CHAPTER FIVE

Domestic Politics

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When looking back at how domestic politics in the United States and Japan has affected relations between the two countries over the past fifty years, what stands out is the mismatch between the by-and-large harmonious and cooperative relations between the two and the almost constant conflict over the terms of the relationship within each country. In the first two decades after the war, Japanese attitudes toward U.S.-Japan security cooperation were so polarized that they sometimes escalated into violence. Similarly, during the 1980s the U.S. debate over Japan policy was so intense that members of Congress once took out their anger on Japanese electronic products on the steps of the Capitol. Yet through it all the two governments steadily increased cooperation. Japan made bases on its territory available to the United States despite the protests, and slowly expanded its contribution to the alliance. The two nations prevented their bilateral disputes from setting off trade wars, and they made deals that allowed bilateral trade and investment to steadily expand over time.

Given this mismatch between high and persistent levels of cooperation between the two countries and recurrent conflict at home, it is tempting to conclude that domestic politics does not matter. The two governments managed to work together despite internal conflict, so this must mean that their national interests in maintaining security and economic cooperation trumpeled over domestic squabbles. Many analysts of international relations make precisely this assumption, that domestic politics can be pushed into the background.

This chapter, however, argues that domestic politics has had major consequences for U.S.-Japan relations. Specifically, it contends that domestic divisions within the two countries have not impeded bilateral cooperation, but greatly facilitated it. If domestic political actors were arguing about whether or not to cooperate with the other nation, the implication is that some of them highly valued the bilateral relationship. International developments turned some Japanese or Americans against cooperation, but the same developments often made others value the relationship even more. When bilateral disputes threatened to get out of hand, the dimes on one side or the other would prevail over the objections of others and push through concessions. This dynamic also shaped the terms of bilateral cooperation: that is, which side ended up yielding more ground in order to preserve or expand cooperation. The following chapter develops the argument in three parts. An outline of some prevalent hypotheses about how domestic conflict affects international cooperation is presented, followed by a demonstration of how these insights can help explain some of the twists and turns in U.S.-Japan security and economic relations.

Domestic Politics and International Cooperation

Domestic politics matter because internal actors rarely value a cooperative deal in exactly the same way. When the United States agreed in 1988 to keep its market open to Japanese exports in exchange for Japanese liberalization of beef and orange markets, for example, this deal looked attractive to Toyota and Sony but not to Japanese farmers. Similarly, when Japan agreed in 1951 to reestablish military forces in exchange for a peace treaty, this was seen as less of a concession by nationalistic advocates of rearmament than it was by members of the progressive camp who thought these troops might be used against them. Domestic differences of this type naturally complicate efforts by national leaders to strike cooperative deals with their international counterparts.

Variations in the preferences of domestic actors have effects on the level and terms of international cooperation because such deals require the approval of more than one person in each nation. Deals must be struck by a negotiator representing each country and then ratified by domestic actors who have the ability to veto the deal. In democratic countries, these actors
are likely to include first and foremost the members of the legislature. In most countries, however, bureaucratic agencies and interest groups such as unions and business federations hold veto power as well. International negotiations therefore can be seen as two-level games where deals must be approved at both the international level and at the domestic level in each country.\footnote{Theorizing in this two-level game tradition has led to a variety of predictions about how domestic conflict is likely to affect the level and terms of international cooperation. The first type of domestic politics that scholars have emphasized is conflict between chief executives and legislatures. Since both of these generally have to sign off on international bargains, disagreements between them naturally affect whether cooperation is possible. Scholars focusing on this type of domestic conflict, most notably Helen Milner, have argued that any level of conflict between these two actors reduces the likelihood that a cooperative deal can be negotiated and ratified. This follows from the fact that the more hawkish of the two actors—the one further from the terms the foreign counterpart is willing to offer—can veto any unacceptable deal.\footnote{If a deal can be struck despite divisions in domestic politics, however, the terms are likely to be closer to the position of the divided side. This second prediction follows from the fact that the more hawkish player in a divided policy can force the unified side to make most of the concessions if it strongly desires a negotiated settlement.} While executive-legislative conflict is an important element of domestic politics, an exclusive focus on this kind of conflict misses a great deal of what is interesting about internal politics by using the median legislator to represent what that body is willing to approve. A legislature polarized between almost equal numbers of extreme hawks and doves can nevertheless produce a median legislator who is quite close to the position of the chief executive. To get a more complete understanding of how domestic conflict relates to international cooperation, therefore, the distribution of preferences within the domestic arena needs to be examined.}

Robert Putnam, the architect of the two-level game approach, proposed that there are essentially two ways in which domestic preferences can be distributed.\footnote{The distribution is homogeneous if all or most domestic actors agree that the best deal for their country lies at one end of a continuum, disagreeing only about how much to compromise away from this ideal. This would be the appropriate characterization, for example, if all Israelis agreed that an ideal peace settlement would be one under which the Palestinians agreed to end their violence without asking Israel to cede any control over Jerusalem. In many cases, however, domestic actors cannot agree on any single ideal set of terms. In trade negotiations, for example, producers threatened by low-cost foreign competition often fight for deals that preserve high tariffs even as exporters and consumers argue for deals that provide for substantial trade liberalization. Putnam calls this second type of preference distribution heterogeneous.} In earlier work, I picked up this distinction and argued that domestic conflict generated by heterogeneous preferences is often quite compatible with high levels of international cooperation. Pointing to the pattern of results from a series of U.S.-Japan economic negotiations during the late 1980s and early 1990s, I argued that domestic divisions sometimes increase opportunities for cooperation. Domestic divisions in Japan that have involved a substantial segment of opinion supportive of the U.S. government's position have created opportunities for the United States to strike cooperative deals with an initially resistant Japanese government. At the same time, I argued, divisions of this kind have actually helped shift the terms of bilateral deals in favor of the United States. While my earlier work focused exclusively on economic bargaining, I argue in this paper that heterogeneous preferences have also shaped the level and terms of U.S.-Japan security cooperation.

