AMERICAN ECONOMIC AND SECURITY INTERESTS IN JAPAN

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As a member of the Advisory Board of The National Interest, a quarterly journal on international politics published in Washington DC, I was invited by the editor in January 1996 to lead the annual after-dinner discussion on the topic of: In the century about to begin, is it likely that the established powers will be able to adjust to the emergence of a new great power, China, more effectively and less bloodily than they did in the twentieth century to the rise of, for example, Germany, Japan, and Russia?

Despite a lively but inconclusive debate, the meeting ended on a note of realistic optimism. The news from China was basically good-China had replaced its initial post-revolutionary strategy of support for and attempts to foment guerrilla wars around the world with a commitment to commercial development on the pattern pioneered by Japan and its emulators elsewhere in East Asia. This offered the promise of China's ultimately gaining a stake in a mutually advantageous system of economic exchange and, potentially, of a political evolution similar to the gradual democratization that took place in Taiwan during the 1990s.

To sustain these contemporary Chinese trends, Japan and the United States need to shed their Cold War biases about China, trade with the world's largest social system on a mutually advantageous basis, devote major intellectual resources to the study and analysis of China in order to know how to influence diverse Chinese leaders toward a modus vivendi, and occasionally raise the costs to China when its external behavior is potentially threatening to the rest of the world. Nothing in such a China policy is particularly difficult for the world's two richest nations. The United States and Japan should be able to

welcome, support, and adjust to China's reemergence on the world stage and avoid militarizing a potentially benign but in any case inevitable change in the balance of power.

Nonetheless, only a few weeks after this meeting, the trend of events offered a different and much more ominous answer. With an almost nineteenth-century display of gunboat diplomacy (in this case two American nuclear-powered aircraft carriers dispatched to the East China Sea), the United States blundered into a crisis over Taiwan's possible independence from the mainland that the United States itself had a year earlier helped to create by inviting President Lee Teng-hui to visit the United States. This was a violation of the United States's twenty-five year old commitment to the principle that there is only one China and that Taiwan is a part of it.

American intervention also reflected domestic political infighting in the United States. The old China Lobby, now resurrected as a Taiwan Lobby and particularly effective within the Republican Party, was attempting to score off a president who has no particular knowledge of or interest in East Asia. President Clinton has used the posts of ambassador to both China and Japan to reward old defeated senators from his own party. Even though Clinton knew that his domestic political opponents would give only verbal support to Taiwan, Hong Kong, and Tibet—to which China has claims that are older than the United States's existence as a nation—the president still chose a belligerent and moralistic stance as the now 'sole remaining superpower.' America's moralistic concern for how China manages its internal affairs continues a tradition going back to the so-called Open Door Policy of 1900, in which the United States proclaimed a vital interest

in Chinese affairs but did nothing when that claim was repeatedly challenged (for example, by Japan).

In terms of what was really going on, the Taiwan crisis of 1996 arose more because of the impending return of Hong Kong to China in 1997 than because of any real threat of Taiwanese independence. Hong Kong's absorption into China will necessitate direct negotiations between Beijing and Taipei over their flourishing cross-Strait trade (now conducted through Hong Kong), which is worth well over $20 billion per year. Anticipating this development, both China and Taiwan were preparing for the forthcoming negotiations, Taiwan by holding popular elections and the mainland by a display of military preparedness. On the day after the Taiwanese elections, the crisis suddenly vanished. The people of Taiwan reelected Lee Teng-hui, head of the old Nationalist Party (the Guomindang), as President. So long as the Guomindang is firmly in power there will probably be no move toward Taiwanese independence; and the mainland government, well aware of these political alignments, may well have staged its war games to produce precisely this result.

