

**U.S.-Japan:
The Security Treaty at 40—
Strong but with Complaints about Back Pain**

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The U.S.-Japan Security Treaty turned 40 in January amid calls for more ownership of the alliance for Japan. U.S. frustration with Japan also grew as collisions over host nation support and a number of minor irritants, such as trash burning near a U.S. base, implementation of the Defense Guidelines, and air traffic control over Okinawa, impeded forward progress. In addition, Liberal Democratic Party support of economic reform is quickly dwindling and causing some consternation in Washington. Prime Minister Keizo Obuchi's incapacitation in the beginning of April and the subsequent election of Yoshiro Mori by the Diet will not change the basic direction of the alliance, but could complicate the political environment.

The Treaty of Mutual Security Turns 40

The 1960 U.S.-Japan Treaty of Mutual Cooperation and Security turned 40 years old in January, generally in strong shape, but with growing questions in Japan about just how "mutual" the treaty really is. The 40th anniversary was marked with relatively little fanfare, but one article in *Asahi Shimbun* by Masaru Honda suggested that many in the Japanese government feel a strong desire to establish more ownership of the alliance for Japan. This sentiment emerged in a pronounced way throughout the quarter.

U.S. frustration with Japan also grew. The second Obuchi Cabinet opened the new Diet session in January with a significantly more inward-looking political strategy. After an aggressive push on defense legislation and fiscal stimulus in 1998-99, the Liberal Democratic Party (LDP) and its new coalition partners, the Liberal Party and the Komeito, have so far backtracked on everything from deregulation to defense. Tokyo's hesitation has more to do with internal political pressures than a desire to resist U.S. demands, of course. The LDP has been desperately juggling its three-way coalition as public support and GDP growth shrink around them. In January, the coalition rammed new legislation through the Diet to reduce the number of Lower House seats in an effort to appease Ichiro Ozawa's Liberal party. Then the coalition was forced by the budget situation to introduce controversial pension reform. The opposition boycotted both bills and compared the coalition to the oppressive wartime political parties. Public criticism of the coalition mounted, but polls showed equal dissatisfaction with the opposition parties' grandstanding. Exhausted and worried about their coalition partners in Komeito, who depend on the pacifist-leaning Sokkagakai religious organization for support, the LDP leadership turned off the forward momentum on defense-related legislation. Meanwhile, within the party, voices against economic reform grew. News that the economy shrank by 1.4 percent in the last quarter of 1999 did not help the public mood -- or Washington's either.

The loss of political momentum in Tokyo and mounting frustration over the state of the Japanese economy among both U.S. and Japanese officials did not create the best atmosphere for resolving

technical issues in the alliance or moving the security agenda forward this quarter. The move toward greater responsibility sharing is irreversible and public support for the alliance in both countries remains strong, but for now unpleasant housekeeping chores took precedence over strategic dialogue.

Host Nation Support

When the first U.S.-Japan Defense Guidelines were signed in 1978, the objective of strengthening mutual defense planning was quickly crowded out by the more immediate need to negotiate the first agreement on Japanese host nation support (HNS) funding for U.S. bases in Japan. Two decades later, cooperation on the newly revised U.S.-Japan Defense Guidelines is once again being overtaken by the politically volatile issue of determining Japanese spending in support of the U.S. military presence.

The Special Measures Agreement on Japanese financial support expires at the end of FY 2000 and the new figures must be included in Japanese budget outlines by this summer. The U.S. government -- and particularly the U.S. Embassy in Tokyo -- waited and watched nervously this last winter as more and more Japanese politicians and journalists attacked the so-called "sympathy budget" for its "wasteful spending" on bowling alleys and golf courses for the U.S. military. In fact, the majority of spending under HNS goes not to the United States but to Japanese workers on U.S. bases and the budget is very rarely used for recreational facilities. Moreover, the HNS budget averages less than 0.25 percent of the Japanese budget, compared with the 3 percent of GDP that the United States spends on defense. But nobody in the Japanese government or LDP was making these arguments. Indeed, the quiet consensus view in the Ministry of Foreign Affairs (MOFA) and the Japan Defense Agency (JDA) was that a symbolic cut was necessary, given Japan's soaring budget deficits. The Ministry of Finance (MOF) Budget Bureau, which must ultimately approve the budget, was even more aggressive. The Budget Examiner for defense, Shunsuke Kagawa, is a veteran of the contentious U.S.-Japan negotiations over insurance, and has charged into his new job determined to find the weak spots in the traditional arguments for HNS.

