"<sup>38</sup>. The message of the IMF was clear: in future, America would expect more contribution from its major allies in matters of trade as well as defence. And in matters relating to its own primary interest the United States would go all alone without even consulting its allies.<sup>39</sup> In Japan the new policies of Nixon were labelled as 'protectionist' by nature thus relinquishing their traditional support for free trade. The London Daily Telegraph noted: "The danger of Mr. Nixon's approach to the Dollar's long-standing problem is that it is self-evidently protectionist and as such invites retaliation".<sup>40</sup> Fred Bergsten, a noted economist,

---

38 The Call (New Delhi), vol. 23, no. 3, September 1971, pp. 3-6.

39 Richard Lowenthal, "A World Adrift", Encounter (London), vol. 33, February 1972, p. 27.

40 quoted in Scalapino, n. 14.

regarded the LEP as bringing war on America's friends while giving out concessions to its traditional adversaries.<sup>41</sup> The New York Times too published views from far and wide, on the reactions to the LEP. Writing from Tokyo, the New York Times' columnist Max Frankel felt that the "Nixon shock is shattering the world's trade and monetary systems ... and asking injured but divided allies to redesign them to let the U.S. flourish".<sup>42</sup>

It is our contention here, that the Low Economic Policy was primarily aimed at Japan. This will be evident if we examine the motive for introducing the LEP and its impact on the Japanese Government and mass media. Never before in the postwar world had such a strong unilateral action been taken by Washington and, that too, without consultations with Japan, its chief ally. This unilateral action was taken due to the changed international conditions. For nearly two decades after World War II, the United States had dominated the international economic system. Now, with the world more prosperous, and international economic relations more developed, the United States was itself uncertain of retaining its dominant position in the world economy.<sup>43</sup> At stake was the question of retention of American markets and revival of the dollar. Moreover, as a result of the reduced

---

41 Fred Bergsten, "The New Economics and United States Foreign Policy", Foreign Affairs (New York), vol. 50, January 1972, pp. 199-222.

42 New York Times, 25 November 1971.

43 Diebold William, United States and the Industrial World (New York, 1972), p. 423.

threat of communism, the US allies no longer required American protection. They themselves had grown up to be economically well advanced and, on the way to becoming strong powers in their own right on the international political arena. According to Fred Bergsten, the liberal trade policy enshrined in the international economic agreements at Bretton Woods was calculated to ensure the dominance of the world market, by American business. The policy was also aimed at holding back the Soviet Union from overtaking the United States in the race for markets. But upcoming nations like Japan, had turned the tables on the United States. It was the US now which was having trade imbalances with its allies. It was the US whose resources were being drained off. As a result, discontent was steadily mounting in the United States. It was, therefore, necessary to extricate the latter from its obligation to redeem the dollar at the fixed exchange parity of 35 dollars to 1 oz of gold and, also in terms of the yen and the German mark. This in turn would automatically raise the entry price of the German and Japanese goods in the US market and make American goods cheaper in the world market.

Thus, one can perhaps assume to say that there was some justification for the American pressure on Japan for immediate actions. But the style that the administration chose left a bad taste. It humiliated Japan leaving no room for any accommodation.

---

44 Fred Bergsten, n. 41.

45 Law York Times, 23 August 1971.

## IMPACT OF THE NEP ON JAPAN

The arbitrary American action had severe repercussions. The impact of the NEP was felt psychologically, politically and emotionally and, last but not the least, economically. A Japanese proverb, which was frequently used in the context of the U.S.-Japanese relations after the NEP, that, "morning and autumn sky are alike" (i.e. neither is to be trusted) well illustrated the general feeling in Japan. Resentment and shock were the order of the day. The Japanese were convinced that they alone were the prime target of the NEP and, in fact, even quoted Paul A Volcker, US Under Secretary of Treasury, as having told this to the Europeans themselves.<sup>46</sup> The impression in Tokyo was that the United States was moving towards "super protectionism". In fact, to some Japanese the 10 per cent surcharge was the "very first brick in a permanent wall around the U.S. market".<sup>47</sup> To several others the US was merely setting out on a war-path so as to "penalize Japan for its postwar success and to make the Japanese bail out the leaky American economy".<sup>48</sup> The Japanese leaders repeatedly emphasized that America's economic crisis was of its own creation and not a result of the Japanese policies. Japan's Minister of International Trade and Industry, Yasuhiro Nakasone

---

46 Ibid., 14 June 1971, p. 65.

47 U.S. Laws And World Report (Washington, D.C.), vol. 71, 22 November 1971, p. 42; and Linden, n. 21, p. 123.

48 Ibid.

too, pointed out that it was the difference in rates of productivity and inflation between Japan and America that resulted in the trade imbalances. He also referred to American neglect of its domestic industry and said that, "Japan has consistently channelled a huge part of her resources into the modernization, improvement and expansion in general of her domestic industry's equipments and facilities".<sup>49</sup>

As stated, the share of the US in Japan's over all trade was 30 per cent. As against this, Japan's share in America's over all trade was less than 15 per cent. It, therefore, followed that any American move restricting its imports was likely to seriously impair Japanese economic structure. The 10 per cent surtax on imports was, therefore, received with anxiety in Japan, since, it was estimated to result in an approximate loss of £200 million to £2.5 billion in export earnings. The rate of growth of the Japanese economy was also surely going to be affected, declining from the current 10.1 per cent to 5.5 per cent.<sup>50</sup> The surcharge of 10 per cent also sent the Tokyo stock exchange tumbling down 20 per cent, causing a loss of over £11 billion, and thus adding to the reduction in industrial and manufacturing activities. The New York Times reported that the Japanese Government had to purchase two billion American dollars in ex-

---

49 New York Times, 25 August 1971.

50 Far Eastern Economic Review, vol. 74, 30 October 1971, p. 31.

effort to keep the yen at its official rate of 360 to the dollar.<sup>51</sup>

The worst repercussion, of course, was to be suffered by those businessmen in Japan who were heavily dependent on exports to the large American market. An executive of a textile spinning establishment regretted that, "the export slump and rise of imports have plunged the domestic market into chaos. Therefore, nobody can tell how far wide the adverse effects of the Nixon shock will be".<sup>52</sup> As a result of the announcement of the United States' decision imposing 10 per cent duty on imports, important Japanese businessmen began demanding compensation for the losses incurred from their Government. Reizo Naguchi, President of the Ship Builders Association, humourously warned: "If the government fails to compensate for the whole loss that the ship building industry will suffer after the Yen revaluation, my soul will haunt the government after my death".<sup>53</sup> Several companies started retrenching their employees. Nippon Steel put off the completion of a blast furnace in Oita for a year and even tried to reduce electrical costs. Hitachi cancelled its contract for ten 60,000 ton ore carriers and made a brave effort to reduce its budget by slashing on expense accounts and transportation costs. Several other small and medium sized enterprises began to go bankrupt.<sup>54</sup>