Throughout the crisis, the Americans seemed totally ignorant of this background and seemed unaware of the symbolic importance of Taiwan within Chinese nationalist ideology. Independence is not a real option for Taiwan, even though many native Taiwanese would like to be independent of China. Professor Ling Xingguang of Fukui Prefectural University in Japan sees two possible cycles, one positive and one negative, in the future evolution of Sino-Taiwanese relations. In the positive cycle, the United

States and Japan refuse to support Taiwan's independence, thereby weakening the domestic independence movement. This leads to progress between China and Taiwan in their dialogue over peaceful unification. The outcome is a federal system that maintains the current status quo accompanied by the establishment of an Asian security system that does not rely on an American military presence. In the vicious cycle, foreign powers support independence for a democratic Taiwan causing China to strengthen and demonstrate its military power, which increases both international criticism of China and a domestic Chinese nationalist reaction. The result is a major arms race in East Asia (for Ling's analysis, see Ekonomisuto, June 11, 1996, pp.76-79). The positive cycle is the realistic one, since neither the United States or Japan are prepared to go to war with China over Taiwanese independence.

One reason why neither the United States nor Japan is likely to support Taiwanese independence is that two other populous islands in the Pacific, Okinawa and Hawaii, have greater historical claims to independence than Taiwan and the Okinawans and Hawaiians harbor similar resentments to those of the Taiwanese against the ways they have been treated by their respective colonialists. Genuine support for Taiwanese independence would establish a precedent that could haunt the Japanese and Americans for a long time to come.

In short, the sending of aircraft carriers to the East China Sea made little or no difference to the outcome of the crisis. But it did expose the contradictions in American policies toward China and East Asia. The display of American military force implied that the United States and Japan might be drifting into a policy of military containment toward

China. The Chinese were sufficiently alarmed by this development that they told Helmut Sonnenfeldt, one of Henry Kissinger's close associates, that they were rereading the early works of George F. Kennan because "containment had been the basis of American policy toward the Soviet Union; now that the United States was turning containment against China, they wanted to learn how it had started and evolved" (The New York Review of Books, August 8, 1996, p. 4).

Dangers of Containment

A policy of containment toward China implies the possibility of war, just as it did during the Cold War vis-a-vis the former USSR. The balance of terror prevented war between the U.S. and the USSR, but this may not work in the case of China, where great asymmetries in military power between China and any single external power or alliance will always exist. There is also a much firmer foundation for a Chinese government's resistance to external threats in Chinese nationalism and in the Chinese people's acute sense of having been victimized by both the West and Japan. Whatever the potential result of a Soviet-American war might have been, a war with China would almost certainly bankrupt the United States, radicalize China, and tear Japan apart.

Military containment of China is a particularly dangerous policy for Japan to espouse, since its own emergence on the world's stage began almost exactly a century ago with its invasion and defeat of China and its seizure of China's territory of Taiwan. Moreover, because Japan's devastation of China in the 1930s and 1940s was the key ingredient that

brought the Chinese Communist Party to power, no politically sentient Chinese will ever fully forgive the Japanese. Japan's failure to come to grips with this legacy by, for example, not officially acknowledging and apologizing for its killing of thousands of civilians in China's capital, Nanking, in 1937, has not helped matters.

Talk of containing China was set in motion at the Japan-United States summit meeting of April 1996. The essence of the Japanese-American agreement of April 17, engineered by the Pentagon and Kasumigaseki (headquarters of the Japanese bureaucracy), was a quid pro quo in which the Japanese agree to strengthen and expand the Japanese-American military alliance in return for some American cosmetic changes in the locations of their Okinawan bases that may placate, or at least divide, the Okinawans. This culminated a policy process started in the United States with the writing of the so-called "Nye Report," named after Joseph Nye, a Harvard professor who worked in the Pentagon during 1994 and 1995 and drew up the basic strategic plans of the U.S. military for post-Cold War East Asia.

In his report, published by the Department of Defense in February 1995, Professor Nye committed the United States to the forward deployment of 100,000 American troops in East Asia for the next twenty years. He said that a massive American military presence after the end of the Cold War was needed because of alleged threats from North Korea, China, and the danger of "instability" in the region. Again, although Nye denied that he sought to contain China or to inhibit its high-speed economic growth, the way the U.S. military and the Japanese hawks implemented his policies forced the Chinese to reexamine American and Japanese intentions. A senior official of the People's Liberation

Army termed Nye's expansion of Japanese-American military cooperation a "danger signal" and said, "Whether or not the Japanese Government admits it, the two countries are trying to turn the Japan-U.S. Security Treaty against China" (Nihon Keizai Shimbun, June 25, 1996, p. 8). On the day after the Clinton-Hashimoto declaration, the People's Daily wrote that Japanese-American security arrangements are making a qualitative change from a defensive to an offensive orientation (Renmin Ribao, April 19, 1996).

