THE ISSUE OF HUMAN VALUES IN US-JAPAN RELATIONS:
A RAPIDLY CHANGING REALITY AT THE OTHER SIDE OF THE PACIFIC

A Thesis
submitted to the Faculty of
The School of Continuing Studies
in partial fulfilment of the requirements for the
degree of
Master of Arts in Liberal Studies

By

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Georgetown University
Washington, D.C.
April 29th 2012
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ABSTRACT

The bilateral relation between the US and Japan during the second half of the past century was managed in unorthodox and symbiotic ways, after being conceived in a unique setting at the end of World War II. After the boom and bust of the Japanese economy during the 1980s and 1990s the economic relation changed priorities and has seen a new type of financial, commercial and political interaction that rapidly evolved during the last decade. In addition, in recent years the security alliance has been affected by the political and electoral climate in Japan, and presents new paradigms as the assistance of the US military is no longer welcome with the same embrace of the previous decades. While economic issues and changes in the diplomatic relation have added tension to the stability of the ties between Washington and Tokyo, perhaps the most important shift has occurred in the human values spirited by the Japanese in recent years.

Since 2009, the six-decade status-quo in the relation between these two nations is
evolving even more rapidly. The long-term partnership between the US and Japan was threatened by changes in the Japanese electoral arena, with the advent of the weak Democratic Party of Japan (DPJ) to the Office of the Prime Minister, after more than 50 years of Liberal Democratic Party (LDP) rule. The last two years we have seen challenges to the security alliance and Tokyo is perceived as reviewing the basic assumptions of the diplomatic relation. Contrary to what several media outlets have reported in the past, this thesis argues that these challenges are only temporary and that the shared vision that supported the partnership between Japan and the US is still in place.

The method followed in implementing this research includes description and analysis of the historical background, US-Japan relation bibliographic analysis, Japanese government publications and opinion polls, and a particular focus on the evolution of the Japanese behavior and belief during these decades, in order to explain the transformation of the behavior of the Japanese society while they rebuilt their country from the ashes of the war.

The second half of the 20th Century and the first decade of this new century are observed in this thesis from the vantage point of a Westerner living and working in Japan. The aim of this paper is to hopefully contribute to the debate on the issue of changing human values in Japan and its effect in the future of the nation.
PREFACE

In October 2009 I was relocated to Japan to begin the next step of my career with the United Nations. To this date I have been working there and immersed in a culture that blends modernity with tradition, creativity with orthodoxy, transparent behavior with hidden practices, competitiveness with rigid hierarchy and perhaps more important, a vision of the future based on a view of the past and its legacy. I had come from Ecuador to the United States in 2003 and had the privilege to live in the US for six years, working frequently with the US government and developing professional relationships that have allowed me to better understand the psyche of the diplomatic establishment and the political scenario in Washington. It is my hope that I can use that knowledge –as well as the relationships I am developing in Tokyo, to undertake this analysis and publish a document that is valuable for the beginner as well as to anyone interested in this topic. I will also intend to publish it in Spanish, in an attempt to alleviate the lack of publications on the subject available in my mother tongue.

In writing this thesis I see an opportunity to examine not only the diplomatic and economic relations between the United States and Japan during the post-war decades, but also a chance to better understand the hidden drivers behind the political agenda and its effects in the perceptions and beliefs that affect human values in Japanese society. In doing so, I would also
like to briefly envision what the immediate future would bring in a time of rapid change and uncertain economic scenarios.

The bilateral relation between these two countries during the second half of the past century was managed in unorthodox and symbiotic ways, after being conceived in a unique setting at the end of World War II. After the boom and bust of the Japanese economy during the 1980s and 1990s the economic relation changed priorities and has seen a new type of financial, commercial and political interaction that rapidly evolved during the last decade. In addition, in recent years the security alliance has been affected by the political and electoral climate in Japan, and presents new paradigms as the assistance of the US military is no longer welcome with the same embrace of the previous decades. While economic issues and changes in the diplomatic relation have added tension to the stability of the ties between Washington and Tokyo, perhaps the most important shift has occurred in the human values spirited by the Japanese while they rebuilt their country in recent years.

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Party (LDP) rule. The last two years we have seen challenges to the security alliance and Tokyo is perceived as reviewing the basic assumptions of the diplomatic relation. Contrary to what several media outlets have reported in the past, this thesis argues that these challenges are only temporary and that the shared vision that supported the partnership between Japan and the US is still in place.

In order to validate this hypothesis I intend to structure the thesis in four parts. I will cover the initial three parts chronologically as to put current events in perspective and to explain the evolution of the relation between the US and Japan since World War II -and especially since the end of the Koizumi administration in 2006. That would allow me to portray the events arising after the March 11th tsunami and earthquake in the Tohoku Region as having deep impact in the Japanese psyche, especially after the US forces stations in Japan implemented disaster-recovery Operation Tomodachi.

In the first chapter and for the benefit of the uninitiated, this thesis describes briefly the historical ties that began when Commodore’s Perry “Black Ships” arrived in Tokyo Bay in 1854 and forced the opening of Japan to Western trade and influence. After describing the period that transformed that country from a rural society into an industrialized nation shaped by the rise of militarism, I describe Japan’s rise and fall during the World War II. The post-war occupation
period, beginning with the events after September 2\textsuperscript{nd} 1945, the day Japan surrender to the allied powers and ending on The San Francisco Peace Treaty, signed on September 8\textsuperscript{th} 1951, left indelible marks in the Japanese society that are described as well. Emerging during that period, the US influence in the country’s political culture and in its economic development has been substantial and has shaped the way the Japanese think and behave at the beginning of the 21\textsuperscript{st} Century. It is necessary to establish this historic foundation to better understand the general interaction between those two cultures in recent decades.

In the second chapter, I analyze the rapid post-war recovery of Japan and the economic miracle of the 1960s and 1970s, not only from an economic vantage point but from a changing human values perspective as well. After describing the clashes in the economic relation between Japan and the US in the eighties I will fast forward to a more contemporary period to describe what happened in the last decade of the 20\textsuperscript{th} Century, covering the main events in the political, trade and defense agendas between the two countries as perceived from Washington and Tokyo. At the same time, we will see that Tokyo’s decision-making had to be reshaped drastically as the 1990s bubble burst broke the myth of constant economic growth and shattered the idea that its competitive strength would renovate \textit{ad infinitum}. It is during those final years of the century, also known as the lost decade, that the change in the diplomatic dialogue began. I analyze human
Values from the perspective of how Japanese acquire knowledge and the way those process affect the beliefs in which their society is based.

In the third chapter, this thesis covers the US-Japan relation in the last decade, especially focusing on the role Japan has played as a military partner and ally of the United States at the beginning of the 21st Century. Since the events of September 11th 2001, the war on terror saw increased cooperation between the two countries as evidenced by the substantial financial support provided by Japan in Afghanistan and by the participation of Japan’s Self Defense Force in the Iraq War, deploying manpower and military resources in non-combat roles. However, this decade was a fascinating period during which the US somehow took Japan for granted after many years of close cooperation and frequent dialogue and focused on building a closer relation with China. During that time, and in order to counterbalance the rise of China in Pacific Asia, Washington used Tokyo as a proxy that has ensured its participation and influence in the region’s main multilateral cooperation agreements like APEC and ASEAN. The thesis will analyze in this chapter the morale of the Japanese population during this decade, as the Koizumi administration and its almost six years in office affected the domestic perception of the relation between the two countries.