Understanding how domestic politics have affected U.S.-Japan relations over the postwar period requires appreciation of how the two types of domestic conflict discussed above have combined to shape bargaining outcomes. The two-by-two matrix in figure 5-1 shows the patterns that are expected to be associated with varying types and levels of domestic conflict. Cooperation is most likely and a country is likely to make the most concessions when its preferences are heterogeneous and the government is divided. This prediction follows because a country with heterogeneous politics is likely to have a significant faction of doves who favor policies close to those demanded by the other government. If the chief executive shares this dovish position (a united government), she should be able to push through the compromises necessary to sustain cooperation. In contrast figure 3-1 shows that cooperation is least likely and a country is likely to make the fewest concessions when preferences are homogeneous and the government is divided. It is possible, of course, that one might find a situation where domestic preferences are uniformly dovish and the chief executive is even more dovish, but in this case the nation would probably not even be involved in international negotiations. It would simply do what the other nation wanted for its own reasons. More
frequently, homogeneous preferences radiate from a position removed from the policies demanded by the foreign partner. Think of Israel. A more dovish chief executive (Barak) then simply complicates the task of negotiating a deal since he may miscalculate and bring home a deal that requires concessions the legislature-domestic politics will not approve. Figure 5-1 shows that the other two combinations yield predictions of moderate cooperation and concessions.

Note that figure 5-1 assumes that domestic politics on only one side is relevant. Since politics on the other side will also affect cooperation, what is actually needed is something like a two-by-two-by-two-by-two matrix. To spare readers from that, however, this chapter focuses on the empirical analysis that follows on paired cases where the politics on one side is relatively constant. This chapter is not trying to argue that domestic politics is all that matters. The international context also has a significant effect on how far apart two nations’ preferences lie. If their interests are fundamentally opposed, cooperation is unlikely even if there is some heterogeneity in domestic politics. As their interests converge, however, levels of heterogeneity and unity of government are likely to have a significant effect on whether cooperation is possible and the terms under which such deals are struck.

Japanese Domestic Conflict and U.S.-Japan Security Relations

This chapter began with the puzzling juxtaposition of domestic conflict and international cooperation that has characterized much of postwar bilateral relations. Nowhere has that jarring contrast been clearer than in U.S.-Japan security relations during the decade of the 1950s. The issue of whether their nation should be involved at all in a security relationship with the United States, much less providing bases and rearming, was so polarizing in Japan that it pushed tens of thousands of protesters into the streets. In 1960 when the Security Treaty was revised, parties other than the ruling Liberal Democrats refused even to participate in the debate, boycotting Diet proceedings and participating in extraparliamentary rallies instead.

Nevertheless, the United States and Japan did reach an accord on security cooperation during this same decade that has now lasted for fifty years. Judged by the results, fifty years of peace and stability in the Northeast Asian region and victory in the cold war, there can be no doubt the deal the two parties worked out provided immense collective benefits that would not have been available had they failed to work together. Why did not polarized politics derail security cooperation during this period? How did divisions in Japan shape the terms of the relationship? In the following section, some of the concepts developed earlier in this chapter are employed to address these questions.

Japanese politics surrounding security policy during this period were conducive to the establishment of a cooperative relationship because some elements within Japan were sympathetic to the demands being made by the United States. This heterogeneity made possible the close alignment between the two countries starting in 1951 and early steps toward Japanese rearmament that were sought by the United States. Although this opinion gap became more pronounced over the decade as geopolitical developments drove the positions of the two Japanese camps further apart, it did not undermine cooperation because the majority remained supportive of U.S. demands. The analysis of variations in domestic preferences and positions taken by chief negotiators, furthermore, helps account for differences across issues and over time in the degree to which Japan was able to accommodate U.S. demands.

The foregoing analysis suggests a need to proceed as follows in order to determine how Japanese politics shaped U.S.-Japan security cooperation. First, there is a need to figure out who the relevant domestic actors were, along with the basic rules of the domestic ratification game; then, to identify
the most important issues; finally, to determine where the various actors stood and how this shaped the outcomes.

The most important domestic actors affecting security policy during the postwar period have been political parties. Much more so than in the area of economic policy, where bureaucratic agencies and interest groups played important roles, parties have been the dominant actors in the area of security. Since Japan has a parliamentary system where parties usually vote in unison, the main players to focus on are the parties as blocs. However, since parties have frequently split and merged, sometimes over security issues, and since some members of parties voted against their parties on key security policy votes, it is appropriate to break some of them down into groups based on their security policy views.

The domestic ratification game in 1951 was also somewhat more complicated than the majority rule provided for in the constitution. According to official rules, Shigeru Yoshida needed just a majority vote in the Diet in order to win approval of the Peace and Security Treaties, something that should have been easy for him to arrange since his Liberal Party controlled 284 of the 466 seats in the lower house in 1951. Nevertheless, on a set of treaties of this importance—restoring the nation’s independence, establishing terms for peace with the United States and other Western allies, and providing for the United States to continue using bases in Japan for a variety of purposes—Yoshida needed to win more than a simple majority. He needed the support of a super-majority of Diet members, including parties other than his own, if he was to convince the public that the outcome was legitimate.

The other major parties at the time included the Democrats with sixty-six votes, led by Hitoshi Ashida and including a young Yasuhiro Nakasone as well as a few relatively progressive types like Takeo Miki; the Socialists, split over how to cast their treaty ratification votes into a “right” group with twenty-nine seats and a “left” group with sixteen seats; a Communist Party with twenty-two votes; and assorted independents and minor party members.6

There were two important, but distinct, issues over which the United States and Japan were negotiating. In exchange for granting Japan independence, restoring peace, and providing for the nation’s security, the United States wanted Japan to sign a security treaty that would effectively make it an American ally in the emerging cold war. Japan would in the process give up the opportunity to sign a comprehensive peace that would formally end its war with China and the Soviet Union. Japan was also being asked to pro-
of their feeling is shown by the fact that they voted against the Peace Treaty as well as the Security Treaty. The Democrats too included a sizable contingent of members who opposed the way Yoshida was agreeing to close the door on rapprochement with the Soviet Union and the People's Republic of China. This would isolate Japan in the region, they argued, and leave it perpetually dependent on the United States. Seventeen members felt strongly enough about this that they voted against the Peace Treaty or abstained themselves from the vote, contradicting the party's official position.