Japan's conservative party and ruling bureaucracy welcomed the U.S. commitment, since it left them free to pursue Japan's own economic interests in East Asia while the Americans perpetuated their military deployments in the area. Tokyo also approved of the Americans' desire to hold on to the 42 military and intelligence collecting facilities they had occupied in Okinawa since 1945. This small island constitutes only .6 percent of Japan's land area and was an independent kingdom until annexed by Japan in the late nineteenth century. A century after Japanese annexation, it was formally a Japanese prefecture but had de facto become a military colony of the United States. The Japanese public does not appear to believe it has real security problems now that the menace of the Soviet Union has disappeared, and it refuses to tolerate the accidents, noise, sexual violence, prostitution, and other costs associated with the American bases. Both the Japanese and the American people go along with the Security Treaty largely because it is kept hidden from them. Japanese politicians are able to maintain the Security Treaty only by consigning all the American bases to Okinawa, where the Japanese public does not see them.

The danger in this policy is that the Japanese public may not actually support the Security Treaty to the extent the Pentagon believes. If they were ever put to the test and refused to accept their share of a military confrontation in Asia, the American public would react very negatively. This is what happened during the Gulf War, when the United States and it allies came to the rescue of Kuwait but the Japanese, the world's second largest economy and a nation totally dependent on Persian Gulf oil, only (and belatedly) sent money. Even in East Asia, Japan seems willing to sacrifice Okinawans (as they did once before in 1945) but not its own people.

The Okinawans are slowly becoming mobilized to Tokyo's discrimination against them and are experimenting with various tactics to embarrass mainland Japan and get rid of all the American bases. Okamoto Yukio, a former diplomat who is an ardent supporter of the Security Treaty with the United States, recognizes these contradictions and has called for buying off the Okinawans with tax concessions, officially encouraged investments, and even a free trade zone for all of Naha, the Okinawan capital (Gaiko Forum, July 1996). But it is not clear that the Ministry of Finance would pay for this, since it already contributes substantial amounts for the upkeep of American military units on Japanese territory.

Whatever Clinton and Hashimoto may actually have intended by the 1996 summit, other than their own political longevity, comment in their two respective countries was either alarmed or alarming. On the day after the summit, the Asahi wrote editorially, "The Japan-U.S. Security Treaty has, for all intents and purposes, been rewritten" (April

18, 1996). A prominent Chinese scholar argued in Ekonomisuto, "The Clinton-Hashimoto declaration made it clear that it regards China as an enemy" (June 11, 1996). But the Japanese establishment, particularly the Ministry of Foreign Affairs and the Defense Agency, was pleased. Former Ambassador Hisahiko Okazaki called the summit a "watershed event in the post World War II alliance" (Japan Times, July 30, 1996). The 1996 Japanese Defense White Paper, written by the Defense Agency and released on July 19, for the first time expressed alarm about China's growing armed forces and says that China has replaced the former USSR as the prime focus of Japan's security attention. The Japanese Defense Agency expressed a need "to keep a close watch on China."

In the U.S., the normally anti-Clinton American commentator Charles Krauthammer hailed the summit as a breakthrough: "It lays the foundation for facing the great challenge of the 21st century: containing China" (Washington Post, April 30, 1996). Two leading American strategists for the Republican Party proposed that the United States should adopt what they called a "neo-Reaganite foreign policy" the goal of which would be a "benevolent global hegemony" by the United States. They want to increase the current American defense budget of about $260 billion, which is larger than the defense budgets of all its allies combined, by a further $60 to $80 billion. This huge peacetime military force would then be used to pursue "active policies-in Iran, Cuba, or China, for instance-intended ultimately to bring about a change of regime" (William Kristol and Robert Kagan, "Toward a Neo-Reaganite Foreign Policy," Foreign Affairs, July/August 1996). Japanese almost surely do not understand what their Defense Agency might be getting them into.