As part of this chapter, I will also analyze the political scenario in Japan in 2009 and
beyond, since the change in hegemony from the LDP to the DPJ has led to a fragile domestic political situation that puts the relation with the US in a new perspective. This section will also portray the events arising after the March 11th tsunami and earthquake and its effects in the political and corporate mood that seems to ensure changes in what the future could bring.

In the final chapter, I try to put Japanese human values in perspective, as the result of a perennial clash between millenary tradition and recent history. The Oxford dictionary defines the noun value as “principles or standards of behavior; one’s judgment of what is important in life.” At the end of my graduate studies at Georgetown University I use the same approach to define human values, as those personal or cultural beliefs or foundations that influence behavior within an ethical framework. Human values can be personal or communal depending on the cultural context and, as we will see in the case of Japanese society, are parts of principles that greatly influence decision making. The subject performing the action will always be influenced by standards or assessments that can generate unethical action or reinforce integrity, and the Japanese are no exception to this concept.

I also analyze Japanese society utilizing heuristics to try to explain behavior and values, and particularly cover the meaning of being self-fulfilled to the Japanese and human values in light of the Shinto doctrine. Human values are at the center of this analysis as they are the core
foundation that explains changes in perceptions, attitudes and behaviors of the Japanese that would impact the future of this nation.
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CHAPTER 1

HISTORICAL PERSPECTIVE INFLUENCING THE US-JAPAN RELATION: FROM THE MEIJI RESTORATION TO THE POST-WAR OCCUPATION AND ITS LONG-TERM EFFECTS

From Black Ships to Modern Japan: Cultural Shock at Cannon Point

The historical ties between the US and Japan began when Commodore Matthew C. Perry’s “Black Ships” arrived in Japan in July 1853 and forced the opening of the country to Western trade and influence. For almost two hundred years the country had been closed by the Sakoku seclusion policy under the Shoguns of the Edo period until Commodore Perry’s four-ship squadron anchored in Tokyo Bay (Edo Bay at the time) fully prepared to deliver an aggressive message and threatened to use force if the Japanese refused to negotiate a trade agreement. Commodore Perry sent the Shogun two white flags with a message that explained they were to be hoisted when they wished to surrender or to stop the bombardment from his fleet. To demonstrate his real intentions he ordered his ships to shoot at several buildings on shore but in the end decided to leave.

A second American fleet arrived again in Japan in 1854. This time the chairman of the senior councilors, Abe Masahiro, decided to accept Perry’s demands for opening Japan to foreign
trade and in March 1854, the Treaty of Kanagawa\(^1\) (or Treaty of Peace and Amity) opened the ports of Nagasaki, Shimoda and Hakodate to American whaling ships seeking provisions, guaranteed good treatment to American sailors, and allowed a United States consul to take up residence in Japan. Soon after the Shogunate period ended, the transformation period known as the Meiji Restoration began in 1868, bringing along structural reforms that led Japan to leave behind a feudal society and become a modern industrial state with educated people.\(^2\) Japan was thus transformed in a few decades from a rural society to a thriving powerhouse with industrial and military might that saw enormous changes in its political and social structure. Perhaps the most important was the transformation of the Japanese psyche and its human values. From a society that exalted isolationism and continuity the nation began to embrace all things new and foreign, including technical advances and democratic changes. This sudden process changed the behavior and etiquette of the upper society while the rural areas and the peasant class remained deeply rooted in ancient traditions and maintained a code of conduct that demanded humility and


\(^2\) To avoid falling under foreign domination during this opening and to empower Japan to compete with the Western powers, the Meiji Emperor sent delegations and students around the world in order to assimilate Western arts and sciences and bring progress to its people.
submission to the ruling class.

This peaceful revolution however, saw political power shifting from the Tokugawa Shogunate to an oligarchy consisting of educated aristocrats close to the Emperor that served as ministers in his court. This system reflected a more traditional practice of imperial rule, in which the Emperor of Japan served only as the spiritual leader of the empire while his ministers governed the nation in his name. The Meiji Restoration industrialized Japan, and fostered its rise as a military power by the year 1905, under the slogan of *fukoku kyōhei*³ or “enrich the country and strengthen the military.”

The Japanese government built heavy industries such as shipyards, iron smelters, and spinning mills and then sold them to well-connected businessmen. To complement this industrialization process, exports increased as domestic companies acquired Western technology and used it to produce goods that were sold cheaply in the international market. In addition to these advances, industrialization went hand in hand with the development of a national railway.

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³ This policy outlined the new national objectives and was intended also to rise Japan’s standing in international politics. The Emperor asked for the advice of German Chancellor Otto von Bismarck and became convinced of the necessity for a militarily and economically strong Japan based on nationalism and self-independence. The policy originated from the Iwakura Mission to Europe and led to a massive governmental reform that established policies and regulations for every function and role across the nation.
system and modern communications that allowed a massive increase in production and infrastructure. In this process, the Japanese military was also strengthened and became a surprisingly growing world power by winning the Sino-Japanese war (1894-1895) and by achieving strategic victories during the Russo-Japanese war (1904-1905.) The victory against Russia was not only unexpected but also strategic, as it was the first time that an Asian nation had defeated an European power in an armed conflict. It also exacerbated Tokyo’s desire to become one of the “great powers” of the world, at the same level and with the same prerogatives that the Americans and the Europeans enjoyed.

The Rise of Militarism in Japan: Misunderstanding Values and Principles

Japan was a society of casts and hierarchy that under the Shogunate period saw Samurais rule for several centuries. This pseudo-military class had a strong influence on Japanese society until the Meiji Restoration arrived, but simply transformed itself with a new set of values and skills that ensured almost all leaders in Japanese society during the Meiji period (whether in the military, politics or business) were ex-samurai or descendants of samurai. The early Meiji government viewed Japan as threatened by Western imperialism, and one of the prime motivations for the *fukoku kyohei* policy was to mobilize the whole country to strengthen Japan’s
economic and industrial foundations, so that a strong military could be built to defend Japan against outside powers. In addition, domestic challenges during these years called for a strong military as the government was permanently threatened by internal revolts, such as the Saga Rebellion and Satsuma Rebellion,\(^4\) not to mention frequent uprisings by rural peasant. That fostered the need to enact universal military conscription in 1873 and to proclaim the Imperial Rescript of Soldiers and Sailors in 1882, aimed at indoctrinating thousands of men from various social backgrounds with military-patriotic values and the concept of unquestioning loyalty to the Emperor. He was heavily influenced by the success of Prussia, a nation that had transformed rapidly from a rural state to a modern industrial and military power, and with political ideas that favored military expansion abroad and authoritarian government at home.