Things came to a head in mid-February. Ambassador Thomas Foley in Tokyo decided that the record had to be corrected and the debate joined. If the LDP would not move, he would. The Ambassador sent a letter to *Asahi Shimbun* outlining the strategic necessity of HNS for both Japan and the United States. The argumentation was solid, but MOFA and the LDP privately bristled at the implicit criticism for their non-action. LDP Policy Affairs Research Council Chair Shizuka Kamei argued with visiting Deputy Secretary Strobe Talbott in mid-February that Japan would have to cut the budget based on domestic political considerations. When the Embassy tried to arrange briefings with the LDP on HNS in early March, party officials delayed and later became angry when the Embassy proceeded to brief the opposition parties in the interim.

The tone improved somewhat when Secretary of Defense William Cohen visited Tokyo the week of March 13, but the U.S. maintained its request that funding levels not be decreased, while MOFA and JDA looked over their shoulders at a political situation in the Diet in which cuts seemed unavoidable. The U.S. Congress has weighed in too. Speaking at a CSIS symposium on March 2, Senators Joseph Lieberman and William Roth -- two friends of Japan -- reiterated the

importance that the Congress places on Japanese financial support for the U.S. military presence in Japan. In substantive terms, a one or two percent cut would mean little – either to the Japanese budget or the operations of U.S. forces -- but in terms of political symbolism the question of HNS loomed large this last quarter.

Shinkampo

The other issue that appeared to consume the alliance managers this last quarter was the problem of the Shinkampo trash incinerator located next to the U.S. Navy base at Atsugi, in Kanagawa Prefecture. A corporation called Enviro-Tech has been pumping dangerous levels of dioxin-laden smoke into the U.S. facility from its incinerator stack, which abuts the housing area on the base. The problem has so troubled the U.S. Navy that President Clinton asked Prime Minister Obuchi at their summit last year to resolve the issue himself. The Japanese government has few legal levers to pull, however, since the high level of dioxins is not in itself illegal (as it would be in the United States). Moreover, Kanagawa Prefecture has proven less than cooperative, while the owner of Enviro-Tech has somehow managed to find the funds he needs to resist bids to buy him out and to fight the case in court (the owner reportedly has ties to right-wing groups and the mob).

U.S. frustration mounted this past quarter and Secretary Cohen's visit to Japan catalyzed Japanese government action. The JDA and MOFA enlisted the Ministries of Health and the Environmental Agency to establish a plan of action on the eve of Cohen's trip and promised to add filters to the facility, which would significantly reduce the odor and health dangers. Meanwhile, after some resistance, the Japanese government agreed to support the U.S. side in a legal suit aimed at winning an injunction against Enviro-Tech. Still, the incinerator continues to burn toxic garbage and many on the U.S. side wondered why action initiated in March was not taken sooner.

Backing-off on Other Defense Policies

Because of the political situation in Tokyo, some areas of defense policy that were expected for this quarter failed to materialize. First, the coalition dropped its plans to unfreeze certain missions in peacekeeping during the current Diet sessions. Ambassador Foley encouraged Japan to send peacekeepers to East Timor under existing rules in a speech on January 18, but the Japanese government politely declined that as well, instead relying on its small presence in West Timor to show the flag. The loss of momentum on the political side also affected the implementation of the Defense Guidelines. While military-to-military dialogue continued to broaden, the establishment of coordination mechanisms among the civilian ministries stalled -- not because of legislative problems, but because the cautious attitude in the coalition influenced the thinking of civilian officials in the non-security-oriented ministries. Finally, work on emergency legislation, which the LDP had endorsed last year, also stopped. Public support for all of these areas is probably broad enough to allow further movement, but for the time being, the coalition leaders made a political judgment to hold where they were.