Yoshida and many members of his Liberal Party, in contrast, approached the issue from the opposite pole. When officials in the Treaty Bureau of the Ministry of Foreign Affairs (MOFA) presented Yoshida with a draft of Japan's opening position insisting that the Peace Treaty be signed by the

<table>
<thead>
<tr>
<th>Number of votes</th>
<th>Relevant information about values and preferences</th>
<th>Willing to support military of the United States (including bases)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese Communist Party (22)</td>
<td>Opposed bases and separate peace</td>
<td></td>
</tr>
<tr>
<td>Japanese Socialist Party-Left (16)</td>
<td>Opposed bases and separate peace</td>
<td></td>
</tr>
<tr>
<td>Neutrality Democrats (17)</td>
<td>Willing to support bases/separate peace for end of occupation</td>
<td></td>
</tr>
<tr>
<td>Mainstream Democrats (49)</td>
<td>Willing to support bases/separate peace for end of occupation</td>
<td></td>
</tr>
<tr>
<td>Japanese Socialist Party-Right (29)</td>
<td>Willing to support bases/separate peace for end of occupation</td>
<td></td>
</tr>
<tr>
<td>Moderate Liberals (100)</td>
<td>Preferred alignment with the United States (including bases)</td>
<td></td>
</tr>
<tr>
<td>Yoshida Liberals (180)</td>
<td>Preferred alignment with the United States (including bases)</td>
<td></td>
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</tbody>
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Sources: All tables and figures in this chapter are compiled by the author based on sources listed in note 9.

Table 5-2. Domestic Views on Rearmament in 1951—What Size Military in Order to Achieve a Settlement?

<table>
<thead>
<tr>
<th>Number of votes</th>
<th>Relevant information about values and preferences</th>
<th>Willing to support military of</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese Communist Party</td>
<td>Opposed rearmentment linked to United States</td>
<td></td>
</tr>
<tr>
<td>Japanese Socialist Party (16)</td>
<td>Opposed any rearmentment</td>
<td></td>
</tr>
<tr>
<td>Small Military Liberals (220)</td>
<td>Willing to support limited rearmentment</td>
<td>0 to 100,000</td>
</tr>
<tr>
<td>Japanese Socialist Party-Right (29)</td>
<td>Supported some rearmentment</td>
<td>50,000 to 200,000</td>
</tr>
<tr>
<td>Moderate Liberals (60)</td>
<td>Supported some rearmentment</td>
<td>50,000 to 200,000</td>
</tr>
<tr>
<td>Moderate Democrats (44)</td>
<td>Supported moderate rearmentment</td>
<td>75,000 to 300,000</td>
</tr>
<tr>
<td>Armament Democrats (22)</td>
<td>Supported rapid rearmentment</td>
<td>200,000 to 300,000</td>
</tr>
</tbody>
</table>
peace until after the start of the Korean War. That the bulk of this party and Liberals with similar views ended up going along with the treaties is evidence of how far they were pulled from their ideal position by their desire to secure independence for Japan.

Figure 5-2 takes the information about the terms the various parties and party factions were willing to accept (presented in table 5-1 and summarized above), and plots the basic contours of domestic opinion. It suggests that there was a potential majority in the Diet in support of a much more neutralist position, in the area where the views of the progressive parties and the autonomy-seeking moderates overlapped, but shows the even greater majority available in support of the final deal Yoshida negotiated. Yoshida won 307 votes in favor of the Peace Treaty, versus forty-seven opposed, achieving the super-majority he needed to legitimate the settlement.

The argument here is not that Japanese domestic politics alone dictated the final terms, but that the heterogeneity of Japanese views on the question of alignment—with Yoshida starting from a position that saw close alignment as preferable to neutrality—helped make possible the compromises that were necessary for the bargaining to result in a cooperative deal. With Yoshida, the chief negotiator, taking a position at the leading edge of what a median voter in the Diet could support, this also meant Japan had a “unified government” in Milner’s terms. The case therefore fits comfortably with the prediction contained in the upper right box of the two-by-two matrix in figure 5-1, which predicted that domestic politics with these characteristics would be conducive to cooperation and to concessions.

Turn then to the other issue at stake in the 1951 negotiations: rearmament. Once again, as shown in table 5-2, the various parties in the Diet approached this question from opposite poles. Faced with demands from Dulles that Japan increase its troop strength to 300,000, a substantial segment of opinion was strongly opposed. The left wing of the Japan Socialist Party (JSP) was firmly committed to unarmed neutrality, while the Japan Communist Party (JCP) opposed rearmament linked to the United States. Both felt strongly enough that they voted against the Security Treaty.17

This time, however, Yoshida was sympathetic with the pacifists’ position. When drawing up Japan’s initial negotiating position in late 1950, he insisted that Japan start from a position proposing no rearmament at all, and he stuck stubbornly to this position through the early months of 1951 even when rebuffed by Dulles at their initial meeting.18 Yoshida believed that Japan could best provide for its security by relying on the U.S. military, saving its scarce resources for economic reconstruction and industrial growth, a policy later known as the Yoshida Doctrine.19 To help convince the Americans, Yoshida used every strategy at his disposal, using his contacts in the pacifist camp to arrange a protest demonstration timed to coincide with one of Dulles’ visits and soliciting support from the Supreme Commander of the Allied Powers, General Douglas MacArthur.