The Meiji Restoration brought industrialization and progress to Japan but also allowed the rise of the military establishment as the new dominant class. Perhaps the main driver behind the rise of the military was the freedom from civilian control enjoyed by the Japanese armed forces during this transformation period. In 1878, the Imperial Japanese Army established the

Imperial Japanese Army General Staff Office, following the model of the Prussian General Staff. The Imperial Japanese Navy soon followed the example with the Imperial Japanese Navy General Staff and also secured independence from civil authorities while nominally reporting directly to the Emperor. Both Chiefs of the General Staff did not report to the Prime Minister of Japan as they were not members of the Cabinet of Ministers and were completely immune to any civilian oversight or control.

The Army and the Navy had influence on the formation and stability of every civilian government during the first decades of the 20th Century. Their influence in legislation ensured that Parliament passed laws that required that the posts of Army Minister and Navy Minister be filled by active duty officers nominated by their respective services. The same laws required that a Prime Minister resigned if he could not fill all of his cabinet posts, ensuring that both the Army and the Navy had final say on the formation of a cabinet, and could bring down the cabinet at any time by withdrawing their minister and refusing to nominate a successor. This practice weakened the Prime Minister as he was heavily dependent on the calculations of the military leadership and never dared to make any demands for submission or transparency in conducting military affairs.

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5 This entity had absolute independence and equal authority to the Ministry of War of Japan.
With this type of governance, Japan was destined to maintain military superiority over civilian authorities for many decades to come. The nation arrived to this dangerous situation by misunderstanding its principles of self-determination and sovereignty but also by transforming legitimate nation-building values like economic prosperity and geopolitical strength, into an ethos that made the use of force a valid vehicle to obtain its desired place among world powers.

The US Indifference toward Japan at the Turn of the 20th Century

In his book China Market Thomas J. McCormick⁶ gives a holistic picture of the United States’ expansion into the Pacific at the end of the 19th Century, and portrays it as a proactive and rational set of decisions designed to establish a strong presence in China but at the same time gives evidence that Japan was not at the top of the list at the time. Japan was considered an inferior nation trying to be friendly to the US, so it was not to be recognized as important. This period shows how Washington tried to develop a coherent and assertive path to shape the foreign policy that would guide the expansion of American interest in the Pacific in the 20th Century. The role played by the US economic crises of the time, by the Spanish-American War and by the Sino-Japanese War, shaped Washington’s behavior and forced the casting of a new vision in its

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political leadership.

The perception that Japan was friendly toward the United States was strengthened with the advent of the Eight-Nation Alliance between the US and the military forces of Austria-Hungary, France, Germany, Italy, Japan, Russia and the United Kingdom. The alliance\(^7\) was useful to intervene in China in order to suppress the anti-foreign Boxers Rebellion of 1900 and to end the siege of the diplomatic legations in Beijing.

The United States analyzed its presence in Asia under the light of a conflicting self-image that moved from fresh imperialist views to those of a republic whose values would oppose any perception of colonialism, as above all, the nation was born fighting against that figure of oppression. Caught in between the realities on the ground and its historic non-imperial approach, Washington decision-making was somehow erratic during the second Cleveland administration (1893-1897.) It took too long for the US leadership to pursue confidently interventionist strategies in dealing with the Pacific Asia, in a process heavily influenced by the need to open new markets. Japan’s aggressive policies in Manchuria at the beginning of the

\(^7\) That coalition was short lived as fractures between the Western Powers aroused but nevertheless the Anglo-Japanese intelligence cooperation that existed before and during the Russo-Japanese war, gave assurances to Washington that Japan could be trusted.
Sino-Japanese War of 1894-1895 were met with detachment and passivity by the US administration, as they assumed it wouldn’t disrupt the geopolitical equilibrium neither its prospects toward commercial expansionism in Asia-Pacific. It took months for the administration to change its position and to finally discover that the war would indeed jeopardize America’s commercial agenda in China. It is only with the advent of the McKinley presidency (1897-1901) that the US showed more confidence, but still performed with caution and couldn’t leverage the protagonism of an emerging superpower.

The economic evolution of the United States of America is at a critical moment at the turn of the century and led economic leaders to argue that an “open door policy” would fit perfectly with the commercial expansionism needed to make the republic strong and diverse, always busy and growing. This “commercialism” is seen as guiding most of the major expansionist decisions in Washington, from the acquisition of California and Oregon to securing the Aleutians and Hawaii and later to begin the US ascendancy in the Far East. The US, always looking to expand the West frontier and to dominate the Pacific, is however a lesser empire with difficulties in leveraging its naval power with the European nations already settled in the coastal regions of China. Japan was an useful proxy to overcome those challenges, but the US continued
to struggle with the “identity crisis” that arose when Washington was confronted with the principles of non-colonialism versus the practicalities of commercial empire-building. In that environment, the State Department was slow to create a coherent commercial diplomacy and especially to leverage its assets in the multilateral engagement with the European superpowers. England, Germany, Russia or France just didn’t see America as a serious player.

In Washington, the ideal scenario for commercial expansionism in the Pacific was to avoid conflict at all cost and to maintain the open door policy without the burden of controlling territories, with extensive political and military responsibilities. It was not until 1898 that the McKinley administration saw the access to China as a top priority. However, the lack of commercial posts and military bases in the Pacific hindered the US when implementing a more affirmative economic and diplomatic policy aimed to ensure equal commercial access to the Pacific. It is only after the successful war with Spain that the McKinley administration developed a series of well thought decisions, not only to implement the open door policy with renewed aim, but perhaps more importantly, to accept that the US needed to become a commercial empire of sorts to secure its part of the China market. With that realization, decisions that seemed to be out of the question before, came to be a reality almost immediately. The US gained ownership of
Guam and Puerto Rico, purchased the Philippines, annexed Hawaii and maintained political and economic control over Cuba. The United States had finally become an imperialistic nation and its human values had been transformed out of necessity. No more lukewarm approach to foreign policy. But, what was Japan doing during that time?

**Sense of Inferiority: Japan’s Relations with the West at the Beginning of the New Century**

The general interaction between Japan and the Western Nations during the initial decades of the 20th Century was marked by the fact that the Japanese always assumed Westerners saw them as a lower race. In turn, the military leaders of Japan developed a false sense of superiority that led them to believe their military might had no match. The driving force behind the creation of a state-of-the-art army and navy was the determination to secure *fukoku kyohei*. This period of Western intervention in Asia enhanced the Japanese need for military superiority and marked the beginning of a love-hate relation with the US.

With the 1905 Treaty of Portsmouth that ended the Russo-Japanese War, Japan earned

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trading rights to several Chinese port cities and control over Manchuria in addition to declare Korea its protectorate. Japan had emerged as a world-class power using western technology and methods while still maintaining its traditional cultural values. This new stature gave the Japanese confidence to increase its influence throughout Asia during the first decade of the 1900s. A campaign to rid the Pacific of European imperialism began with Japan controlling nations once occupied by the Europeans and installing puppet governments manipulated from Tokyo.