Okinawa

Alas, little progress was made on the Okinawa front, either. Governor Keichi Inamine's demand that Tokyo and Washington agree to return the new facility in Nago, Okinawa after 15 years would not go away. If anything, the Governor dug his heels in even further, insisting to the press during a meeting with this author, for example, that his basic view should not be seen as so different from his predecessor, the vocal anti-base critic Masahide Ota. Given that Inamine comes from the conservative ranks of the business community in Okinawa and that he deposed Ota in the last election, his comments drew considerable attention in the local and national press. While in Japan, Secretary Cohen reiterated the U.S. position that time limits cannot be placed on security, but the U.S. side has tried to soften its stance by offering to consider Okinawa's concerns in the regular consultations on U.S. force structure promised in the April 1996 U.S.-Japan Security Declaration.

Prime Minister Obuchi traveled to Okinawa after the Cohen visit, promising to "send a message of peace" from Okinawa during this summer's G-8 Summit in Nago, and hoping that Inamine would help him take the focus off of the base problem. However, the governor told the press that he hoped the world attention on Okinawa would raise consciousness about the large number of U.S. facilities on the island. Tokyo's hopes that Inamine's pragmatism would allow a quiet bypassing of the 15-year issue by the G-8 summit are ebbing quickly. For his part, Cohen tried to ease the situation by promising to return air traffic control over Okinawa to the Japanese government. His promise came after Japanese workers accidentally cut a cable near Kadena and interrupted air travel to the island last November. Ironically, Japanese airlines prefer U.S. Air Force radar control in many respects because it allows more flights per hour than the stricter Ministry of Transport regulations. But once again, the political symbolism of regaining "control" outweighed the practical advantages to Japan.

The Return of the History Problem

The U.S.-Japan debate on alliance issues was also influenced at the margins by new political debates about the Pacific War and its aftermath. The sudden surge of law suits this year by former U.S. prisoners of war against Japanese companies received relatively little press attention in the United States, but it frustrated MOFA officials and LDP politicians who assumed that the San Francisco peace treaty settled all such issues five decades ago. As the Chinese found in 1998, bringing up the problems of history can generate more resentment than reflection in Tokyo these days. Meanwhile, the newly established Constitutional Research Commission in the Diet began its work this quarter by reviewing the history and philosophy behind the current Japanese Constitution. As historians testified about the American origins of the Constitution and the heavy-handed attitude of the American occupation force command (GHQ) at the time, dozens of Japanese politicians born since the war came away from the hearings reminded of new reasons to assert Japan's identity in the alliance.

Economic Backtracking

Developments in the Japanese economy were also troublesome for the relationship this quarter. After three months of hints that the government's massive stimulus packages were not working anymore, the official news broke on March 13 that the Japanese GDP shrank 1.4 percent in the last quarter of 1999. The malaise in the Japanese economy led U.S. officials like Treasury Secretary Summers to press Tokyo for more growth at the G-7 Finance Ministers' and Central Bankers' meeting in Japan at the end of January.

Meanwhile, on the trade front, U.S. Trade Representative (USTR) officials called for a "Big Bang" of deregulation in Japanese telecommunications while pressing Japan to reduce NTT connection fees to improve U.S. and foreign access to Japan's internet service market. Japan and the United States also continued to square off on the issue of U.S. anti-dumping practices, which Tokyo wants eliminated in the next round of World Trade Organization (WTO) negotiations.

None of these specific issues were resolved this quarter, even after a February 19-20 "power" trip to seek compromise in meetings with President Clinton and senior members of the cabinet by Foreign Minister Yohei Kono. On the other hand, none of these specific trade issues is as potentially explosive as some of the trade disputes over automobiles, semiconductors, and agriculture in the past. Nevertheless, even if specific trade problems have lower priority than in the past, Washington's dismay with the Japanese government definitely increased as Tokyo backtracked on economic reform.