Other members of the conservative camp, however, were not as eager as Yoshida to avoid rearmament. Recognizing that Japan’s failure to provide for its own defensive capabilities would leave it perpetually dependent on the United States, Democrats such as Ashida urged revision of Article 9 so that Japan could undertake rapid rearmament.20 Japan could then negotiate with the United States from a position of greater equality and avoid a one-sided security pact on American terms. Consequently, Ashida and most other members of the Democratic Party, as well as some members of the Liberal Party, approached this issue from a position closer to the American one.21 Some, including twenty-two Democrats and some Liberals, felt strongly enough that they resisted pressure from party leaders to fall in line behind the Security Treaty and abstained or voted against it.22
While this indicates that there were elements of heterogeneity in Japanese domestic politics surrounding this issue already in 1951, the bubble of support in favor of the American position was much smaller than the one on alignment. As shown in figure 5-3, an estimated 150 votes may have been available in support of rearmament at or near the level Dulles requested, but this number of votes fell short of a simple majority, much less the supermajority Yoshida needed. As a result, Japan’s ability to compromise on this issue was more constrained. The fact that Yoshida sought an even lower level of troop strength than the median voter would have approved further limited movement in the American direction.

In the end, although the United States and Japan reached a cooperative settlement in the form of a Security Treaty, Japan did not concede as much ground as it did on alignment. Nor was the agreement as cooperative as it could have been. The treaty preamble included a reference to the expectation that Japan would “increasingly assume responsibility for its own defense,” but did not represent a specific commitment. Yoshida agreed to establish a security force, separate from the National Police Reserve, of 50,000 troops, but this was well short of the level where it could make a functional contribution to its own defense. In 1951 he capped Japan’s total troop strength at 110,000 and continued to refuse American requests, accompanied by offers of aid, for a larger contribution to the joint security effort. Partly because of Yoshida’s refusal to concede more in this area, the Security Treaty also did not contain an explicit pledge by the United States to defend Japan against attack. Instead, the treaty language merely stated that American forces operating out of bases in Japan “may be utilized to contribute to the maintenance of international peace and security in the Far East and to the security of Japan.” This tenuous form of cooperation reflected domestic political conditions (less heterogeneity and more division of government) that were less conducive to cooperation and concessions.

While these events transpired fifty years ago, the basic contours of domestic politics surrounding the security relationship have remained strikingly constant over the succeeding decades. While the intervening years (especially the 1950s) were to see some growth in the segment of opinion opposed to alignment and rearmament, the segment in support of the close geopolitical relationship and greater contributions to the joint security effort grew even faster. This increase in heterogeneity and the resulting internal conflict, however, did not undermine cooperation. A brief description of two episodes that marked turning points in U.S.-Japan security relations follows to show how the framework advanced here can help understand how cooperation has continued despite domestic conflict.

Security Treaty Revision of 1960

The 1950s saw a sharp polarization of opinion on security issues. The camp supporting unarmed neutrality grew in size and in the vehemence of its views, but so did the side supporting rearmament and the relationship with the United States. The tensions between these two camps climaxed in May and June 1960 as the Diet debated, and then ratified, revisions in the Security Treaty—over the vehement protests of the opposition parties and amidst demonstrations by thousands of unionists, students, and intellectuals in the streets.

The negotiations over revisions to the treaty began with relatively high hopes in 1958. The Japanese economy had grown rapidly during the 1950s, and Japan had begun to assume a larger role in international affairs with its admission to the United Nations in 1956. These developments led to a wide range of Japanese to support the idea of reopening talks on a Security Treaty that the United States had essentially imposed on Japan as a condition for ending its military occupation. At a minimum, it was widely felt, revisions should aim at addressing inequalities in the security relationship. In the United States too there was a growing recognition of the need to adjust
relations in the direction of greater equality, with a 1957 National Security Council study recommending revision of the Security Treaty to firm up the ground on which bilateral security relations rested.21

Once the negotiations on treaty revision commenced in September 1958, however, they quickly became caught up in the intense Japanese domestic conflict that had been building all decade between the progressive and conservative camps. Since the original treaty had no expiration date, the Americans once again enjoyed a strong bargaining position. If no agreement were reached on revision, the original treaty would remain in effect. Comfortable with this fallback position, the Americans were in no hurry to accept major revisions—and yet this is exactly what the progressive forces, as well as some members of the conservative camp, demanded.

As treaty negotiations got underway, the progressive forces were even more committed to the position of unarmed neutrality they had advocated in 1951. The Socialist Secretary-General, Inejiro Asanuma, had gone so far as to make common cause with the PRC on a visit there in 1959, declaring "the United States is the common enemy of the Japanese and Chinese peoples."22 The progressive camp was also a larger bloc within the Diet, with the Socialist Party (reunited in 1955) having won 166 seats in 1958 and with the Communists holding one more. Though the Socialists remained split into the left and right blocs over security issues, and split again in 1959 as the treaty debate exposed their differences, defections left the Socialist Party with 128 seats—a substantial increase over the seventeen seats the left wing of the Socialists had held in 1951.

International developments in the late 1950s simply hardened this camp’s resolve. The launch of Sputnik in 1958 and the failure of the U.S. attempt to launch a satellite at about the same time led many progressives to become more convinced than ever that the Security Treaty was a net negative for the security of the nation. George Packard put it this way: “The feeling was, in essence, that it would be like holding onto a lightning rod in the middle of a thunderstorm: Wouldn’t the U.S. bases simply attract a rain of Soviet missiles without in themselves being able to prevent the total destruction of these four islands?”23

The Chinese shelling of Quemoy and Matsu in the Taiwan Straits similarly aggravated worries among many in this camp that Japan might be caught up in a war between the PRC and the Nationalist regime on Taiwan if the Americans used bases in Japan as a staging area for their intervention in such a conflict. The Americans promised during the negotiations on revi-

sion to engage in prior consultations with Japan on such matters, but Diet debate on what this meant revealed that Japan would essentially have to trust the Americans to respect their wishes if Japan refused to approve a specific use of U.S. bases during prior consultations. The Americans were not willing to offer Japan a veto. The progressives, in particular, were not predisposed to trust the Americans. The Americans had given them the Peace Constitution but had since that time been pressuring Japan to rearm anyway. They had approved the Red Purge and repressive labor laws in 1949 and were channeling Central Intelligence Agency funds to the Liberal Democratic Party (LDP). An appeal to trust in such an atmosphere held little meaning to the progressives.