When World War I began in 1914, Japan participated from the very beginning as one of the major Entente Powers and played an important role against the German Navy. Politically, Japan seized the opportunity to expand its sphere of influence in China, and to gain recognition as a great power in post-war geopolitics. Toward the end of the war, Japan was providing war materiel for its European allies in a reinvigorated effort that diversified its industry, increased its exports, and transformed Japan from a debtor to a creditor nation for the first time. The year 1919 saw Japan as one of the victors at the Versailles Peace Conference and gave Tokyo a permanent seat at the Council of the League of Nations. However, the domestic industry that had quadrupled exports during the war years had needed massive capital influx that in turn created excess supply
and led to rapid inflation.\textsuperscript{10}

Although Japan’s light industry had secured a share of the world market, the prosperity brought on by World War I did not last. These internal political instabilities contributed to the rise of Japanese militarism in the 1920s and 1930s.

At the other side of the Pacific, the 1920s were a boom for the US economy and the relation with Japan improved substantially before the great depression. In 1912, the people of Japan had sent thousands of cherry trees to Washington as a gift of friendship. But this honeymoon was short lived as Tokyo’s reputation was damaged with the Manchurian Incident, a staged event engineered by Japanese military personnel as a pretext for invading the northern part of China known as Manchuria in 1931. On September 18\textsuperscript{th} of that year a small quantity of dynamite was detonated by Japanese soldiers close to a railroad owned by Japan’s South Manchuria Railway near Mukden. Although the explosion was so weak that it didn’t damage the railways, the Japanese army accused the Chinese army of the aggression and retaliated with a full invasion and the occupation of Manchuria. This new conflict was soon criticized by the international community that imposed diplomatic isolation on Tokyo and forced its withdrawal

\textsuperscript{10} In August 1918, rice riots caused by this inflation erupted in towns throughout Japan.
from the League of Nations. The United States at the time was immersed in the Great Depression and had no intentions of meddling in these matters.

During this period there were many publications aimed at explaining the uniqueness of Japan's "national polity" but none was more influential than "The Principles of National Polity" or kokutai no hongi. Published by the Ministry of Education in 1937, it sold more than two million copies and gave official sanction to many theories about "Japanism" that were compatible with fascism and that until then had been propagated largely by independent nationalist extremists.11

Amid the grim reality of militarism and its looming power over the civilian government, in July 1937 the occupation of Manchuria escalated and Japan captured Beijing and soon after invaded all of China. The Soviet empire committed to provide materiel and weapons to China and signed a non-aggression pact with them that ended its prior cooperation with Germany. General Chiang Kai-shek defended Shanghai but lost it after three months of fighting. The Japanese pushed the Chinese forces further back, capturing the capital Nanjing and committing the infamous Nanjing Massacre in December 1937. The Japanese advance continued inland and

in October 1938, allowed the Imperial Army to capture the city of Wuhan. However, all these military victories did not bring about the collapse of Chinese resistance that Japan had hoped to achieve and instead the Chinese government relocated inland to Chongqing to continue their resistance.

The Japanese had invaded the USSR on July 29th 1938 and were briefly defeated at the Battle of Lake Khasan. On May 11th 1939 the Japanese decided in retaliation to move the Japanese-Mongolian border up to the Khalkhin Gol River by force. After initial successes the Japanese assault on Mongolia was stopped by the Red Army that inflicted the first major defeat on the Japanese Imperial Army. These challenges persuaded the Japanese government to negotiate with the Soviet government to avoid interference in the war against China. This strategic move allowed Tokyo to also refocus its attention toward the US and European holdings in the Pacific, a region Japan saw as its own backyard.

**From Dubious Friend to Ugly Foe: Japan Entering World War II with a Day of Infamy**

1939 was a fateful year. German successes in its new war of expansion in Europe encouraged Japan to increase pressure on European governments to abandon or cede influence in South-East Asia. The first demand was presented to the Dutch government to hand over political
control of the colonies in the Dutch East Indies. The Dutch agreed to provide Japan oil supplies from those territories instead. The second demand was presented to France, at the time conveniently ruled by the Vichy administration that in contrast agreed to a Japanese occupation of French Indochina. The British, the Americans and other Western governments rejected the seizure of Indochina and decided to freeze Japanese assets, while the United States went even further and imposed a complete oil embargo. The US supplied at the time 70 percent of Japan’s oil and knew it was forcing Japan to completely abandon its ambitions in Asia and the ongoing campaign against China. This political decision backfired as Tokyo considered the oil embargo a tacit declaration of war.

The military establishment in Japan felt compelled to deploy military forces even further to secure access to the natural resources it needed to expand its influence. Japan planned to seize European colonies in Asia by force to create a large defensive perimeter stretching into the Central Pacific and to exploit at will the many resources of this region. A second reason behind the decision to go to war with the European Powers if necessary and to politically support Hitler’s Germany in 1939, was to take advantage of the perceived vulnerability of the over-stretched Allies that were forced at the time to fight a defensive war. To prevent American
intervention in this scenario, Japan needed to secure its perimeter by neutralizing the United States Pacific Fleet. This fateful analysis and the lack of civilian authority empowered the military leadership to attack the US at Pearl Harbor on December 7th 1941, and at the same time to attack British colonies in Southeast Asia. These strategy included landings in Thailand and Malaya and the battle of Hong Kong, all of which were extremely successful for the Japanese army and navy. Everything was planned while the US government assumed that a Japanese direct assault on American territory would be insane\textsuperscript{12} and therefore unthinkable.

The decision to go to war with America was exacerbated by the belief that the American soldier was a coward reluctant to engage in battle, always eager to enjoy a life of laziness and excess. It was described in early-years war propaganda as a devilish and filthy figure who only wanted destruction and bounty. It was easy for military leaders in Tokyo planning the attacks in Pearl Harbor to assume the US had no stomach to launch itself into a war with such pitiful soldiers and with very limited military capacity. The response was the exact opposite as evidenced in President Roosevelt’s address to the US Congress on December 8\textsuperscript{th} 1941, one day after attack on Pearl Harbor. He described the previous day as “a date which will live in infamy.”

\textsuperscript{12} John K. Emmerson and Harrison M. Holland, \textit{The Eagle and the Rising Sun: America and Japan in the Twentieth Century} (Reading, MA: Addison-Wesley, 1988), 53.
Within an hour of the speech, the US Congress had passed a formal declaration of war against Japan and officially brought the US into World War II.

According to various authors the resonance of Roosevelt’s words is such because they appeal to emotions more than to the reasons to go to war. The “Infamy Speech” as it is known was brief -only about six minutes in length, in order to have a more dramatic effect. This was coupled with a desire to have strong emotional impact, appealing to the anger felt by the regular American citizen that had just learned of the treacherous nature of the Japanese attack. The speech categorizes the Japanese government as of low moral character and deceitful behavior. It was portrayed as a regime of liars engaged in a scheme of cynical peace negotiations even when the attack was under way. He drew a sharp contrast between the “righteous might” of the American people and illegitimate cause of Japan. The speech galvanized all Americans with a desire to settle the damage and embarked the nation in an all-out effort toward retaliation.