---

51 New York Times, 20 August 1971, p. 32.

52 Far Eastern Economic Review, vol. 74, 2 October 1971, p. 50.

53 Ibid.

54 Ibid.

But Japan was still to experience the worst at the hands of the Nixon Administration. The proclamation of the NLP made it obvious that there was no alternative for Japan except to revalue the yen. The problem created by the NLP could be solved in no other way. Therefore, when the realignment of the currencies took place in December 1971, it did not come as a surprise to the Japanese people. Nevertheless, the Japanese regarded it with horror. It was called "Kiri-age" or the "upward-cut". To quote a leading paper the Nihon Keizai Shimbun, the revaluation of the yen was felt to be "excessively cruel" and was expected to drive the Japanese balance of payments "into the red". It was considered "a bitter pill for Japanese economy to swallow".<sup>55</sup> Richard Halloran wrote from Tokyo: "Japan's response to the steep revaluation of the yen hung like a pall over Tokyo". Even the Japanese Foreign Minister Takeo Fukuda felt that, "...the 16.88 per cent upward change in the yen's parity was the 'greatest economic shock' Japan had suffered since the end of World War II,...it was likely to have the significant impact on any of the national economies involved."<sup>56</sup> The volume of the new export deals in the two weeks after the yen was floated, was only 5 to 6 per cent of the normal amount. This was because Japan always had been scarce in raw materials for which it had

---

55 Ibid, vol. 75, 8 January 1972, p. 37.

56 New York Times, 20 December 1971.



to pay through its exports. But the 10 per cent surcharge had simply stopped all orders.<sup>57</sup>

Probably, one would expect that like the Japanese people, the Japanese Government too, would have been shocked and consequently protested strongly to the Government of the United States against the NEP. But Sato being a constant supporter of American policies, generally believed that Japan could possibly import more from the United States, and thus minimize its grievances. Therefore, he admired what he felt to be, Nixon's bold new moves for uplifting the domestic economy. In fact, he even talked of Nixon's probable visit to Japan.<sup>58</sup> He certainly recognized the damage to the Japanese export trade, but preferred to take an optimistic view of the whole issue, and decided that the new moves would definitely increase Japan's imports from America. In his very first interview after the announcement of the NEP, he reaffirmed that the U.S. remained the pivot of Japan's foreign policy and that "not even the recent moves could possibly alter the fundamentals of Japan's relations with the U.S."<sup>59</sup> The New York Times very correctly pointed out that Sato appeared to be more concerned with the political, and not, the economic consequences of the new US moves. He was more afraid that the United States might altogether withdraw from the world scene, which he

---

57 Far Eastern Economic Review, vol. 74, 2 October 1971, p. 50.

58 New York Times, 1 September 1971.

59 Ibid., 2 September 1971.

felt was not at all good for the present international situation.<sup>60</sup>

Sato's opponents did not lose this opportunity to assail him for his blind following of the United States' policies. They accused the United States of being an unreliable partner and openly questioned its credibility. But Sato remained unruffled by this criticism as he believed that even now, "Japan's economic and military security depends and will continue to depend in the foreseeable future, on the American alliance".<sup>61</sup> It was primarily because of this feeling that Nixon's Special Assistant for National Security Affairs, Henry Kissinger's visit to Japan was greeted with great anxiety. The question was whether he would be able to subdue the rising fears and to restore confidence and trust.<sup>62</sup>

Realizing the strength of the resentment, particularly in the United States, against the restrictive trade policies, the Government of Japan took several "small but meaningful" steps towards liberalization. After years of negotiations, restrictions on export of steel to the U.S. for three years, were voluntarily accepted.<sup>63</sup> A wool and manmade fibres agreement was signed on 3 January 1972, covering export of man made fibres as well as woollen textiles. The agreement allowed reasonable growth for

---

60 Ibid.

61 Ibid.

62 Ibid., 18 June 1972.

63 Department of State Bulletin, vol. 65, 5 June 1972, p. 784.

the Japanese textile imports while at the same time preventing "sudden and inordinate" penetration of the U.S. market.<sup>64</sup> Further, for the first time, the Japanese Government permitted a foreign corporation to obtain 50 per cent shares of the Super-scope Inc, a publicly owned Japanese company. It was hoped that this would encourage other companies to follow suit and thus open Japan to foreign investors.<sup>65</sup> It was believed that apart from the pressure of foreign governments, these efforts at liberalization could also be due to the glaring inconsistency in the U.S.-Japanese balance of trade as revealed by statistics in the following Table II:<sup>66</sup>

Table II

U.S.-Japanese Balance of Trade (in m. dollars)  
(U.S. Commerce Deptt. Statistics)

	1969	1970	1971	1972	1973
U.S. exports to Japan	3,490	4,652	4,055	4,263	8,312
U.S. imports from Japan	4,838	5,875	7,259	9,064	9,645
U.S. trade deficit	1,398	1,223	3,204	4,101	1,333

64 Ibid., 31 January 1972, p. 133.

65 New York Times, 23 October 1971.

66 Hans Binnendijk, "The United States and Japan: Fine Tuning a New Relationship", Pacific Community (Tokyo), vol. 16, October 1974, pp. 22-37.

With Kakuei Tanaka becoming the Prime Minister of Japan in July 1972, the liberalization measures received greater impetus. A verbal promise to this effect was given by Tanaka at the Nixon-Tanaka meeting in Hawaii in 1972. This was the first instance that Nixon had travelled half-way from Washington to meet a Japanese Premier. The New York Times observed on the significance of the site chosen for this meeting. The name of the hotel Kuilimo ('arm-in-arm' or 'hand-in-hand') at Hawaii where the meeting took place, itself was symbolic of the forthcoming relationship. <sup>67</sup> At this meeting Tanaka committed his government to the promotion of imports from the United States and agreed to reduce the trade imbalance to a more manageable size. Further, he also publicly pledged to reduce Japan's global surplus in foreign trade and other current transactions to 1 per cent of Japan's GNP in two to three years. The joint communique issued by the two leaders at the end of the meeting, explicitly stated that Japan would buy about \$1.1 billion worth of American goods, including agricultural products, fishery and, aircrafts. This represented a sincere effort on the part of Japan to reduce the expected trade surplus of \$3.8 billions in trade during the year 1972. In April 1972 the Japanese Government planned to open as much as 39.5 per cent of all Japanese industries and business to full foreign ownership of enterprises,

---

67 New York Times, 2 September 1972.

as a further response to foreign criticism.<sup>68</sup>

### TEXTILE CRISIS

The LRP demonstrated the tough handling of Japan's resurgence by the Nixon Administration. The prolonged agony of the textiles crisis on the other hand, showed that Japan's relative bargaining power was not negligible. Yet it had to give up in the end, under the threat of the enactment of a quota legislation. The textile issue evoked the greatest protectionist measures from the Nixon Administration. It significantly contributed to the increasing strains in the economic relations of United States and Japan.

The handling of the issue by Japan showed Sato's disregard for Nixon's domestic political constraints,<sup>69</sup> and was a clear-cut example of the wide communication gap existing between the two nations. What had been a purely economic problem of textile imports soon turned into a political issue reflecting Nixon's failure to recognize the importance of the textile industry in Japan and the close co-operation which existed between the Japanese Government and Industry. For President Nixon it became a prestige issue since, he regarded it as a breach of promise on the part of Sato.<sup>70</sup> This promise of Sato was said to be made by

68 Ibid.

69 Nixon's Southern Strategy tactics made him promise the Southerners where this important textile industry was located, that he would settle this "import-influx" problem when elected. His promise got him the Southern votes, thus enabling him to win the Presidency.