These concerns were simply magnified many times over with the U-2 incident of May 1, 1960, right in the middle of the treaty debate in the Japanese Diet. The breakdown in what had been warming relations between the United States and the Soviets over the intrusion of American spy planes over Soviet territory aggravated Japanese worries about getting caught in a rain of missiles between the two powers, especially after it was revealed that U-2 planes also operated out of the American airbase at Atsugi, near Tokyo. The American attempts to assure the Japanese that these planes had only flown “along the frontiers of the free world” and were used only for “legitimate scientific purposes” also served to aggravate left-wing distrust of the U.S. military.24 If the Americans could not admit the truth after they had been caught red-handed, how could Japan count on them to own up to controversial uses of the bases before the fact? These events, combined with the way the government of Prime Minister Nobusuke Kishi handled the process of treaty ratification in the Diet, led to the biggest outpouring of anti-American demonstrations ever seen in Tokyo, forcing the cancellation of President Eisenhower’s visit at a moment when the United States and Japan had supposedly renewed their security bond.

These events affected all Japanese, of course, and are commonly seen as shaping the nation’s interests, making Japan more worried about the dangers of ‘entrapment’ through the alliance (see chapter 2 in this volume). These events, however, affected the left wing of the political spectrum most strongly. The progressives were predisposed to distrust Americans, so the events of 1958 to 1960 simply fed that distrust and pushed them further to the left and made them more determined to block treaty revision. They were also ideologically predisposed to see neutralism, and improved relations with China and the Soviet Union, as a realistic alternative to the security alliance with the Americans. So events that seemed to make the
alliance strategy more risky simply reinforced their preference for the alternative neutralist path.

The conservatives, on the other hand, were more trusting of the Americans and were ideologically disinclined to see neutrality as an attractive option. As a result, when the Americans offered prior consultations, Kishi and his supporters in the mainstream of the LDP were willing to take on faith the American promises that their views would be respected. Even after Sputnik and the Taiwan Straits crisis, and even after the U-2 incident, they saw no realistic alternative to a continuation of the security alliance. If anything, rising East-West tension, along with the ideologically polarized riots at home, led conservatives to cling more closely to the alliance, even if the Americans were willing to offer few revisions. Despite the events that pushed the progressives further toward the left, therefore, mainstream conservatives remained close to the American position, willing to support a treaty with only limited modifications on the questions of consultation, geographical specificity, and time limit.30

What this analysis shows is that security policy in Japan, at least during this period, operated in an environment where the major bloc saw policy not in terms of a single rationale based on national interests but in starkly distributational terms. The revised treaty presented to the Diet in 1960 promised the conservatives international security without much risk, but it promised the progressives international insecurity. International developments did not shift the entire spectrum away from the United States' position but instead pushed one faction (the JCP and JSP) further away while leaving another large faction (mainstream conservatives firmly committed to the U.S. alliance. Divided politics did not undermine, but instead helped make possible, the continuation of U.S.-Japan security relations.

Nakasone's Enhancement of Japan's Security Contribution

After the tumultuous events of 1960, the contours of domestic politics surrounding U.S.-Japan security cooperation remained largely frozen in place for thirty years. The JSP, the largest opposition party throughout this period, continued to support unarmed neutrality. The LDP meanwhile, continued to support close alignment with the United States with a limited defense role for Japan. The one exception to this pattern came during the mid-1980s when Prime Minister Yasuhiro Nakasone pushed to enhance Japan's security contribution to the alliance. A brief look at domestic politics during this episode will update the story of how domestic politics surrounding the rearmament dimension developed after 1951.
status quo Yoshida Doctrine. Because the pro-rearmament group was larger than the pacifist camp within the LDP, there was room for policy movement in this direction in response to U.S. pressure, even before Nakasone came to power.

The shift in the top spot was critical because how far Japan moved toward playing a larger security role depended not just on the preferences of the legislature but on what the chief executive was willing to support. Yoshida and other prime ministers from his school had been unwilling to move very far. Japan in effect had a divided government on this issue, and this restrained Japanese concessions and the amount of cooperation possible. Once Nakasone came to power eager to push policy in the American direction as far as the median legislator was willing to go, however, Japan had a united government and the nation’s security contribution was enhanced. Nakasone pushed defense spending above the previously sacrosanct level of 1 percent of GNP, committed the government to defending the sea lanes around Japan up to 1,000 miles, and directed the Defense Agency to begin acquiring the defense weaponry required to carry out this mission in cooperation with the United States.12

American Domestic Conflict and Economic Cooperation

Although this chapter has focused exclusively on Japanese politics up to this point, patterns of U.S.-Japan cooperation have been influenced as well by the contours of American domestic politics. In the area of security relations, during the cold war, those politics were relatively constant through Republican and Democratic administrations from the 1950s through the 1980s. The U.S. government was united in pressuring Japan to align itself closely to the United States, and it was also united in its desire to see Japan moderately increase its defense contribution. Because politics on the American side were so united, the ability of the two sides to reach a cooperative security arrangement depended largely on the willingness of Japan to accept these American demands—something that was facilitated, is described above, by heterogeneity within Japanese politics, especially when accompanied by unified government.

With economic relations, in contrast, the two countries reversed roles for most of the postwar period. This time, Japanese politics were homogeneous, with all parties and key bureaucratic agencies agreeing that the best deal for Japan would be one where Japan opened its markets as little as possible while maintaining access to U.S. markets. The ability of the two countries to continue carrying out a large volume of trade and avoiding any tit-for-tat trade war therefore depended on the ability of American politics to accept limited liberalization. This it did in large part because U.S. politics were heterogeneous. Although a growing segment of American opinion was concerned about unfair Japanese trade policies and practices—concerns that sometimes boiled over to produce stark anti-Japanese rhetoric and theatrics, another segment remained willing to overlook these transgressions in the interest of maintaining smooth security relations.