The signals that the LDP was losing enthusiasm for reform were unmistakable. In early January, MOF announced that it would delay by one year (from April 2001 until April 2002) enforcement of a 10 million yen per depositor payoff limit on deposits on failed banks. The government's objective was to reassure depositors, but the effect was also to take the pressure off the restructuring of the financial sector. Meanwhile, the anti-deregulation group formed by former Ministry of International Trade and Industry (MITI) Minister Kabun Muto and current Policy Affairs Research Council Chair Shizuka Kamei continued to attract new members. Obuchi himself began speaking of a "third way" in economic reform that would fall well short of the Anglo-American model of deregulation. In February, Michio Ochi, the Minister for Financial Reconstruction, was caught on tape telling bankers that they should contact him if auditors prove to be troublesome. Ochi was forced to resign, but his misstep was revealing.

It is perhaps inevitable that Japan's painful process of economic restructuring and reform will proceed with two steps forward and one step back. This quarter, however, it appeared that one step forward had been replaced by *two* steps back. The effect on broader U.S.-Japan strategic cooperation was clearly not positive.

New Cooperation in Non-proliferation and UN Reform

Even with the specific management problems in the alliance this quarter, there were also signs that bilateral security cooperation continues to broaden and "normalize." On March 3, Undersecretary of State John Hollum traveled to Tokyo where he agreed with MOFA officials to establish a bilateral commission on arms control and non-proliferation. The two agreed to

regular consultations and briefings on Strategic Arms Reduction Talks (START) and anti-ballistic missile (ABM) talks that would elevate U.S.-Japan coordination in these areas to the same level as NATO-U.S. coordination. Then, on March 16, U.S. Ambassador to the United Nations Richard Holbrooke traveled to Japan to exchange views on UN reform, another important step since U.S. and Japanese tactical approaches to UN reform have diverged since Washington first expressed full support for a Japanese permanent seat on the UN Security Council eight years ago.

Post-Obuchi

The collapse of Prime Minister Obuchi on April 2 and his replacement by Yoshiro Mori changes nothing in the basic direction of bilateral relations but could further complicate the Japanese political environment. Obuchi's basic decency and warm feelings for the United States counted for much in these times of change in the bilateral relationship. Mori is also a supporter of the U.S.-Japan alliance and an old hand at LDP politics. With talk of an election before the G-8 summit, his mettle will be tested early.

Chronology of U.S.-Japan Relations January-March 2000

Jan. 18, 2000: U.S. Ambassador in Tokyo Tom Foley encourages Japan to send peacekeepers to East Timor. Japan demurs.

Jan. 19, 2000: The 40th Anniversary of the 1960 the U.S.-Japan Treaty of Mutual Cooperation and Security arrives and an *Asahi Shimbun* feature article notes growing assertiveness among security bureaucrats in Tokyo.

Jan. 20, 2000: 147th Diet Session opens.

Jan. 24, 2000: G-7 Finance Ministers and Central Bankers meet in Japan.

Feb. 1, 2000: U.S.-ROK-Japan Trilateral Coordination and Oversight Group (TCOG) meets in Seoul.

Feb. 10, 2000: Ambassador Foley sends a letter to the *Asahi Shimbun* outlining the strategic necessity of host nation support (HNS) for both Japan and the U.S.

Feb.15-17, 2000: Deputy Secretary Talbott visits Japan for strategic discussions.

Feb. 19-20, 2000: Minister of Foreign Affairs Yohei Kono travels to Washington seeking compromises on host nation support, World Trade Organization, deregulation, and other issues.

Mar. 2, 2000: Senators Lieberman and Roth remind Japan of the importance of host nation support in speeches at CSIS in Washington.

Mar. 3-11, 2000: Undersecretary of State John Hollum agrees with MOFA to establish a new U.S.-Japan commission to coordinate arms control and non-proliferation policies while in Tokyo.

Mar. 13, 2000: Japanese GDP figures for October-December 1999 show a 1.4 percent contraction.

Mar. 16, 2000: UN Ambassador Richard Holbrooke travels to Tokyo to discuss bilateral approaches to UN reform.

Mar. 16-17, 2000: Secretary of Defense Cohen visits Japan, focusing on host nation support, Shinkampo, and Okinawa.

Mar. 30, 2000: TCOG meets in Tokyo.