70 New York Times, 15 July 1971.

him during his visit to Washington in November 1969, for the Okinawa talks.

Even prior to the Nixon Administration, the textile issue had been irritant in the American-Japanese trade relations. This was due to the unlimited import of Japanese textiles into America, resulting in a loss of jobs due to closure of such mills in the United States, which could not face the challenge of this competition. Japan, on the other hand continued to apply numerous barriers to imports entering the Japanese market. Though this one way trade system was applicable to several other major industries, yet because of its important geographical location and the political weightage that it carried in the form of Southern votes, the textile industry tried to reap a golden harvest out of the whole issue, and continued to insist on immediate protection.

On assumption of office, Nixon lost no time in redeeming his pledge and redressing grievances of this influential industry. The Trade Bill of 1969, presented to the Congress, referred to the textile import problem as "a special circumstance that requires special measures". By "special measures", it meant, voluntary agreements arrived at with the textile exporting countries. Therefore, Nixon sent personal deputies to head the negotiating teams. To avoid making the dispute a political one, he entrusted this task to Secretary of Commerce, Maurice Stans. At the very outset, Stans threatened the countries concerned that

if the voluntary agreements were not arrived at, legislation imposing quotas would be enacted by the US Congress. At this juncture the powerful Chairman of the Ways and Means Committee, Representative Wilbur Mills (Dem., Arkansas), introduced a textile quota bill in May 1969. The possibility of Secretary Stans meeting with any success was, however, very dim from the beginning. The American Importers Association, the Textile Apparel Group, warned Nixon that, "...any such arrangement would be opposed by foreign countries and would be harmful to the U.S. interests for, foreign nations see little difference between man-<sup>71</sup>datory and voluntary quotas". Stans proceeded with his talks without paying any heed to the domestic opposition of those who had large investments in Japan and feared retaliatory action. He presented Washington's line on textile quotas and on trade and capital liberalization for the Japanese. He expressed considerable irritation over Japan's restrictive trade policies and capital investments. Speaking to the American Chambers of Commerce in Japan, Stans reiterated his Government's main theme that, "Japan had grown in strength to the point where it no longer needs<sup>72</sup> the protection and limitations appropriate to an insecure nation".

Donald M. Kendall, President of Pepsico Inc., and David Rockefeller, Chairman of the Chase Manhattan Bank, having large interests in Tokyo, also accompanied Stans. Along with the

---

71 Ibid., 7 February 1969.

72 Ibid., 14 May 1969.

Secretary, they too conveyed the message that, "...unless they (Japanese) took voluntary action there would be a danger that the U.S. Congress would take unilateral action to restrict imports".<sup>73</sup> Stans warned that if the Congress passed the quota bill, it would only be inaugurating a new era of "protectionism".<sup>74</sup>

In an attempt to protect the interests of their constituencies, Congressmen from the Southern States carried on persistent anti-Japanese propaganda. The entire crisis was referred to as the Pearl Harbor of the textile industry. Congressman L. Mendel (Dem., South Carolina), warned that unless the flood of "cheap textile imports" from Japan was stopped, the American textile industry could not survive. Japan was in "deadly competition" with the United States, practicing a new kind of mercantilism not markedly different from the one practised in seventeenth and eighteenth century England. He advocated strong measures to avoid the evil consequences of the failure of the textile industry in the United States.

...we have met with negative replies time and time again. Japan now leads the world in textile exports, while our own industry continues to suffer and decline. Unless action is taken many places will suffer depressions so severe they will curl your hair. (75)

Japan refused to yield either to embellishments or to threats. It felt that the Americans were demanding too much for

---

73 Ibid.

74 Ibid.

75 Ibid., 12 June 1970.



an industry without sufficient proof of its actual suffering at the hands of the Japanese imports. It also stressed that Japan was not the only country importing textiles into the United States, and, while so much was being said against Japan, not much was heard against other importers. The Japanese leaders, therefore, concluded that it was really political interest which was at the root of Washington's resort to tactics such as the imposition of a surcharge.

However, to avoid the passage of quota legislation by the American Congress, Tokyo announced just two days before Stans was to admit failure of his attempts, that the Minister for Trade and Industry Kiichi Miyazawa and Foreign Minister Kiichi Aichi, would fly to Washington in a last minute bid to conclude a voluntary agreement with Washington. But, all hopes of agreement were lost since the Japanese offer fell far short of the American demands. Japan offered to curb its export of synthetic textiles for one year, by 12 per cent to 15 per cent above the level of the last five to ten years, and export of woollen textiles to 1 per cent above the level of 1969. Stans had earlier asked for a 5 years "hold down" on exports of both synthetic and woollen textiles, to a growth rate equivalent to that of U.S. consumption. He had then stated that Washington's position was negotiable but Kiichi Miyazawa clearly declined to carry on any further negotiations. Thus more than twelve months of hard bargaining, officially ended in failure.

The general feeling in the United States was, that attempts to reach voluntary agreements had no prospects of success. Probably, the time had come for resorting to other strong arm methods. Within twelve hours of the announcement of failure, Stars informed, that the President had decided, that "...enough was enough and that a pledge had to be kept".<sup>76</sup> On 25 June 1970 the Nixon Administration announced its "reluctant" support for the legislation to impose import quotas on textiles, thus opening the way for broader import restrictions.

Apart from the textile industry, there were several other industries which now demanded protection for themselves. The US Congress became a platform for heated debates, when one item after another, was placed on the quota bill. During the debates and the committee hearings, it was argued that it was not fair to provide protection only to such industries that had a 'political clout' because of their vast size and geographical dispersion.<sup>77</sup>

Two clear groups emerged over the textile issue. Those having special interests in Japan feared that the passage of the quota bill would adversely affect the US-Japanese economic relations and thereby affect their own investments. David Rockefeller, for instance, said that even though he had sympathies with the textile industry, he nevertheless, felt that it

---

76 Economist (London), vol. 236, 4 July 1970, p. 41.

77 New York Times, 15 July 1970.

was very difficult to start a quota system for one industry without having it spread to others.<sup>78</sup> Other were apprehensive that, "...the quota system would unleash repercussions that would damage us over many years, for the Common Market countries and others are certainly in a position to take very strong retaliatory action...."<sup>79</sup> Several economists went to the extent of suggesting that the President veto such a bill if it was passed by the Congress, to preserve a "freer world".<sup>80</sup> The American Economic Association unequivocally declared itself against the quota bill on the ground that it was in contravention with the principle of liberal trade which had served the United States so well in the past.<sup>81</sup>

Nevertheless, support for the quota legislation was immense. The Textile Workers Union of America, the United States-Japan Trade Council and numerous Southern representatives brought forward statistics to show that import influx had led to the closure of mills, thereby significantly contributing to unemployment in the country. They were afraid that the United States would soon have to make a choice between economic isolation and the loss of an industry employing nearly two and a half million people. That the supporters of the Bill had an

---

78 Ibid.

79 Ibid.

80 Gerald Meier, Problems of Trade Policy (Oxford, 1973), p. 156.

81 New York Times, 22 July 1970.

edge over the opponents is borne out by the fact that the Trade Bill passed the House of Representatives by a 215 to 165 vote. Fortunately, the first session of the 91st Congress came to an end before the Senate could vote upon the Bill.