This pattern was disrupted in the 1980s, however, by geopolitical developments that unified American opinion in favor of more aggressive demands on economic issues. The dimming of the cold war led those most concerned about the security relationship to relax their objections even as the rise of Japan’s economic power to near parity with the United States led some of the same individuals to support more aggressive economic demands, especially when they involved products with security implications. Fortuitously for the relationship, Japanese domestic politics related to trade policy became more heterogeneous just as American politics were becoming more unified. The Ministry of International Trade and Industry (MITI), export-oriented firms, and some members of the Diet came to recognize that economic liberalization might actually be good for Japan. In the 1990s, therefore, the pattern of domestic politics on trade has come to resemble the pattern found in the security area: the United States makes demands, and Japan’s responses are facilitated by the existence of a segment of opinion that supports the U.S. position—at least when those demands are consistent with the principles of multilateral trade liberalization. Divisions in Japanese politics have thus come to substitute for divisions in U.S. politics in facilitating the compromises that have allowed economic cooperation to continue.

This section reviews the highlights in the story just summarized, focusing on the American and Japanese politics that surrounded key market-opening negotiations.13 Given space constraints, separate tables and figures mapping out the politics in detail have not been generated, as was done for the security cases above. The section concentrates on the impact of the overall contours of politics, neglecting the role of divided-unified government. Consider first two disputes that generated domestic politics that were typical of the post-1985 pattern: foreign investment (1968–71), and beef and citrus (1977–78). In the foreign investment case, large American multinationals such as Texas Instruments (TI) wanted Japan to speed the pace at which it was implementing its 1964 pledge to open the nation
up to foreign investment, a condition for its membership in the Organization for Economic Cooperation and Development (OECD). Japan had opened up some sectors such as soy sauce, but was delaying the removal of licensing rules that protected priority sectors such as semiconductors and computers. These licensing rules forced companies like TI to negotiate with MITI, which insisted they enter joint ventures with Japanese partners and share valuable patents with Japanese firms as a condition for market entry.23

Despite the fact that these rules hurt American firms that were important to the nation’s economic strength, the United States did not press hard. In the late 1960s, Commerce Secretary John Connor intervened on TI’s behalf and asked MITI to give positive consideration to the terms the firm was seeking.24 In addition, President Nixon raised the broader issue of capital liberalization in high technology sectors in negotiations with Prime Minister Eisaku Satō between 1969 and 1971—talks that also dealt with higher profile issues involving the reversion of Okinawa and Japanese exports of textiles to the United States.25 With the Japanese unwilling to bend in the TI case or on the timetable for capital liberalization in high technology sectors, however, the American government decided not to press the issue. TI was forced to accept terms close to those MITI had originally suggested, requiring it to license its valuable Kilby patents to Japanese competitors and forcing it to make its initial investments in the form of a joint venture with Sony Corporation.26 The broader timetable for liberalization in high technology sectors, moreover, ended up delaying liberalization in computers until the end of 1975, by which time TI and other American firms had already licensed away their most valuable patents to Japanese competitors. Seeking to explain why the American government had failed to press more vigorously for investment liberalization in this case, Mark Mason points to the divisions within the American government where a large segment of the political elite was preoccupied with maintaining the security relationship.27

In another early case involving pressure to open Japanese markets, the beef and citrus dispute of 1977–78, the Americans pressed harder.28 Seeking an end to quota systems that kept Japanese markets for these products closed in violation of GATT rules, American negotiators steadily ratcheted up the pressure during these two years. U.S. Trade Representative Robert Strauss was heavily involved, and President Jimmy Carter personally raised the issue in contacts with Prime Minister Takeo Fukuda. In the initial round of 1977, the Japanese made some concessions, agreeing to expand the quotas in ways that favored American producers, but when the Americans pressed for a scheduled end to the quota system, Japanese negotiators refused to budge. Unwilling to let this issue upset the broader relationship, the Americans ended up dropping their key demand and accepting another small increase in quotas and a commitment to talk about the future of quotas again in 1983. Japan did not actually agree to end its quota regime in these sectors until 1988, by which time the Americans had become much more aggressive in seeking market-opening concessions.

In the years since these early market-opening encounters, Americans have become much more homogeneous in their demands for market access. The semiconductor dispute of 1986 represented a turning point. Japanese semiconductor producers had advanced tremendously since the days when they had relied on licensed patents. By 1986 they had taken a lead in the production of leading edge memory chips (64K and 256K), and Japanese firms had driven seven out of nine American firms out of the dynamic random access memory chip business.29 Worried that this trend could leave the American military, not to mention the civilian economy, dependent on Japanese firms for a vital component in the new high tech economy, American officials from the political and security side of the government joined those from the economic agencies in backing aggressive demands, seeking to force the Japanese to stop dumping memory chips and asking them to accept a minimum market access quota of 20 percent for American chips.

Initially, the Japanese government resisted strongly, and even after accepting the American demands in 1986, MITI had difficulty forcing Japanese chipmakers to comply with the terms of the deal they had struck. As a result, the Reagan administration imposed sanctions on Japanese electronics firms in April 1987. Japanese firms eventually came into line with the terms of the antidumping agreement, allowing the U.S. to reduce sanctions later in 1987 and avoid escalating the dispute into a tit-for-tat trade war.30 After another agreement in 1991 confirmed the 20 percent market target, the Japanese also came into compliance with that provision of the semiconductor accords.