These accusations put Japanese human values under scrutiny because the Japanese believe that their conduct must be governed by a code of honor. This code is based on a high moral standard and has a long history, dating back to the Samurai cast from the 10th Century. As most of the military leaders belonged to Samurai families and the Japanese Emperor himself was
seen as above any moral reproach, to be called treacherous, deceitful and of low moral character was a direct offense to their self-esteem. However, these words were taken as empty and coming from a wounded enemy, so they made no real challenge to their honor code.

For the Americans, the President’s speech portrayed the United States as the innocent victim of an unprovoked aggression. He used as a theme “innocence violated” to appeal to the American value system of justice and to lead his people with determined realism. Roosevelt emphasized the “unbounded determination of our people” to increase confidence in the strength of the country to rise up to the Japanese challenge.

**A Self-image of Superiority: the Rise and Fall of Japan During World War II**

After the initial success of the attack in Pearl Harbor and the occupation of almost all Western possessions in Asia-Pacific, in June 1942 Japan saw its first naval defeat at the Battle of Midway. The Americans, having broken Japanese naval codes in late May, were fully aware of the Japanese Navy plans and force dispositions and used this knowledge to achieve a decisive victory that damaged Tokyo’s capacity for aggressive action. After its first defeat, Japan chose to focus on a belated attempt to capture Port Moresby by an overland campaign in Papua. The Americans planned a counter-attack against Japanese positions in Guadalcanal, part of the
Solomon Islands, as a first step toward capturing the main Japanese base in Southeast Asia at Rabaul. By mid-September, the Battle of Guadalcanal soon became a focal point for both sides with heavy commitments of troops and ships. By the start of 1943, the Japanese were defeated on the island and withdrew their troops.

This changed the perception of invulnerability that Japan had achieved during the first year of the war. Following the Guadalcanal Campaign, the Allies initiated several operations against Japan in the Pacific. In May 1943, Allied forces were sent to eliminate Japanese forces from the Aleutians, and soon after began major operations to isolate Rabaul by capturing surrounding islands, and to breach the Japanese Central Pacific perimeter at the Gilbert and Marshall Islands. By mid 1944, the Allies had completed both of these objectives and the world was eagerly following the news of the turn of fortunes in the war. Under heavy censorship, Japanese media covered only the military-sanctioned version of the war. That made impossible to document the change in the mood of the Japanese people in 1944. Even though the basic value of self-sacrifice perdured until the surrender, voices of dissention began to be heard and instilled a gloomy mood in the expectations of the civilian population. 1945 arrived with no expectations of victory for Japan.
American, British and Chinese forces defeated the Japanese in northern Burma in March and the British reached Rangoon in May almost at the same time Australian troops captured Borneo, and its strategic oilfields. By June Chinese forces had won the Battle of West Hunan recapturing airfields and railroads that improved their logistics and eventually would allow them to fight back the Japanese almost all the way to the sea. Perhaps the most damaging event for the Japanese psyche that year occurred when the American forces began moving toward mainland Japan, having taken Iwo Jima in March and Okinawa by the end of June. American bombers then began massively bombarding Japanese cities and American submarines cut off Japanese imports. These developments made obvious the war was lost and brought a lingering feeling of despair among the Japanese population.

The Allied leaders met in Potsdam, Germany on July 11th, 1945 and issued the famous Potsdam Declaration that demanded among other things the unconditional surrender of all Japanese forces, specifying that “the alternative for Japan is prompt and utter destruction.” When Japan continued to ignore the Potsdam terms, the United States dropped atomic bombs on the Japanese cities of Hiroshima and Nagasaki on August 6th and 9th, respectively. The same week Russia invaded Manchuria and quickly defeated the Japanese army. The Red Army also captured
Sakhalin Island and the Kuril Islands delivering a final blow to Tokyo. Japan surrendered on August 15th 1945, after Emperor Hirohito vanquished the military leaders that wanted to continue the fight until the last man. In a historic broadcast that would shock Japanese values forever, he delivered a radio message asking the nation to accept the terms of the Potsdam agreement and to “endure the unavoidable and suffer what is insufferable. The surrender documents were signed on September 2nd 1945 aboard the American battleship USS Missouri, on a ceremony presided by General Douglas MacArthur that ended the war. The nightmare of the fighting was over but the horror of the post-war years was still to come.

In the end Japan lost the war because it lacked the means to fight a total war against the combination of industrial, military and human resources deployed by the US and its Allies. Admiral Isoroku Yamamoto, commander of the Japanese Navy, recognized the fatal vulnerability of the Japanese understanding of the war, when he said: “It is not enough that we should take Guam and the Philippines, or even Hawaii and San Francisco. We should have to march to Washington and sign the treaty in the White House.” The ulterior analysis leads to the conclusion that the Japanese made a grave mistake when they allowed the ethos of the nation to be captured by insane military leaders. Admiral Yamamoto’s comment puts in evidence the flaw of
militaristic Japan: a self-image of arrogant superiority backed by too many limitations and weaknesses.

The Post-War Occupation Period and its Effects in Values and Behavior

The post-war occupation period began with the Japanese surrender to the Allied powers and ended with the San Francisco Peace Treaty, signed on September 8th 1951. During this six year period, the US influence in the country’s political culture and its new vision for the future was substantial and has shaped the way the Japanese think and behave for more than six decades so far.

The Americans occupied the country in 1945 with the main purpose of demilitarizing and democratizing the nation. Japan was devastated and had lost all the territory acquired after 1894. All the large cities -except Kyoto, the industries and the transportation networks were heavily destroyed. A severe scarcity of food continued for several years. The remains of Japan’s war machine were meticulously destroyed, and war crime trials were held. Over 500 military officers committed suicide right after Japan surrendered, and many hundreds more were executed for war crimes after the trials of the International Military Tribunal established in Tokyo.

In a strategic and astonishing decision to Americans following the trials, Emperor
Hirohito was not declared a war criminal. In order to obtain the support of the population and assure a smooth transition, the US decided to retain the Imperial institution in the new constitution adopted in 1947, although the Emperor would lose his divine status and all political and military power and would remain solely as a symbolic figure. Women were immediately given universal suffrage, which also proved very popular and equality and human rights were recognized for the first time in Japanese society. Japan renounced to its ability to wage war or to maintain an army. Religion and state were clearly separated and Shinto remained more of a traditional way of living than an official religion. During the initial years of the Occupation, censorship was imposed on media and no anti-American statements were allowed. General MacArthur’s rule as the Supreme Commander allowed him to swiftly decentralize the education system and to end concentrations of power by dissolving large industrial conglomerates. In a striking land reform, concentrations in land ownership were also removed. MacArthur’s regime was a neo-colonial state, supremacist and at the same time paternalist, inspired with idealism and a spirit of democratic reform. MacArthur was a controversial figure that encouraged freedom of speech at the same time it imposed censorship. It made clear that the US was in charge and that Japan needed to pay heavily for bringing America to war.
Japan’s experience of defeat and occupation at the end of World War II has usually been examined from the point of view of the victors but in his book, *Embracing Defeat*, John Dower\(^\text{13}\) describes it as a Japanese experience. Dower describes the hopes and dreams, as well as the hopelessness and exhaustion, of the defeated Japanese as they attempted to rebuild their identity and values. These years brought along several paradigms and contradictions: hope for the future versus frustration at the present and its scarcities, guilt for the war versus happiness for the liberation, an attempt to forget the atrocities of war at the same time the population was interacting with the ever-present American forces. The American Occupation was perceived as arrogant and imperialist but also produced high-minded and visionary transformation. Dower tackles these contradictions focusing on the initial phase of constitutional and political reform, and the unorthodox concept of “revolution from above” (Dower, 80) that General MacArthur wanted to impose.