The United States is pushing Japan into an expanded security role when there has been no serious public discussion of Japan's post-Cold War foreign policy, no elections under the revised rules, and no amendment of Japan's pacifist constitution. Moreover, America's and Japan's fixation on the maintenance of old military deployments has left them without much of a voice in the ASEAN Regional Forum (ARF), the most important regional forum for discussion of regional security issues among nations both within and without the region. China is a member, and although it at first was reluctant to have other Asian nations discuss issues involving its national sovereignty, it has allowed ARF to seek a negotiated solution to the Spratley Islands dispute. China has also agreed to join the Philippines as co-chairs of the working group on confidence-building measures. Interestingly enough, ARF has declared that Taiwan is China's internal affair and will not be on the ARF agenda in the future. ASEAN and ARF are the most dynamic institutions in East Asian international relations, but Japan and the United States are largely on the sidelines of both and have contributed virtually nothing in terms of leadership.

The American strategy enunciated by Nye in February 1995 says that American ground forces are in the Asia-Pacific region to maintain "stability" but it does not explain what that might mean. The American public certainly does not expect its young men and women to get involved in what is left of the civil wars in China and Korea (nor in a succession struggle in Indonesia or a popular revolt in Burma). The commitment to ground forces in Asia also violates the so-called Weinberger Doctrine, which says the United States will not use force in international relations unless it can specify the endgame, i.e., how the conflict will end and the United States extricate itself. In the case of China,

with a population of 1.2 billion people, the Weinberger Doctrine means that the United States will never use these forces, as they did in Iraq.

Concretely, the aim of American policy today (to the extent that any true aim can be discerned) seems to be to shift the weight of the Japan-U.S. security system from the defense of Japan (article 5 of the Security Treaty) to that of "jointly acting on contingencies in the Far East" (article 6 of the Security Treaty) and to expand its scope of application from "the Far East" to the whole region of Asia and the Pacific. The old-fashioned term "Far East," which is used in the Security Treaty itself, is replaced in the Hashimoto-Clinton statement of April 17, 1996 with the phrase "Asia-Pacific region." For purposes of the Security Treaty, the Far East was defined as stretching from the Philippines north to include Taiwan, South Korea, Japan, and the surrounding seas. No one knows exactly what the Asia-Pacific region encompasses, but the Nye Report itself includes in it the Indian Ocean and the Persian Gulf. There is no question but that it includes mainland China.

The Acquisitions and Cross-Servicing Agreement (ACSA) that Foreign Minister Ikeda Yukihiko and Ambassador Walter F. Mondale signed April 15 also starts to bring Japan militarily into this enlarged scope of the Security Treaty. Japan is to supply the U.S. military with such items as food, water, fuel, clothing, spare parts, components, transportation, repairs, and maintenance in support of its operations stretching from the Persian Gulf to San Diego.

Because the Sino-Taiwanese tensions occurred at the same time as the Hashimoto-Clinton summit, the new agreements seemed to gain some superficial plausibility. James

Lilly, former American ambassador to China (as well as a former CIA official and ambassador to Taiwan and South Korea) commented on Clinton's sending of aircraft carriers to the East China Sea: "The Taiwan Strait Crisis will promote the enhancement, modernization, and improvement of the Japan-U.S. security framework" (Tokyo Shimbun, April 14, 1996). Unfortunately, it will also promote those within the Chinese government who want to rely primarily on military force for their security-exactly what the United States and Japan do not want. And it will thereby increase the likelihood of miscalculation in Washington, Tokyo, Beijing, Taipei, Pyongyang, and Seoul.

Given both Japan's and the United States's mixed motives and misperceptions in thus reinterpreting the Security Treaty, it is unlikely that the Nye commitments could withstand the test of an actual emergency. Not least of the problems that would arise in such a context is the continued artificial separation of economic and security issues in the Japanese-American relationship. During the Cold War, the United States tolerated Japan's mercantilism and protectionism in return for Japan's support of the United States in its strategies against Russia and China and in return for American basing rights in Japan. The anachronism that a military crisis would bring into the open is that the United States continues to defend a nation with whom it has an annual $100 billion trade deficit and from whom it daily imports capital to help cover its huge debts. Many Japanese have come to believe that the Americans are their hired mercenaries, whereas many Americans have come to believe that Japan is the cause of their declining standard of living.