This dispute helped crystallize new patterns of domestic politics surrounding market access disputes on both sides of the Pacific. On the American side, the nation’s success in opening a valuable and growing market helped cement homogeneous support for a more aggressive market-opening policy in dealing with Japan. Numerous Congressional votes in the 1980s confirmed that this strategy enjoyed broad support in the legislature.31 Within the administration, the strategy also enjoyed strong support from the Commerce Department, the Office of the U.S. Trade Representative, and (within limits) from the other agencies involved: Treasury, State,
try in 1989 that supported relaxation of Large Store Law regulations as a means of accelerating the modernization of one of Japan's most inefficient sectors. Business organizations such as Keidanren and Keizai Dōyukai similarly published a string of reports calling for regulatory reforms designed to lower their costs of production. While this conversion remained somewhat superficial during the bubble years of the late 1980s, the share of elite opinion supportive of liberalization grew as the recession-wracked decade of the 1990s wore on.

This did not mean that the nation was willing to accept each and every one of the United States' market-opening demands. A substantial segment of Japanese society remained supportive of protection. The new heterogeneity in preferences on economic issues created opportunities for the Americans to win concessions, but only when their demands enjoyed strong support from economic interest groups, government officials, and senior politicians who were willing to brokers deals. The record of Japan's responsiveness to U.S. pressure since 1985 thus shows an uneven, issue-specific pattern.

In some cases, American demands received particularly strong support from actors inside Japan. In the Large Store Law case from 1990, for example, liberalization was supported not only by MITI but also by some chain stores inside Japan that hoped to take advantage of a relaxation of rules governing the establishment and hours of large stores. Prime Minister Toshiki Kaifu, moreover, saw that by brokering a deal on this issue, he could increase his opinion poll ratings by showing that he was willing to resist protectionist demands from a traditional LDP client group. Consequently, the United States was able to convince Japan to adopt far-reaching changes in the Large Store Law that allowed a sharp increase in the number of large store openings, including openings by American chains such as Toys-R-Us. Similar support for the U.S. position from certain Japanese makers of cell phones and telecommunications equipment helped the United States win concessions on cell phone issues in 1994, ushering in a rapid increase in cell phone use that is recognized as one of Japan's few economic success stories of the 1990s. Subsequent cases of significant liberalization in the area of pension asset management (1996) and interconnection charges for local phone access (2000) have also been linked to substantial support inside Japan for the policies demanded by the United States.

In contrast the United States has run into much greater difficulty when it has attempted to press demands that faced homogeneous opposition inside Japan. This was the pattern, for example, in the case of the U.S.
demand for objective criteria in the auto talks (1995) and its call for concessions in the Fuji-Kodak case (1995–98). Both of these demands were strongly opposed by MITI officials, business interest groups, and senior LDP politicians, none of whom could see any advantages for Japanese industry from making concessions in these areas. In the former case, despite the pressure of $6 billion in luxury auto sanctions hanging over final negotiations, the Japanese refused to accept any responsibility for numerical targets, leaving the United States to claim that a deal on other issues nevertheless represented enough of a victory to cancel the sanctions. In the latter the United States won no concessions at all after the Japanese forced the United States to take the issue to the World Trade Organization and prevailed in the process there.49

Despite the Americans’ failure to win concessions in these latter cases, cooperation did not break down. The United States did not impose sanctions, and U.S.-Japan trade continued to expand. What has been seen in the period since the Semiconductor Accords is a more complex pattern than characterized the earlier era. Though the great homogeneity in preferences on the American side has made it necessary for Japan to make some concessions in order for cooperation to continue, the Japanese have not had to concede on all issues. Fortunately for the relationship, heterogeneous preferences—where a significant segment of Japanese opinion sees advantages in accepting American demands—have characterized the internal politics of Japan on enough issues that the Americans’ increased appetite for concessions has been satisfied.

Conclusions and Implications

This review of U.S.-Japan security and economic relations over the past fifty years has made it clear that periods of stark domestic conflict over the terms of bilateral ties have not prevented significant and persistent cooperation. On the contrary, it has shown how domestic conflict—defined as heterogeneous preferences dividing those supporting concessions to the other side from those rejecting moves in this direction—has actually facilitated the compromises necessary to sustain cooperation.

In the area of bilateral security relations, most of those compromises have come from a Japan that has been persistently divided over the questions of how closely to align with the United States and how much to contribute to its own defense. At the time the peace and security treaties were ratified and repeatedly since that time, Japanese have disagreed strongly with each other about whether moving in the directions sought by the Americans was in Japan’s national interest. Sharply differing levels of trust in the United States and competing ideological views led progressive and conservative elements within Japan to oppose conclusions about the direction in which the nation should move. Divided politics meant that when international events pushed the progressives further away from the American position, as they did in 1960, there still remained a large segment willing to support the compromises necessary to accommodate U.S. demands.

In economic relations, the pattern for most of the postwar period was a mirror image of the one characterizing security ties. Faced with uniform opposition to liberalization on the part of the Japanese, Americans were able to accept limited liberalization because they were sharply divided over how hard to press economic demands at possible expense to bilateral security relations. Later, after the Americans became more homogeneous in insisting on genuine market opening, the emergence of political actors on the Japanese side that supported liberalization for their own reasons reversed the pattern one more time: conflict in Japan helped produce concessions the Americans needed.

This analysis has important implications for continuing efforts on both sides to sustain cooperative security and economic relations. Turning first to security relations, it identifies what questions to ask to determine how far the Japanese will be willing to go as they face pressure from the United States to align their security policy to face the rise of Chinese military power and to further increase their contribution to the common defense effort. Identifying the latest security threats facing Japan and determining how these affect Japan’s national interest is not enough. Policy needs to be based on knowledge of who the principal domestic actors are and how their ideologies will refract the way they view Japan’s security situation and alternative security options.

Today, the size of the progressive faction that opposed the alliance with the United States and rejected any military contribution is much smaller than it was in 1960. The Socialists, much reduced in size, accepted the alliance and the Self-Defense Forces when they joined the LDP in a coalition government in 1994. Even the Communists are now debating whether to make similar changes in their platform. Nevertheless, most of those who remain in these parties, together with a substantial number of legislators in the Democratic Party and Kōmeitō, as well as a diehard group of Yoshida Doctrine supporters within the LDP, continue to believe that Japan cannot
improve its security by aligning itself against China or by expanding the size of the nation’s military.10 This means that constitutional reinterpretation to authorize Japan’s exercise of the right of collective self-defense, much less actual revision of the constitution, remains controversial.