The genesis of the new constitution is quite remarkable as it was imposed by the victors but at the same time embraced by the population. John Whitney Hall in his book *Japanese*  

\(^{13}\) John Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: W. W. Norton & Company, 1999), 137.
History: New Dimensions of Approach and Understanding\textsuperscript{14} writes that perhaps the most outstanding realization during this process is the degree to which the idealistic interests of the Occupation coincided with trends or incipient desires of the Japanese before the end of the war. The "staying power" of many of these reforms is surprisingly strong as the Japanese population has shown resistance to change attempts in the past.

The Occupation had to deal at arm’s-length with the allocation of responsibility for the war, and the nature of current and future Japanese identity. The war had left a legacy of devastation, exhaustion and anguish with millions of physically and materially shattered lives that suddenly were –at least partially- the responsibility of the occupation forces. The Japanese people experienced stoically the depth of loss and confusion in the face of hunger, social displacement and mourning for the millions of missing persons. Against this background of economic and social misery the transformative effects of defeat created a new nation as people were reshaping their future identity and discovering new aspirations even in the midst of despair.

In the middle of the rapid change fostered by the Occupation, the Japanese intellectuals embraced democratization. Before and during the war, the Japanese government had forced

intellectuals into support of the system with a remarkable degree of success. Almost no significant intellectual opposition remained at the end of the conflict. The sudden conversion of the opinion leaders and academics after the war could have been seen as hypocrisy but in some cases was based on earlier currents of thought that had flourished in the 1920s. Repentance and remorse have to be taken seriously. It may, for instance, have driven the remarkable transformation of Japan’s teachers from the “drill sergeants of Emperor system orthodoxy” to fervent guardians of the new democracy.

The Occupation created several “subcultures of defeat” (Dower, 121.) The world of prostitution under the Occupation, for example, was simultaneously an industry of sexual exploitation and a facilitator for the growth of interracial affection and the undermining of old racial stereotypes. It was a symbol of national shame but also a path to the new American values of luxury, hedonism, and materialism that were eagerly embraced. As part of the same transformation, the black markets were both explosions of entrepreneurial activity and a site for violent criminal gangs. A new urban subculture transformed suffering and hardship into lifestyles of skepticism and decadence that were exacerbated by new magazines and newspapers that challenged traditional social values and structures.
Japanese traditional families developed a reaction against lust, disorder and disease. It was proper to embrace an almost asexual tradition of family piety and national loyalty. Licensed prostitutes were seen as suffering souls who reluctantly embraced that profession for “legitimate” reasons, in order to support their families and fulfill national needs. During the War, the new system of “comfort women” appeared to cater to the Japanese soldiers. This “subculture of defeat” changed the behavior of the Japanese bureaucrats during the Occupation as it implied a break with the old paradigm of social management, as evidenced in the “total-control” of the Japanese citizen during the war. They simply had to live with these subcultures and adapt.

Another example of the changing mindset of the Japanese official institutions is the advent of the “blue-sky” black markets that flourished in the post-war crisis and replaced the wartime black markets. Despite the fact that Japanese government had attempted to set up a centralized and totalitarian system of food-control during the war, the bureaucratic system was never able to fully implement it so they were forced to tolerate the black markets that the Japanese war economy massively needed at the end of the war. These markets provided a higher percentage of the overall individual consumption than in any other European nation at war.

The American Occupation had no interest on Japan’s economic philosophy or financial
recovery, and assumed the Japanese to care about it. In the list of organizations to be abolished was prominently displayed the *kokusai hankyo renmei* (Anti-Communist League) so the Communist Party became legal for the first time in Japan. However, when the Cold War began and China’s Communists routed the Nationalists, the US government feared that communism would spread to Japan and instructed a “reverse course” in 1947. They sharply scaled back their previous plans to dissolve subsidiaries of the zaibatsu, relinquished their claims to war reparations, then initiated a crackdown on Japanese Communists and pushed for the creation of a national police. Instead of having to pay war reparations to Britain and most Asian countries, the US arranged commercial treaties for Japan with countries such as the Philippines.

As the post-war inflation had aggressively increased by 1949, the United States committed to solve Japan’s economic problems. Japan’s economy was to be cured by imposing three harsh measures: a balanced budget, the suspending of all state loans to industry, and the abolition of all state subsidies. The yen was set to a favorable rate of 360 for 1 US$ to stimulate

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16 The Japanese industrial and financial business conglomerates, whose influence and size allowed for control over significant parts of the Japanese economy from the Meiji period until the end of World War II.
exports. But as these new regulations put pressure on the Japanese economy, nearly forcing it into depression, the Korean War started. This misfortune for the Koreans, became a great opportunity for the Japanese as American military procurement started providing purchaser orders for two billion dollars between 1951 and 1953, approximately 60% of all Japan’s exports. Large companies amassed profits for the first time since the end of the war and Japan’s GDP grew like never before.

The relation between the United States and Japan during the Occupation had a profound effect in the human values of the Japanese society. This forced linkage fostered the beginning of a decades-long conversion of views, beliefs and moral perceptions. Human values per se, as the base of the unwritten codes of conduct in Japan, had been tergiversated by arrogant military leaders to force the nation toward the war adventure. This grave mistake was paid dearly by the Japanese as they faced humiliation, scarcity, deprivation and shame when their land was occupied by the victors of the war. In these crucial years between 1945 and 1951, Japan was not led by its leaders and while it was managed as an America colony by General MacArthur, it was left alone in the process of remaking its identity. Japanese society overcame the legacy of war during the Occupation and remade itself into a new nation that was ready to embrace the future less than a
decade after the end of its fateful adventure. These post-war years led to a genuine renunciation of war but also to the adoption of a new collective spirit of humility and reconciliation that would provide the basic platform for the new Japan-US alliance.
CHAPTER 2

RISING FROM THE ASHES AND CHANGING HUMAN VALUES:
THE CONSTRUCTION OF A SUCCESSFUL POST-WAR JAPAN AND THE BUBBLE BURST AT THE END OF THE CENTURY

From Occupied Land to Anti-Communist Partner

The decade following the American Occupation of Japan served the country to regain its status as an industrialized nation and fostered the long period of economic growth that established this nation as the second largest economy in the world. However, a fundamental change in the perception of Japan as a defeated nation needed to be embraced in Washington before this economic transformation was to be solidified. This new perception would need to induce a change in the values existing at the end of the Occupation and usher in a new bilateral relation based on trust and cooperation. For both nations this was an awakening and the advent of an unorthodox walk through uncharted territory.