Now a dramatic political turnabout took place. Both Nixon and Wilbur Mills wished to side track this round of protectionist legislation in the coming session of Congress. Mills was afraid that other items would be tagged onto the legislation, thus bringing about an international trade war. Therefore, in order to get quick results, he personally went to discuss matters with the Japanese Textiles Federation at Tokyo. On the basis of their joint consultations, the Japanese Textile Federation announced its Plan on 8 March 1971. However, it clearly said that, while it did not recognize that any serious damage was inflicted by the Japanese exports on the American textile industry, it wanted to check the growth of protectionism in US trade circles. According to the Plan, voluntary restrictions on textile exports for a three year period, were to be enforced on a quantitative basis. During the first year, textile exports were to be 5 per cent higher than the previous year. In the second year there was to be a 6 per cent increase beyond the first year's total and, in the third year another 6 per cent increase. This Plan had several reservations. It was also totally dependent on the actions of other textile exporting countries, stipulating that the Plan would be operational only

when other nations would follow suit.

The Plan was received with mixed feelings in the United States. It was openly denounced by the American textile producers and unions and equally strongly by the White House. George Meary, the President of the AFL-CIO (American Federation of Labor and the Congress of Industrial Organization), insisted that efforts will be renewed to achieve legislation that will "establish a trigger mechanism for quotas".<sup>83</sup> Leaders of the American textile unions and Man-made Fibres Producers Association, called the Japanese move "inadequate and totally unsatisfactory" adding that it would lead to "utter chaos in the American market".<sup>84</sup>

President Nixon's concern bordered on a determination to fulfil the pledge made to the Southern textile industry in his 1968 election campaign. Japan's failure to agree to America's terms was regarded by him as nothing less than a breach of faith on the part of Sato. The President was not satisfied with the Japanese Plan, which he labelled as "inadequate" and "a maneuver" by the Japanese Government and industry, to sidetrack the issue.

In his statement of 11 March 1971, Nixon spelled out the shortcomings of the Japanese Plan. According to him, the Plan

---

82 Ibid., 9 March 1971.

83 USA, Congressional Record, vol. 117, 1971, p. 7834.

84 New York Times, 12 March 1971; and Department of State Bulletin, vol. 64, 5 April 1971, p. 490.

allowed for unlimited concentration in one specific category since it had only one over-all ceiling for all items (i.e. cotton, wool, man-made fibres fabrics and apparel textiles). This was contrary to what the U.S. had asked for. Secondly, the over all ceiling was to be based on import figures as they stood on 31 March 1971, whereas the U.S. had asked that the figures be based on the year 1969. The reason for this divergence was that since 1969 the imports from Japan had increased immensely, specially during the period of negotiations. Besides these, Nixon listed several other arguments against the Japanese Plan.

85

In short, the President declared the Japanese offer as unacceptable since it would not have resolved the grievances of the textile industry. He, therefore, refused to accept the Plan even as a half-way measure. Nixon was, in fact, only carrying out the wishes of certain American business groups which were only interested in harrassing Japanese business. Moreover, the President was irked that whereas his own officials could not make Japan come to an agreement, Wilbur Mills could do so successfully. The latter was, therefore, shocked at this sudden turnabout in Nixon's approach. He could not understand why the President should spurn this compromise proposal and resort to protectionist legislation. Mills said, "The President

apparently knows of another way to obtain the protection which the textile industry is seeking and, at the same time prevent other protectionist developments from accompanying that relief, but I do not...."<sup>86</sup>

The Press comments were equally critical. The Washington Post (Washington, D.C.) stated that, "the administration's attitude is unhelpful", specially when the Japanese Plan had given a "major boost to the cause of freer trade".<sup>87</sup> The Detroit Free Press (Michigan) proclaimed that, "Nixon had done irreparable damage" by rejecting the plan.<sup>88</sup> The Roanoke Times (Virginia) despairingly declared that, "the White House has tossed away the last chance for a bilateral agreement on the issue and set the nation on the path to a ruinous international trade war...."<sup>89</sup> The Commercial Appeal (Tennessee) said that, "...by opening the doors again to possibility of an international trade war, the President opens himself to rumours that he is putting political promises above the national good...."<sup>90</sup> The Herald News (Mass.) found it strange that the acceptance of the quota principle by the Japanese counted for nothing with the

---

86 Ibid.

87 Editorials on Elle (New York, N.Y.), vol. 2, no. 5, 1-15 March 1971, p. 272.

88 Ibid., p. 271.

89 Ibid., p. 274.

90 Ibid., p. 276.

administration. It concluded that, "...the government really wants to impose its own system but have the Japanese proclaim it as theirs...."<sup>91</sup> The Des, Moines, Register (Iowa) went on to write that, "The sharp tone of President's statement suggests demeritation of enemies rather than bargaining about mutually beneficial trade with friends...."<sup>92</sup> These papers were critical of the policy of the government mainly because, with a few exceptions, they belonged to the states which were not at all affected by the Japanese Plan. The textile industry was not located in these states. They were only interested, therefore, in a peaceful solution of the entire issue.

The Southern Press, however, held contrasting views to the ones discussed above. The Richmond Times Dispatch (Virginia) happily accepted Nixon's rejection of the Plan since it was based on "good cause". It added that Mill's arrogance was in itself enough to "question the efficacy of the plan".<sup>93</sup> The Greenville News (South Carolina) commented that the "American textile industry and its workers had become victims of a cynical political shell game operated by one way free traders bent on shelling out American jobs to foreign interests...." Strongly supporting the Nixon Administration's move on import quotas, this editorial

---

91 Ibid., p. 278.

92 Ibid., p. 273.

93 Ibid., p. 271.



questioned sarcastically, "Can there be any such thing as free trade if the domestic market of a major industrial power like America becomes the captive of foreign industries?"<sup>94</sup> Japan's reluctance to grant the American exporters the same privileges that it enjoyed in the U.S. was brought to light by the Plan introduced by Japanese Textile Federation so wrote the San Diego Union (California).<sup>95</sup> The Evening Herald (South Carolina) declared: "If Japan's recent offer on textile import quotas is its final and only offer then Thurmond Strom and other members... would do well to continue their efforts for legislation to limit textile imports...."<sup>96</sup>

When one compares the editorials of the Southern states, where the textile industry was located, with those of the Northern states, it becomes clear that the entire issue was being treated as a political rather than an economic issue. The debates in the US Congress too confirm this assessment. Even though the textile issue was actually insignificant to the Americans, the debates prolonged unnecessarily and, the issue remained unresolved.

But the 1972 elections were approaching. Hence, it was imperative that something be done to solve the problem. Nixon was left with no choice but to deliver an ultimatum. The Nixon

---

94 Ibid., p. 274.

95 Ibid., p. 278.

96 Ibid., p. 279.

Administration threatened the Japanese Government that the United States would enforce export restrictions for the Japanese textiles bound for America, if the American plan was not accepted. The last date given was 15 October 1971. Thus obviously left no choice for Japan but to bow to the United States.<sup>97</sup> It must be remembered here that Nixon had announced the NEP on 15 August 1971, imposing a 10 per cent surcharge on all imports into America. The United States Ambassador at large on the textile issue, David Kennedy, felt that the US announcement of the decision to start the imposition of mandatory quotas by 15 October 1971, showed a great deal of impatience on the part of Washington.