These contradictions may come to a head over Japanese irritations with the American bases themselves (rapes, traffic accidents, airplane and helicopter noise, pollution, and

danger) or else they will stand revealed when an actual 'incident'-say in Korea or particularly in China-requires a military response about which the Japanese and Americans cannot possibly agree. For example, in case of an emergency on the Korean peninsula the Americans will want to use their Japanese bases but the South Koreans will not allow any form of Japanese participation. One result of the Hashimoto-Clinton summit is that South Korea is drawing closer to China. As Song Young-sun of the Korean Institute for Defense Analysis has written, "It [the Clinton-Hashimoto declaration] causes some Koreans to worry that Japan might further develop its already considerable military capabilities under the rubric of this new security agreement, while eventually enabling it to gain leverage to influence Korea directly" (Korea Focus, May-June 1996).

The only military power possessed by the United States that could actually influence China is not its ground forces but the ships and aircraft of the Seventh Fleet. Moreover, defense of the sea lanes in East Asia is an American military commitment that would be welcomed by Asian leaders and probably supported by the American public. But the expanded Security Treaty is peculiarly tone deaf on the subject of naval strategy. Its reliance on the forward deployment of ground forces threatens the continued American use of the naval base at Yokosuka, where the USS Independence is homeported, because incidents involving American soldiers could produce a reaction among the Japanese public against all foreign military forces on their shores. Insensitivity to such issues led the Philippines to close the American naval base at Subic Bay in 1992.

At the present time the United States actually does not have a clearly thought-out policy toward China. The Clinton Administration denounced China for its human rights

abuses but then 'delinked' China's human rights record from its trading relations with the United States. It caved in to the Republicans' China lobby on Lee Teng-hui's visit but then claimed it wants "positive engagement" with China. During the crisis in the spring of 1996, the U.S. tried to intimidate China militarily, but as soon as the Taiwan issue had subsided the president's national security adviser went to Beijing to seek an invitation for the president (assuming he is reelected) to visit China and to invite the president of China to visit Washington. What the U.S. proclaims as China policy on any given day is a result of political expediency, vested interests left over from the Cold War era, and the balance of powers within the executive branch of the government.

The Japanese actually do have a policy toward China-to do everything within Japan's power to get along with China economically while leaving confrontations with China over human rights, intellectual property rights, or Taiwan to the United States. It is a well thought out, meticulously executed strategy intended to buy time both for Japan to further consolidate its economic ascendancy in East Asia and to rely on the United States as long as possible. Japan's China policy has included a visit by the Emperor to China, trade and aid to China on the most generous terms extended by Japan to any nation, a reluctance to denounce Chinese nuclear testing (in marked contrast to Japan's criticism of France's Pacific tests), and a refusal to link Chinese human rights or intellectual property violations to any of the benefits Japan supplies to China. It is a policy based entirely on inducements (carrots) but without any penalties (sticks).

Containment of China is not the right answer for today. The problem for both U.S. and Japanese foreign policy is not to inhibit the rise of Chinese power but to influence and

adjust to it. Both countries must do everything feasible to turn China in a peaceful, nonhegemonic direction while preventing crises over Chinese actions that may be compatible with its emerging superpower status but that would be severely destabilizing to other Asian powers. This means above all giving priority to China's steady capitalist growth while ensuring mutually beneficial trading results. In order to achieve this goal, the United States and Japan must recognize that their bilateral arrangements for the Cold War are no longer appropriate. They would be wise to pull the American ground forces back from Japan to the United States (as well as from Korea, as soon as that is feasible) and participate more actively in such organizations as the ASEAN Regional Forum.

All three countries need to recognize that triangular relations are inherently unstable. They must try to avoid Japanese-American alignments against China, Sino-Japanese alignments against the United States, and Sino-American alignments against Japan. The challenge for both the United States and Japan is to adjust to the rise of Chinese power without repeating the mistakes the established powers made over the preceding century in adjusting to the rise of German, Japanese, and Russian power. If the rich nations repeat those past mistakes, they are likely to see another war in East Asia, and it will not be one that they can win.