Perhaps the most important of these transformations occurred in the way of doing business in Japan. In the decades before World War II, a well-connected oligarchy of families ran the zaibatsu that controlled banks and trading companies at the top of a corporate pyramid that functioned as a cartel. This was made possible with the tacit approval of an Emperor that needed
to cement his authority with the support of these powerful economic groups. The Japanese military on the other hand, viewed them with suspicion and nationalized most of the zaibatsu’s facilities and their industrial output during the war, exposing its industrial facilities to obliteration during the bombing campaign of 1944 and 1945.

Under the American Occupation, General MacArthur, as Supreme Commander of the Allied Powers (SCAP) and ruling “monarch”, attempted to eliminate the zaibatsu. He failed in his quest as the United States government changed its mind in a rush, in an effort to re-industrialize Japan as a much needed ally in the fight against Communism in Asia in the 1950s. This change was welcomed by the Japanese public, the workers of the industrial conglomerates and the government bureaucracy, as previous plans for dissolution of the zaibatsu were seen as attempting to diminish Japan’s economic stature. This change in strategy was a powerful antidote against the self-image of weakness and self-pity that the post-war years had brought. The national psyche, let down by the military leaders, was reassured believing the titans of industry would lead Japan again to its rightful place among nations. Japanese human values of success and egocentrism depended on this transformation.

In this setting, the Korean War brought along a boost to the Japanese economy in 1950
because the US government needed military procurement in close proximity to the war theater.

The United States also insisted that Japan be admitted to General Agreement on Trade and Taxes (GATT) as a “temporary member,” even though the British government opposed its admission.

During the Korean War, the American government completely ended its intervention in domestic affairs and the government of Japan regained full sovereignty. It is at this crucial moment that the new Japanese ascent began.

**The Economic Miracle of the Post-War Years**

A period of economic growth arrived when new economic policies were implemented through the Ministry of International Trade and Industry after the Occupation ended. A new vision to transform the dynamics of the Japanese economy during the 1950s fostered what many experts began calling an “economic miracle” in which the government encouraged cooperation between heavy industries, suppliers, distributors, and banks, in complete disregard with the progressive views of anti-monopoly and anti-trust laws *en vogue* in other countries. These new partnerships were shaped in the form of business groups called keiretsu, an evolution of the pre-war zaibatsu, a number of powerful enterprise unions or groups of companies with entrenched business relationships and interlocking shareholdings. The Japanese needed to
recreated this vehicle to ensure a prompt recovery of its industrial might and to put behind the affront to their values during the war. In this renewed scenario, Japan saw the creation of highly unionized blue-collar factories and preserved the philosophies of *shunto* (good relations with government regulators) and *shushin koyo* (guarantee of lifetime employment) in big corporations and industries.

Japan’s Ministry of International Trade and Industry (MITI) was at the center of this transformation. It was created in 1949 with a mission to restore industrial productivity and employment in the long-term and in a more immediate effort, to curb post-war inflation and eliminate the lack of competitiveness of Japanese exports in the world. MITI worked closely with the Ministry of Finance, the Ministry of Foreign Affairs, the Economic Planning Agency and the Bank of Japan in designing and implementing Japan’s policy for international trade. Its regulations were implemented in close cooperation with the ministries of telecommunications, transportation, agriculture, public works, forestry and fisheries. MITI was responsible not only for fostering and regulating exports and imports but also for strengthening all domestic industries and businesses not regulated by other government entities. It promoted heavy investments in local infrastructure, energy and power. In a swift and visionary move the Japanese government
gave MITI overarching powers over other ministries and made it a powerful bureaucracy. The psyche of the average civil servant in Japan received a boost with the empowerment given to MITI and became the driver behind the formation of a new cast of powerful bureaucrats that still controls the nation’s government in a subtle way until to date.

In 1954, the economic system MITI\(^1\) had cultivated from 1949 to 1953 came into full effect when Prime Minister Hayato Ikeda, a former minister of MITI, was elected to the Premiership. He pursued a policy of heavy industrialization that led to the emergence of over-loaning (a practice that continues today) in which the Bank of Japan issues loans to local banks who then issue loans to industrial conglomerates in their region. Because there was a shortage of capital in Japan at the time, industrial conglomerates borrowed beyond their capacity to repay, often beyond their net worth, causing local banks in turn to over-borrow from the Bank of Japan.

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\(^1\) MITI became not only the architect of industrial policy, but also the arbiter on industrial problems and disputes, and the ultimate regulator. To reach its objectives and to strengthen the country’s industrial base, the ministry provided industries with administrative expertise and consultancy on modernization, technology and domestic and foreign competition in addition to investments in new plants and equipment. MITI did not manage Japanese trade and industry as a centrally planned economy, but it did work in close fashion and guided the transformation of post-war Japan’s economy with a particular and effective bureaucratic style. This ministry alone managed to revitalize Japan’s self image, the main component of the human values guiding the nation during this decade.
Over-loaning gave the Bank of Japan complete control over local banks and in turn over the local companies of the keiretsu. This combination of easy access to capital and clear industrial policy strengthened corporations identified as potential global leaders in four sectors: steel, electric power, shipbuilding and coal.

With strong public sector leadership, Japan had left behind the gloomy post-war days and achieved complete economic recovery by the mid of the 1960s. These years of prosperity came to fruition by stimulating private sector growth, but also by enacting market regulations that prevented economic crises and in later years by focusing on trade expansion and protectionist measures that would alienate trading partners like the US in the future. It was the close relation between MITI and the many Japanese keiretsu that led to a successful environment that facilitated the early development of nearly all major industries, in open disregard to the Western model that maintains a clear boundary between government regulators and private corporations. MITI provided protection from import competition at the same time it granted access to foreign exchange, foreign technology and business intelligence.

The “Golden Sixties” and the Flying Geese model

Under strong public sector leadership, Japan underwent a period of strategic industrial
expansion followed by high economic growth, eventually becoming in 1967 the economy with the second largest GDP in the world. The export-oriented growth and fast industrial recovery between 1955 and 1965 cemented the advent of the “Golden Sixties,” the main decade of the period commonly known as the “Japanese economic miracle,” a unique period in economic history in which Japan’s GDP went from $91 billion in 1965 to $1.065 trillion in 1980, an exponential growth achieved in only fifteen years.

During the 1960s, Japan’s economy grew at an average rate of over 10 percent per annum. This rapid economic growth was supported by a high rate of personal savings and a large shift in the working population from primary to secondary industries. The psyche of the Japanese population had shifted from weakness and self-pity to a shared spirit of effort and sacrifice to restore the motherland. This commitment toward a common cause resulted in abundant supply of high-quality labor and an increase in productivity that allowed Japanese to aggressively penetrate global markets.

During Prime Minister Hayato Ikeda’s time in office (1960-1964), the Japanese government launched an aggressive plan to double personal income within ten years. At the same time interest rates and taxes were lowered to motivate spending. During his tenure as Prime
Minister and supported by the exceptionally high level of national savings, Ikeda rapidly expanded the government’s public works program building airports, ports, highways, subways and high-speed rail. His government also minimized social conflict and expanded public investment in the telecommunications sector. Many people began to see him as the kind of politician that could lead Japan to a recovered glory.