Despite domestic opposition from organizations like the Japanese Textile Federation, Chemical Fibers Industry etc., the Japanese Government decided on 13 October 1971, to reopen negotiations with the United States. By this time Tokyo had been brought under strong pressure as a result of successful negotiations with other countries exporting textiles into the United States. On the deadline date when the ultimatum was to go into effect, an agreement was finally initialled to limit the flow of the Japanese textiles into the American market under a "Memorandum of Understanding". The US simultaneously agreed to lift the 10 per cent import surcharge for all countries, including Japan.

---

97

New York Times, 23 September 1971; and Far Eastern Economic Review, vol. 74, 30 October 1971, p. 3.

The final agreement was signed on 3 January 1972.<sup>98</sup> Thus was removed a prolonged irritant in the relations between the two countries.

The agreement was regarded as a victory for the Nixon Administration, but this was only at the cost of the long term international political and economic interests of America. "Crude tactics cause great injuries" was the proverb in the minds of most of the Japanese after the agreement was announced.<sup>99</sup> It only reminded Japan of the days of "unequal treaties" between the victor and the vanquished nations. For several other political commentators the entire drama was only an election gimmick of Nixon. He wanted to win the coming election once again through his Southern Strategy.

Yet others contended that Nixon took the charge of the 'breach of faith' rather seriously against Sato. He was determined to force Japan to agree to the American demand on the subject. Even though the US textile industry was not being seriously hurt, its spokesmen claimed that it was being swept off

98 The broad features of the agreement were: (i) A base level of 900 million square yards for all man-made fibre textiles and a base level of 50 million square yards for woollen textiles. These were distributed in categories according to the Japanese exports to the U.S. during the year ending 31 March 1971. (ii) An overall growth rate in exports of 5 per cent a year for man-made fibres and 1 per cent a year for wool products. (iii) Six groups of man-made and wool textiles accounting for 450 million square yards were subdivided into eighteen categories for which specific growth rates were to range from 2½ to 10 per cent.  
Keier, n. 80, p. 156.

99 New York Times, 16 October 1971.

because of the flood of Japanese imports. The very fact that the United States refused to allow legal international investigations to prove its case, showed that probably there was no real justification for it.

The fact remained that in 1970, the United States imported only 10 per cent of its total consumption of synthetics; that, of the total US consumption of all textiles (cotton, man-made and wool) imports from all sources, accounted for only 8.8 per cent while imports from the Asians (Japan, Taiwan, South Korea and Hongkong) altogether, accounted for a meagre 4.9 per cent. <sup>100</sup>

The vital fact in the entire controversy, that the American textile industry was sick, was completely ignored by the United States. The equipment, technology innovations and labour problems had far greater impact than the imports itself. In fact, it was a clear case of the United States wanting Japan to remain subservient to it, both economically and politically, and at the same time, wanting Japan to replace the United States as the protector of Asia. <sup>101</sup> This contradiction in American thinking was demonstrated by the textile crisis, as well as, the NEP.

The way in which Japan meekly responded to American threats, revealed its great dependence on the United States. It demonstrated that despite its economic development, Japan still

100 Far Eastern Economic Review, vol. 74, 30 October 1971, p. 30.

101 New York Times, 15 October 1971. (These views were expressed by the Kyodo News Service of Japan.)

had a long way to go before it could gain influence in power-political terms, in the world. Till then, Japan had no alternative but to bow to the wishes of America. The American actions can be understood only in the light of the great inroads Japan was making into the American markets everywhere. Drastic action like the LSP was, therefore, required to put Japan in its place and also to prevent Washington from missing the bus to the markets of mainland China.

In this entire economic struggle, the United States had clearly, two main objectives in mind - first, to protect its own market, and second, to force Japan to allow far more American capital investment in Japan.<sup>102</sup> Throughout this controversy the message of the United States was clear. It stated, that it was high time that the Japanese accepted their share of responsibilities and burdens, but only as a subordinate of the United States. The United States, therefore, tried, "...to use its power to force Japan into an increased, but continuingly subordinate, relationship with US capital in South East Asia with the captive Japanese market as the objective".<sup>103</sup>

---

102 Halliday and McCormack, n. 8, p. 228.

103 Ibid., pp. 228-9.

## Chapter V

### CONCLUSION

## CONCLUSION

The Second World War did not usher in an integrated and unified world. Instead, it only brought in a divided world. The economic structure of the Western, non-Communist world, led by the United States, was based on a Capitalist economy. It stood in confrontation with the Communist world whose economic structure was based on the Socialist economy. Any area falling under Communist control meant its consequent integration with the economic structure of the Communist world, and thus, weakening of the Western world to that extent. The United States viewed any further advance of Communism as a threat to its own dominant position and, therefore, aimed at containing Communism within the existing limits. In this strategy it assigned Japan a key role, particularly, after the "fall of China", Japan became the junior partner of the United States in putting through a "forward strategy" in the Pacific.

In the 1950s at the time when the "forward strategy" was being put through, Japan had not too many options open to it. It had not yet fully recovered from the devastating consequences of the War which it had fought intermittently from 1930 onwards at a tremendous cost to itself. If the United States could look after Japan's defence, then the latter could conveniently devote itself entirely to the tasks of economic recovery and reconstruction. No doubt, there was a heavy price for this American support - Japan had to give unflinching support for American

objectives in Asia. It had to provide the Americans with bases and other facilities in Japan. It was required to give political support to the US policy in Asia and pursue its economic policies in co-operation with the United States. In return the United States provided certain facilities like opening of its own markets and benevolently looking upon the Japanese economic expansion in Southeast Asia and countries of Latin America, like Brazil. The pattern of relationship that developed was thus mutually beneficial and highly satisfactory to both the countries.

The US-Japanese alliance system worked remarkably well for nearly two decades surviving the stresses and strains resulting from changes from one administration to another. However, two parallel developments were taking place which eventually affected the US policy towards Japan. The first related to the changes which affected the international system. As a result of this the United States' perception of its own interests; the nature of its adversaries and, the threat posed by them radically altered. The United States no longer wished to continue its "forward strategy" but instead desired to cut-off its own commitments. Secondly, in the time span of two decades, using to the maximum the advantages which its relations with the United States offered, Japan had emerged on the international scene not only as an economic giant but also as a serious competitor of the US. On the other hand, as a result of its own involvement in Vietnam, the American economy was in a desperate



position. Developments in any of the areas - bilateral or global - would have necessitated a drastic change in the United States' policy towards Japan. In this case the developments in one area reinforced the developments in the other. The new policy towards Japan was thus a part of the overall shift in American foreign policy.

The announcement of the Nixon Doctrine implying American withdrawal was the first clear manifestation of a change in US policy in the region. As time passed, it also became clear that the United States expected Japan to play an enlarged role after its own eventual withdrawal. While speaking on Japan, the official US communiques and the US spokesmen often used words like "mature" and "responsible". These statements, however, did not imply that Japan was irresponsible and immature before, but only that it should now play a role commensurate with its enlarged capability by giving more economic aid and sharing the burden of defence. As argued here, the reversion of Okinawa was calculated to appease the anti-American sentiment in Japan, and also to create a better atmosphere for the new role of Japan. Significantly, the reversion was managed in a manner so as to not affect the American capability!