Ambassador Kuriyama
Japan-America Society Luncheon
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My Messages to the American People

One of the many things I learned during my tour in Washington was definitions of a diplomat. The one I liked best was: A diplomat is a person who thinks twice before saying nothing. Another good one was: When a diplomat says yes, he means perhaps; when he says perhaps, he means no; when he says no, he is no longer a diplomat.

Throughout my stay in the U.S., however, I tried, as much as possible, to be an honest and straightforward communicator for my country. I knew that in an open and democratic society like America, public diplomacy was of decisive importance. And in public diplomacy, nothing makes an ambassador more ineffective and irrelevant than giving an impression of being evasive and insincere.

As soon as I arrived

As soon as I arrived in Washington, my staff advised me to receive media training. A few days later, an instructor came to my office and coached me for hours on what to wear, how to sit and how to respond to tough questions, which all sounded very useful. Then he said something quite shocking, "Don't be concerned about what you say. People don't remember it for more than a couple days at most." What a discouraging thing to be told, I thought. But he ignored my dismay and told me, "What matters is the impression your audience forms about your personality. If they think you are sincere and friendly, then you're O.K."

I heeded his lesson as best I could in my meetings with senators and congressmen, TV interviews and speaking tours that took me to over 40 states. But I still believed that what I had to say was important. Today, I'd like to recount some of the messages I tried to convey to the American public because I believe they are also relevant to the Japanese in our common endeavor to strengthen a relationship that has become ever more important to both countries.

My first message was

My first message was not to lose a historical perspective of our postwar relationship. Last year, as we all recall, was the 50th anniversary of the end of World War II. I often discussed with my American audiences what the anniversary meant to both nations. It was, of course, the time to resolve anew that the dark chapter in the history of Japan-U.S. relations shall never be repeated. But, more importantly in my view, it was also the appropriate occasion to commemorate the opening of a new chapter of renewal, reconciliation and cooperation.

Over the past 50 years, not only did Japan renew itself into a strong and prosperous democracy, but Japan and the U.S. joined in a close alliance, which made a major contribution to bringing the Cold War to a peaceful end in Asia and the Pacific. Without this cooperation, the Asia-Pacific region would not have achieved its impressive political stability and phenomenal economic growth.

Today, the U.S. and Japan are the two largest industrial democracies in the world, sharing not only basic values but a wide range of global and regional interests as well. As Ambassador

Mondale so eloquently

Mondale so eloquently stated in his confirmation hearings, "If the U.S. and Japan work together, then practically every problem in the world will get better or, at least, become much easier to handle. But if our relationship deteriorates, then every one of these problems will get worse or become that much harder, even impossible, to solve."

And in fact we are working together as partners in many areas. When our officials consult on regional issues, rarely do they find their goals and policies diverge. We cooperate on a number of important problems: from supporting Russia's reform efforts to strengthening the international regime for nuclear non-proliferation to the APEC process of trade and investment liberalization. And there is what is called the Common Agenda, in which we are engaged in joint initiatives to cope with such global issues as the environment, population, children's health and HIV/AIDS virus.

Preoccupied with today's uncertainties, we tend to overlook our past achievements. Distracted by trade frictions, we fail to see how far Japan and the U.S. have come together in 50

years. That is why

years. That is why I repeated again and again in America, and continue to repeat today, that no two nations, other than Japan and the U.S., have ever overcome so much and accomplished so much in such a short period of time. Our postwar relationship is a great success story in the history of international relations.

Of course, I'm not so naive as to believe that the appreciation of the past would suffice to guide our future course in the fast changing world. We must give our relationship a new sense of direction. We must answer the question our respective publics are asking: Where do our two nations want to go from here? This is the task that only the top leadership in our countries, the prime minister and the president, can handle. This is why President Clinton's forthcoming state visit in April is so crucial.

It is ironic that our very success in the past has given rise to a new doubt in the minds of the public: "Why do we still need the alliance when the Cold War is over?" In Japan, it places an additional constraint on the government to address the base issue in Okinawa. In the U.S.,

it encourages the inward-

it encourages the inward-looking trend in public opinion which is increasingly focused on problems at home and wary of America's commitments abroad. An urgent need therefore exists for the two governments to redefine the meaning of our alliance and explain to both publics what purpose it serves in the new security environment in which we find ourselves today.