While the domestic politics surrounding security issues thus remains heterogeneous, it continues to leave room for a gradual expansion in Japan’s security role. Today most Diet members in the LDP and many Democrats and Liberals support an expanded security role for Japan, including constitutional reinterpretation or revision. Moreover, the prime ministership of Japan has for some time now been in the hands of men publicly committed to such an expansion. In combination these developments mean domestic politics in Japan today resembles the situation seen under Nakasone, when Japan was able to significantly expand its security contribution to the bilateral alliance.

Indeed, under Ryūtarō Hashimoto (1996–98) and Keisō Obuchi (1998–2000), the Japanese were able to implement new guidelines for U.S.-Japan security cooperation that have expanded the range of contributions Japan will be able to provide in various security contingencies. The current prime minister, Jun’ichiro Koizumi, backs further moves in this direction and has publicly stated that he believes Japan should reinterpret its constitution so that it can exercise its right of collective self-defense. This next step is delayed today not so much by opposition as by the distraction of Japan’s economic problems. Koizumi realizes that the public support he currently enjoys derives from his commitment to implement painful structural reforms in the economy, including cuts in pork barrel spending and a push to force banks to write off their bad loans. His efforts to live up to those expectations have put him into conflict with members of his own party who oppose these changes in economic policy, creating a rift within the conservative camp that has not been conducive to bold moves toward an expanded security role.

The above discussion of how divisions within domestic politics are likely to shape bilateral security cooperation in the near future focused entirely on politics inside Japan. This emphasis reflects the fact that policies on the American side have remained unified in pressuring Japan to do more in this area, just as they have over the entire fifty-year period dating back to the 1951 San Francisco treaties. In contrast, when one turns to economic relations, one finds that emerging cleavages in American politics are once again playing an important role in sustaining cooperation—just as they did in the period before the Semiconductor Accords. With the Japanese economy much weaker than it was in the 1980s, opinion in Washington has diverged once again on the question of how hard to push Japan. Some argue that pressing too hard for liberalization when the Japanese economy is weak risks pushing the nation into a deeper macroeconomic crisis that risks aggravating economic weakness abroad (the Asian Financial Crisis in 1997–98; the slowdown in the U.S. economy since 2000). Others insist that liberalizing structural reforms in the economy are necessary before Japan can emerge from its decade-long economic stagnation. One result of this split opinion on the U.S. side is a dramatic drop in the number and salience of trade disputes since 1997—a trend that is likely to continue as long as economic weakness in Japan persists.

Domestic divisions on the Japanese side, meanwhile, have also continued to contribute to the cooperative resolution of bilateral economic disputes. Indeed, with the stubborn recession convincing Japanese that liberalization is necessary to regain economic vitality, the United States has had more sympathetic allies than ever when it has urged Japan to adopt regulatory reforms that promise to increase competition and cut costs.

On this dimension too, however, internal divisions within the LDP have slowed the pace of change. Although Koizumi has come down firmly in favor of liberalization, many members of his own party oppose abrupt moves in this direction. As Steven Vogel has argued, similar internal divisions over economic policy characterize other political parties and interest groups in Japan.11 The ability of Japanese domestic politics to accommodate faster and more far-reaching policy change in response to future pressures therefore depends heavily on whether Koizumi, or another political leader, succeeds in bringing about a political realignment that simplifies the process of coalition building required to push through reforms.

One fascinating scenario, glimpses of which could be seen in Koizumi’s posturing during the 2001 upper house election, would involve efforts to convince opponents of the prime minister’s economic reform agenda within his own party to accept movement in the neoliberal direction in exchange for a broader security policy. Koizumi’s willingness to risk offending Asian neighbors by promising to visit Yasukuni Shrine may have reflected his hope that moves of this kind (nationalist rhetoric, perhaps followed by an expanded security role) would consolidate his support among conservative voters, regardless of the economic pain some of them are having to bear as the nation cuts back on public spending in rural areas. If such a strategy were successful in redeeming the LDP as a neoliberal, hawkish party in the mold of Reagan and Thatcher, it would create a force within Japanese
politics that was committed to increasing cooperation with the United States on both the security and economic dimensions.

Of course, such a consolidation of conservative support would likely prompt realignment on the left as well, with opponents of an expanded security role from various parties joining those opposed to harsh economic reforms. Even if Koizumi or another leader is successful in bringing about a political realignment, therefore, Japan is likely to be characterized by divided politics on issues related to U.S.-Japan cooperation. Domestic politics, in summary, will continue to define both the possibilities and limits of U.S.-Japan cooperation just as it has for the past fifty years.

Notes


3. This is a restatement of what is known as the Schelling Conjecture. See Thomas Schelling, The Strategy of Conflict (Harvard University Press, 1960), pp. 28-25.


6. Twenty-four Diet members were independent or belonged to minor parties, bringing the total number in the Diet to 191 in 1944 to 441. The total was short of 466 due to the five vacancies, thirteen of which had been created when some Communist Party Diet members were purged in 1950.


10. The group of Democrats strongly in favor of total peace included the young officer group led by Tokumaru Kitamura—see Miyazaki, "Sengo hoshu seiyūkyō," pp. 218-19.
33. In choosing to focus on this class of market-opening cases, this section neglects two other common types of economic negotiations: cases where the United States has asked Japan to restrain its exports and where the United States and Japan have bargained over macroeconomic adjustment.
35. Ibid.
38. Ibid., pp. 246–47.
42. Sanctions were completely eliminated only in 1991 when a new semiconductor agreement was reached—L M. DeSler, American Trade Politics, third edition (Institute for International Economics, 1995), p. 130.
44. Schoppa, Bargaining with Japan, pp. 69–76.
46. MITI, Kyūshū no ryūtsū bijin (1989).
48. Ibid., pp. 274–75.