The process of mutual adjustment in response to changes in power equation between the United States and Japan was already taking place when the US announcement of Nixon's proposed visit to China suddenly exploded like a bomb. Though the Americans had since long been preparing for this trip, the Japanese were caught

completely off-guard. They had made heavy investments in Taiwan, South Korea and Hongkong but had not significantly moved towards official recognition of China or in seeking rapprochement with the Soviet Union. One result of the 'China shock' was that it brought Japan and the Soviet Union a little more closer. It also increased the Japanese desire to seek its own rapprochement with China. However, the 'China shock' had made it clear to all concerned that where vital interests were involved, the United States could move ahead without consulting anyone - friend or foe.

The United States, no doubt, wanted Japan to play an "independent" and "mature" role. But its independent moves following the 'China shock' alarmed the US. This resulted in prior consultations with Japan before visits to China and the Soviet Union first by Nixon and then by Kissinger. In addition to this, the US also offered repeated assurances that nothing would be done which would be harmful to the interests of its allies. It was, however, in the field of economic relations that the US demonstrated by forcing on a voluntary agreement over the textile issue, on liberalization of its restrictive trade policies and, revaluation of the yen that even though Japan had become an economic giant, it was still dependent upon the United States. And when it came to a crunch, Japan could not act independently of the United States.

During the first four years of the Nixon Administration, the United States tried to bring its policy in line with the

changed international reality. The new posture towards Japan was a recognition of the continued importance of Japan to the United States. The US certainly wanted to assign greater responsibility to Japan in view of its economic power and political stability, but the autonomy which Japan could exercise was to be within the alliance system itself. The US-Japanese alliance was not dissolved but only weakened. Nixon's policy demonstrated in no uncertain terms that it was the United States which defined the parameters of freedom for Japan. In brief, Japan was still greatly dependent on the United States.

Japan accepted the new policy since the benefits from it far exceeded the disadvantages. The US-Japanese alliance though modified was still mutually advantageous and continued to be a most satisfactory arrangement.

## BIBLIOGRAPHY

## BIBLIOGRAPHY

### Primary Sources

#### U.S. Government Documents

A Decade of American Foreign Policy: Basic Documents, 1941-1949 (Washington, D.C., n.d.).

Department of State Bulletin (Washington, D.C.), 1945-1973.

United States Foreign Policy for the 1970's: A New Strategy For Peace. A Report to the Congress by Richard Nixon (Washington, D.C., 1970).

United States Foreign Policy for the 1970's: Building For Peace. A Report to the Congress by Richard Nixon (Washington, D.C., 1971).

United States Foreign Policy for the 1970's: The Emerging Structure of Peace. A Report to the Congress by Richard Nixon (Washington, D.C., 1972).

United States Foreign Policy 1969-1970: A Report of the Secretary of State (Washington, D.C., 1971).

United States Foreign Policy 1971: A Report of the Secretary of State (Washington, D.C., 1972).

United States Foreign Policy 1972: A Report of the Secretary of State (Washington, D.C., 1973).

### Secondary Sources

#### Books

Acheson, Dean, Present at the Creation (New York, 1969).

Alstyne, Richard Van W., The United States and East Asia (London, 1973).

Ambrose, Stephen, Rise to Globalism (London, 1971).

Aron, Raymond, Imperial Republic (New Delhi, 1974).

Barnett, Doak A., A New Policy Toward China (Washington, D.C., 1971).

Battistini, Lawrence H., Japan and America (New York, 1954).

- Brardor, Henry, The Retreat of American Power: Nixon's and Kissinger's Foreign Policy and Its Effects (London, 1972).
- Brodino, Virginia and Jelden, Mark, Open Secret: The Kissinger-Nixon Doctrine in Asia (New York, n. d.).
- Chace, James, A World Elsewhere: The New American Foreign Policy (New York, 1973).
- Clough, Ralph L., East Asia and United States Security (Washington, D.C., 1975).
- Clyde, Paul H and Beers, Burton F., The Far East (New Delhi, 1974).
- Cohen, Warren I., America's Response to China: An Interpretative History of Sino-American Relations (New York, 1971).
- Diebold, William, Jr., The United States and the Industrial World (New York, 1972).
- Dore, R.P., Land Reforms in Japan (London, 1959).
- Emmerson, John and Humphreys, A. Leonard, Will Japan Rearm? (Washington, D.C., 1973).
- Fairbank, John King, The United States and China (Cambridge, Mass., 1967).
- Feis, Herbert, The China Tangle (New Jersey, 1953).
- Fulbright, William J., The Arrogance of Power (New York, 1966).
- Gardner, Lloyd C., American Foreign Policy: Present to Past (New York, 1974).
- \_\_\_\_\_, The Great Nixon Turnaround (New York, 1973).
- Gordon, Bernard K., oward Disengagement in Asia: A Strategy for American Foreign Policy (New Jersey, 1969).
- Graebner, Norman A., The New Isolationism: A Study in Politics and Foreign Policy Since 1950 (New York, 1956).

- Jupta, D.C., United States Attitude towards China (New Delhi, 1969).
- Hartley, A., American Foreign Policy in the Nixon Era (London, 1975).
- Halliday, Jon and McCormack, Javan, Japanese Imperialism today (London, 1973).
- Iriye, Akira, Across the Pacific: An Inner History of American East Asian Relations (New York, 1967).
- Kahn, Herman, The Emerging Japanese Superstate (London, 1970).
- Kallicki, J.H., The Pattern of Sino-American Crises (Cambridge, Mass., 1975).
- Kennan, George T., Memoirs 1925-1950 (Boston, 1967).
- Kissinger, Henry A., American Foreign Policy: Three Essays (London, 1969).
- Lerche, Charles O., Jr., Foreign Policy of the American People (New Jersey, 1961).
- Linden, Frank Van der, Nixon's Quest for Peace (New York, 1972).
- Meier, Gerald M., Problems of Trade Policy (New York, 1973).
- Morley, Williams James, ed., Forecast for Japan: Security in the 1970's (New Jersey, 1972).
- Nixon, Richard M., Six Crises (New York, 1962).
- Osborne, John, The Third Year of the Nixon Watch (New York, 1972).
- Osgood, Robert E., The Navy and the Navy (London, 1972).
- Osgood, Robert, Packard, George III and Badgley, John H., Japan and the United States in Asia (Baltimore, 1963).
- Osgood, Robert E., ed., Retreat from Empire: The First Nixon Administration (Baltimore, 1973).
- Owen, Henry, The Next Phase in Foreign Policy (Washington, D.C., 1973).