The purpose of our alliance, based on the Japan-U.S. security treaty, is no longer to contain any threat. It is to ensure that the existing uncertainties in Asia--the North-South tension in the Korean Peninsula and the uncertain futures of China and Russia--do not develop into serious instabilities undermining the security of the region. Its purpose is to ensure that the region's transition from the Cold War will be peaceful until we build a lasting security structure to make the Pacific a true ocean of peace.

The continuing importance of our security ties was a topic I often discussed in my public speeches in Washington and elsewhere. Because, with our preoccupation with trade issues, I felt that we were in danger of losing a balanced view of

our overall relationship. As Dr. Joseph Nye, then Assistant Secretary of Defense, wrote last summer in his Foreign Affairs article on East Asian security, "Security is like oxygen--you tend not to notice it until you begin to lose it, but once that occurs there is nothing else that you will think about." So, I'm happy that over the past year and a half, the two governments have engaged in a broad and comprehensive dialogue to reassess our new security needs and to identify the needed realignments to the existing security arrangements. To make sure of public support for our alliance, both sides are now working on a joint security declaration on the basis of this exercise, to be issued at the time of President Clinton's visit to Japan.

Now let me turn to our economic relations. This was inevitably the subject I could not avoid wherever I went in the U.S. And it was the most trying, even the most frustrating, experience I had as ambassador. Discussing the familiar issues of trade imbalances and market access, I was always up against the impenetrable barrier of the deep-rooted American perceptions: Japan is different, Japan is closed and Japan is unfair. I still

remember what an American

remember what an American friend of mine told me after he had watched me debate the auto issue with Ambassador Kantor on television. He said, "When you say the Japanese car market is open, no American believes you."

I've been deeply troubled by the erosion of mutual trust and respect in our relations, which is indicated by a number of recent opinion surveys. And it is obvious that this is due largely to the recurring tension and friction in our trade relations. There are those who maintain that given the extensive and intensive interaction now taking place between the two largest economies in the world, trade disputes are unavoidable. What is important, they argue, is to manage such disputes as they arise without politicizing them. The management of our economic relations, however, is not simply a matter of diplomatic skill to keep the disputes away from the attention of politicians, even though that is difficult enough in democracies. We need to deal with the underlying cause that has led to the worsening trend in mutual public perceptions. To restore trust and respect, on which our relationship must rest, we must find a convincing answer to the doubt in the

minds of many in both countries: Aren't Japan and the U.S. economic rivals rather than partners?

There is no easy answer. My experience over the past three and a half years tells me that we must do two things: one is to challenge the public misperceptions with facts; the other more difficult and time-consuming, is to engage in constant dialogues to achieve better understanding of each other.

So, I tried to point out to my American audiences that Japan had changed, that Japan was no longer a closed market.

I told them that, on a per capita basis, the Japanese now imported more from the U.S. than the Americans imported from Japan. - + Per capita imports are 3-4 times ours!

I talked about the need for Americans to understand different business practices in Japan which had been shaped by certain cultural idiosyncrasies--for example, the importance many Japanese attach to long-term human relationships in making business decisions. This is why, I said, most Japanese buy cars not at show rooms but

KERITSU

from door-to-door

from door-to-door salespersons whom they can trust.

I often returned to T.R. Reid of The Washington Post, who had reported from Tokyo that the notion of Japan, Inc. had become an outdated stereotype. only?

I also frequently quoted Bill Emmott of The Economist, who had written in his book The Sun Also Sets about the toppling of Japan's myths in the late 1980's and concluded that, just like any other country, Japan was affected by human nature and market forces. His summing up was, "The Japanese are not a breed apart."

But none of my arguments was as persuasive as the simple fact of recent statistics that recorded Japan's rapidly rising imports and its fast shrinking external surplus. The actual performance of the Japanese economy has contributed more than anything else to ~~ease~~ easing the tension in our economic relations, at least for the time being. exaggerated

Yet, numbers alone seldom explain the facts. As we all know, most things in life involve shades

of gray. So, I would be

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