- Packard, George III, Protest in Tokyo: The Security Treaty Crisis of 1960 (New Jersey, 1966).
- Pratt, Julius W., A History of United States Foreign Policy (New Jersey, 1972).
- Reischauer, Edwin O., The United States and Japan (Cambridge, Mass., 1957).
- \_\_\_\_\_, Beyond Vietnam The United States and Asia (New York, 1970).
- Said, Abdul A., ed., America's World Role In The 1970's (New Jersey, 1970).
- Scalapino, Robert E., The United States-Japanese Relations in a Changing Era (New York, 1972).
- Schlesinger, Arthur M., Jr., The Dynamics of World Power: A Documentary History of United States Foreign Policy 1945-1973 - The Far East (New York, 1973).
- Spanier, John W., American Foreign Policy Since World War II (New York, 1966).
- Stabbins, Richard P. and Adam, Elaine, eds., American Foreign Relations 1972: A Documentary Record (New York, 1976).
- Truman, Harry S., Years of Hope and Trial 1946-53, vol. II, (London, 1956).
- Tsou, Tang, America's Failure in China, 1941-60 (Chicago, 1963).
- Tugendhat, Christopher, The Multinationals (London, 1974).
- Vinacke, Harold M., The United States and the Far East 1945-1957 (California, 1962).
- Warburg, James P., The United States in a Changing World (New York, 1954).
- Wasel, Robert and Dankwart, A., Political Modernization in Japan and Turkey (New Jersey, 1964).
- Yanaga, Chitoshi, Big Business in Japanese Politics (London, 1963).



Articles

- Aichi, Michi, "Japan's Legacy and Destiny of Change", Foreign Affairs (New York), vol. 48, October 1969, pp. 21-38.
- Alstyne, Richard W. Van, "The United States and the Chinese Revolution 1949-1972", Current History (Philadelphia), vol. 65, September 1973, pp. 97-101 and 133.
- Barnett, Doak A., "The New Multipolar Balance in East Asia: Implications for US Policy", Annals of American Academy of Social and Political Sciences (Philadelphia), vol. 390, July 1970, pp. 73-86.
- Bergsten, Fred C., "Crisis in the U.S. Trade Policy", Foreign Affairs, vol. 49, July 1971, pp. 619-35.
- \_\_\_\_\_, "The New Economics and U.S. Foreign Policy", Foreign Affairs, vol. 50, January 1972, pp. 199-222.
- Binnendijk, Hans, "The United States and Japan: Fine Tuning A New Relationship", Pacific Community (Tokyo), vol. 6, October 1974, pp. 22-37.
- Bozic, Nemanja, "The Nixon Doctrine", Review of International Affairs (Belgrade), vol. 24, 20 March 1973, pp. 521-3.
- Brzezinski, Zbigniew, "The Search for Focus", Foreign Affairs, vol. 51, July 1973, pp. 708-27.
- \_\_\_\_\_, "Japan's Global Engagement", Foreign Affairs, vol. 50, January 1972, pp. 270-82.
- Buchan, Alastair, "A World Restored?", Foreign Affairs, vol. 50, July 1972, pp. 614-59.
- Bull, Hedley, "The New Balance of Power in Asia and the Pacific", Foreign Affairs, vol. 49, July 1971, pp. 669-81.
- Bundy, William P., "New Tides in South East Asia", Foreign Affairs, vol. 49, January 1971, pp. 187-200.
- Chen, Y.C., "An Appraisal of America's Current China Policy", Pacific Community, vol. 3, October 1971, pp. 68-86.

- Cornally, John B., "Tough Talk to the U.S. Allies on Trade and Defense", U.S. News And World Report (Washington, D.C.), vol. 70, 14 June 1971, pp. 50-53.
- Derek, Davies, "1971: Toward Multipolar Balance", Far Eastern Economic Review (Hongkong), vol. 75, 1 January 1972, pp. 16-26.
- Emmerson, John K., "After 30 Years: Japan and America", Pacific Community, vol. 6, July 1975, pp. 476-81.
- \_\_\_\_\_, "The United States and Japan: Uneasy Partners?", Pacific Community, vol. 3, July 1972, pp. 624-35.
- Fairbark, John F., "The New China and the American Connections", Foreign Affairs, vol. 51, October 1972, pp. 31-42.
- Fifield, Russell H., "America in East Asia: The Dimensions of Change", Pacific Community, vol. 6, January 1975, pp. 193-205.
- Fisher, Joel M., "US-Japan Relations: The Nixon Doctrine", Vital Speeches of the Day (New York), vol. 41, 15 February 1975, pp. 268-73.
- Fukuda, Takeo, "Japan to Promote Further Liberalization", Pacific Community, vol. 2, April 1971, pp. 415-34.
- Gelber, Harry G., "Limiting Factors in a Reconsideration of US-China Policies", orbis (Philadelphia), vol. 14, Fall 1970, pp. 599-626.
- \_\_\_\_\_, "Peking, Washington and the Pacific Balance of Power", Pacific Community, vol. 3, October 1971, pp. 53-67.
- Gibney, Frank, "The View from Japan", Foreign Affairs, vol. 50, October 1971, pp. 97-111.
- Graebner, Norman A., "Global Containment: The Truman Years", Current History, vol. 57, August 1969, pp. 77-83 and 115-16.
- Greenwald, Joseph A., "International Trade Policies", Survival (London), vol. 13, February 1971, pp. 56-60.

- Gurtov, Melvin, "The Nixon Doctrine and South East Asia", Pacific Community, vol. 4, October 1972, pp. 18-23.
- Hahn, Walter F., "The Nixon Doctrine: Design and Dilemmas", Orbis, vol. 16, Summer 1972, pp. 361-76.
- Halliday, Jon, "Japan-Asian Capitalism", New Left Review (London), no. 44, July-August 1967, pp. 1-32.
- Harris, Fredrick P., "The U.S.-Japan Relations: Random Notes and Reminiscences", Pacific Community, vol. 6, January 1975, pp. 175-93.
- Hirasawa, Kazushige, "Changing Japanese-US Relations", Vital Speeches of the Day, vol. 38, 1 August 1972, pp. 614-18.
- Hoffman, Stanley, "Weighing the Balance of Power", Foreign Affairs, vol. 50, July 1972, pp. 618-43.
- Jacobsen, C.G., "Japanese Security in a Changing World: The Crucible of the Washington-Moscow-Peking Triangle?", Pacific Community, vol. 6, April 1975, pp. 352-68.
- Johnson, Alexis U., "The Role of Japan and the Future of American Relations with the Far East", Annals of American Academy of Social and Political Sciences, vol. 390, July 1970, pp. 63-82.
- Johnstone, William C., "United States Policy in Southern Asia", Current History, vol. 46, February 1964, pp. 70-75.
- Karnow, Stanley, "The Meaning of Nixon's China Coup", Progressive (Madison, Wisconsin), vol. 35, September 1971, pp. 14-16.
- Kernan, George, "Japanese Security and American Foreign Policy", Foreign Affairs, vol. 43, October 1964, pp. 14-29.
- \_\_\_\_\_, "After the Cold War", Foreign Affairs, vol. 51, October 1972, pp. 211-32.
- Kim, Hong L., "The Sato Government and the Politics of Okinawa Reversion", Asian Survey (Berkeley), vol. 13, November 1973, pp. 1021-36.

- Kimura, Toshio, "The Changing World Situation and Japan", Pacific Community, vol. 6, January 1975, pp. 161-74.
- Krooth, Dick, "The Rise and Fall of the United States Power", Frontier (Calcutta), vol. 4, February 1972, pp. 7-9.
- Langdon, Frank, "Strains in Current Japanese American Defense Cooperations", Asian Survey, vol. 9, September 1969, pp. 703-21.
- Lindsay, Lord, "The Four Great Powers in East Asia", Pacific Community, vol. 3, April 1973, pp. 326-39.
- Lowenthal, Richard, "A World Adrift", Encounter (London), vol. 38, February 1972, pp. 22-29.
- Lui, Yun-Yueh Leo, "China as a Nuclear Power", China Report (New Delhi), vol. 7, March-April 1971, pp. 49-61.
- MacFarquhar, "Nixon's China Pilgrimage", World Today (London), vol. 28, April 1972, pp. 153-62.
- Malmgren, Herald, "The New Posture in US Trade Policy", World Today, vol. 27, December 1971, pp. 503-10.
- \_\_\_\_\_, "Japan, the United States and the Pacific Economy", Pacific Community, vol. 4, April 1973, pp. 307-25.
- Mates, Leo, "Nixon in Peking and Moscow", Review of International Affairs, vol. 13, 5-20 February 1972, pp. 524-5.
- Michael, Franz, "The New US-China Policy", Current History, vol. 63, July 1972, pp. 126-33.
- Mihailo, Saranovic, "Japan and the Sino-American Dialogue", Review of International Affairs, vol. 22, 20 September 1971, pp. 20-22.
- Mukherjee, Sadhan, "Sino-US Trade and New Prospects", Mainstream (New Delhi), vol. 9, 10 July 1971, pp. 34-36.
- Murthy, Narasimha P.A., "Reversion of Okinawa and Japan's Future Defence Posture", China Report, vol. 6, January-February 1970, pp. 17-22.

- \_\_\_\_\_, "Japan's Defence Policies, Problems and Prospects", International Studies (New Delhi), vol. 12, January-March 1973, pp. 1-56.
- Nakamura, Koji, "America and Japan: Building a New Edifice", Far Eastern Economic Review, vol. 76, 1 July 1972, pp. 14-16.
- Nixon, Richard M., "Asia After Vietnam", Foreign Affairs vol. 46, October 1967, pp. 111-26.
- \_\_\_\_\_, "The Economic Plan Phase II", Vital Speeches of the Day, vol. 38, 15 October 1971, pp. 2-4.
- \_\_\_\_\_, "A Trip for World Peace", Vital Speeches of the Day, vol. 38, 15 March 1972, pp. 322-3.
- \_\_\_\_\_, "The Real Road to Peace", U.S. News and World Report, vol. 72, 26 June 1972, pp. 32-41.
- Ohira, Masayoshi, "A New Foreign Policy for Japan", Pacific Community, vol. 3, April 1972, pp. 405-18.
- Overholt, William H., "President Nixon's Trip to China and Its Consequences", Asian Survey, vol. 13, July 1973, pp. 707-21.
- Parker, Maynard, "Storm Clouds Over Honolulu", Newsweek (New York), 4 September 1972, pp. 13-14.
- Pierre, Andrew J., "The Future of America's Commitments and Alliances", Orbis, vol. 16, Fall, 1972, pp. 696-719.
- Ravenal, Earl L., "The Case for Strategic Disengagement", Foreign Affairs, vol. 50, April 1973, pp. 506-21.
- \_\_\_\_\_, "The Nixon Doctrine and Our Asian Commitments", Foreign Affairs, vol. 49, January 1971, pp. 201-17.
- Reischauer, Edwin O., "The Broken Dialogue with Japan", Foreign Affairs, vol. 38, October 1960, pp. 11-27.
- \_\_\_\_\_, "Our Dialogue with Japan", Foreign Affairs, vol. 46, January 1967, pp. 215-29.
- \_\_\_\_\_, "Japanese-American Relations in the 1970's", Pacific Community, vol. 2, April 1971, pp. 455-76.
- Rhee, T. C., "Implications of the Sino-American Detente", Orbis, vol. 16, Summer 1972, pp. 500-19.

- Roberts, John, "Return of the Zaibatsu", Far Eastern Economic Review, vol. 80, 6 August 1973, pp. 37-38.
- Said, Ul Haq, "The Changing Balance of Power in the Pacific and its Implication for South East Asia", Pacific Community, vol. 6, April 1975, pp. 378-93.
- Salisbury, Harrison E., "The Asian Triangle - China, Russia, America", Pacific Community, vol. 2, April 1971, pp. 415-34.
- Schwartz, Benjamin I., "The New Turn in Sino-US Relations: Background and Significance", Pacific Community, vol. 3, October 1971, pp. 18-31.
- Shannon, William V., "The China Euphoria", Survival, vol. 13, September 1971, pp. 295-6.
- Shrivastava, B.K., "Recent Trends in American Views on the China Policy of the United States", International Studies, vol. 10, July-October 1968, pp. 1-22.
- \_\_\_\_\_, "American Perspectives on Detente", International Studies, vol. 13, October 1974, pp. 577-607.
- Sigur, Gaston J., "Japan: Resurgent Power", Orbis, vol. 17, Fall 1973, pp. 1010-24.
- Stockwin, J.A.A., "Where is Japan Headed For?", Pacific Community, vol. 6, July 1975, pp. 487-500.
- Stokes, Scott Henry, "Japan's Liberalization Policy", Pacific Community, vol. 2, July 1971, pp. 249-60.
- Storry, Richard, "Options for Japan in the 1970's", World Today, vol. 26, August 1970, pp. 325-33.
- Suyin, Han, "In China, the American Dream", Far Eastern Economic Review, vol. 75, 19 February 1972, pp. 6-11.
- Trezise, Philip H., "The Second Phase in US-Japan Relations", Pacific Community, vol. 6, April 1975, pp. 323-40.

- Unger, Jonathan, "Japan: The Economic Threat", Survival,  
vol. 14, January-February 1972, pp. 39-42
- Ushiba, Nobuhiko H.B., "Japan Looks to the 1970's",  
Vital Speeches of the Day, vol. 37, 15 October  
1971, pp. 11-13.
- Vishvanathan, Savitri, "Japan's China Policy - Difficult  
Tasks Ahead", China Report, vol. 7, July-  
August 1971, pp. 26-29.
- Weinstein, Martin E., "Japan and the Continental Giants",  
Current History, vol. 60, April 1971,  
pp. 193-9.
- Wilson, Dick, "The American Quarter Century in Asia",  
Foreign Affairs, vol. 51, July 1973,  
pp. 311-31.

#### Newspapers and Periodicals

- Christian Science Monitor (Boston) \*
- Commerce (Bombay) \*
- Current History (Philadelphia) 1968-1973
- Economist (London) 1963-1973
- Editorials on File (New York) 1970-1973
- Encounter (London) \*
- Facts on File (New York) 1968-1973
- Far Eastern Economic Review (Hongkong) 1968-1973
- Frontier (Calcutta) \*
- Mainstream (New Delhi) \*
- Newsweek (New York) 1968-1973
- New Republic (New York) \*
- New York Times 1968-1973
- The Times (London) \*

Time (Chicago) 1968-1973

U.S. News And World Report (Washington, D.C.) 1968-1973

\*Only relevant issues have been consulted.