Even though the first part of the 1960s solidified the new economic model based on a managed economy that reduced risk and maximized potential, the political status quo was volatile and the insecurities of the Japanese population were exacerbated by radical politicians that accused Ikeda of pushing trade liberalization at the expense of labor security. Ikeda planned to liberalize trade to 80 percent within three years but his plans met severe opposition from both industries who wanted to maintain their ability to access easy capital and from the nationalistic public who feared changes in the lifetime employment promise. The Japanese media compared liberalization with “the second coming of Commodore Perry’s black ships” and tried to prevent an invasion of big capital from developed nations that were perceived as harmful to Japan’s fragile recuperation. Ikeda’s income-doubling plan was in part a strategy to calm the waters and divert attention from the much needed liberalization he believed would help Japan’s growth in
the long-term. In the end he opened the Japanese market only after enacting internal regulations that favored Japanese products and industries.

Ikeda’s accomplishments were complemented well by Kaname Akamatsu’s theory of the Flying Geese that postulated a new economic order in East Asia, with Japan as its leader. Originally published in the 1930s, his thinking became fashionable in the 1960s when it provided a model for Japan’s future development. It envisioned that its leadership position in the region would be protected by a shifting in its industrial output, in which primary or basic industries would move to less developed nations when salaries in Japan would increase as a result of quality of life improvements. The less developed nations of Asia would follow Japan –always the lead goose– in a hierarchical formation that would follow its industrial policies and that resembles the way geese fly.

The Flying Geese model was accurate in predicting that the 1960s would mark the beginning of Japan’s increased competitiveness and strategic industrial transformation. Looking at changes in the industrial structure in terms of industry share of employed persons and GDP over time, jobs in the primary industry (intensive use of natural resources) fell dramatically after

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the 1960s. In the decades that followed, the secondary industry’s (processed goods and manufacture) share of employed persons and GDP also began to decline gradually. On the other hand, the tertiary industry’s (the service sector) shares of both employed persons and GDP have risen consistently in recent years.3

Japan established a new path for its future with the public policies adopted in the 1960s. The Japanese population went from the ashes of war, famine and poverty to reconstruction, industrial growth and wealth creation in a little more than a decade, regaining confidence and optimism in the future of their nation and in the strength of their values.

The Currency Wars of the Seventies and the Bubble of the Eighties

During the 1970s Japan was well beyond the identity crisis of the post-war years. The hardship and scarcity that had shaped the population’s behavior after the war had given way to a new era of bonanza and reshaped patriotism in which motherland was again a winner, strong and

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3 According to the Statistics Bureau of the Ministry of Internal Affairs and Communications the numbers demonstrate this positive evolution: In 1970, the primary industry accounted for 19.3% of employed persons, the secondary industry for 34.0%, and the tertiary industry for 46.6%. In 2005, the corresponding shares of these three sectors were 4.8%, 26.1% and 67.2%, respectively. As for GDP by type of economic activity, in 1970, the primary, secondary, and tertiary industries accounted for 5.9%, 43.1% and 50.9%, respectively. In 2005, these figures for the primary, secondary, and tertiary industries were 1.5%, 26.8%, and 71.7%, respectively.
successful. The one thing that never changed in the human values of the Japanese during these years was the lack of individualism and the selflessness that preserved a social contract that gave priority to everything common, Nihon⁴ at the top of the scale. Japanese society never stopped being harmonious and unified in its quest for a better future, for a better nation.

However, the shared values and progress of the 1960s were somehow threatened at the beginning of the 1970s when new social problems appeared as a result of the rapid economic growth. Labor issues, environmental pollution, urban development challenges and social security issues emerged in unison and forced politicians and bureaucrats to divert attention and resources to address these new agenda-setting issues. A positive note during this decade was the improvement in the standard of living of the Japanese family, with increased purchase power that allowed a growing number of households to buy for the first time refrigerators, television sets, heaters and air conditioners. Social unrest was maintained at bay and dissident voices were largely ignored in electoral times, mainly because of the increase in the average income of previously poor families.

⁴ The Japanese names for Japan are Nippon and Nihon; both names are written using the kanji 日本. The Japanese name Nippon is used for official purposes only. Nihon is a more casual term and is used in contemporary speech. Both Nippon and Nihon mean "sun-origin" and are often translated as “Land of the Rising Sun.”
The fruitful relation between the United States and Japan became rocky at the beginning of the decade due to the sharp increase of Japanese industrial exports to the US. These are the years that saw the typical American family buying new transistor radios, motorcycles and toys made in Japan instead of the US. In 1971 Washington announced it would end the convertibility of dollar into gold⁵ and impose import surcharges. The US measure worked and by December 1971, the import surcharge was dropped as a result of a general revaluation of the major currencies. In turn Tokyo revalued the yen from 360 to 308 yens per dollar, after 22 years of maintaining a fixed exchange rate. This created a new paradigm in which Japanese products became more expensive in international markets but were still cheaper than US and European exports, thus competing aggressively for market share. Under international pressure, in 1973 Japan adopted a floating exchange rate mechanism that has been maintained to date. By March

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⁵ To stabilize the economy and combat 1970's high inflation rate on August 15th 1971, US President Nixon imposed a 90-day wage and price freeze, a 10 percent import surcharge to correct trade imbalances (mainly with Japan), and also closed the "gold window", ending convertibility between US dollars and gold. This action formally eliminated the existing Bretton Woods system of international financial exchange in which other nations holding dollar bills could actually demand to receive gold from the US Treasury in exchange for their money. Nixon made that decision unilaterally and without consultation, so the international community informally named it the “Nixon shock”. The price-control plans proved very popular and the end of the gold system was credited with rescuing the US from a foreign-caused exchange crisis.
1976, the world’s major currencies were floating — in other words, the currency exchange rates no longer were governments’ principal means of administering monetary policy.

In the same year another war in the Middle East created the first oil crisis, with skyrocket gas prices at the pump and worried Americans realizing their big cars were too expensive to run. The Japanese were ready to introduce smaller, cheaper and more efficient cars that didn’t guzzle gasoline as the Cadillacs, Fords and Chevys. For the first time Toyotas, Nissans (Datsun at the time) and Hondas were conspicuously seen in the streets as the best alternative to make the daily commute in America.

This increase in automotive exports, however, found Japan sliding into high inflation caused by monetary policy neglect that precluded other sector from growing, thus recording negative growth in 1974 for the first time in the post-war period. It was time to change things at home so after a long period of political negotiations, public policy redesign and infrastructure adaptation, the Japanese government changed industrial structure from energy-dependent to energy-saving, thus enabling Japan to overcome inflation by 1978. At the same time, a set of administrative and financial reforms was implemented beginning with the privatization of Nippon Telegraph and Telephone NTT and of Japan National Railways JR Corporation.
In the 1980s and despite Japan’s policy of yen appreciation, trade imbalances with developed nations expanded creating an unsustainable scenario of growing protectionist sentiment in America, its biggest export market. The Japanese saw major fractures for the first time in its love-hate relation with the US during the post-war years. Its scheme of human values and beliefs also changed perspective in the 1980s as the stability and sense of security of the Japanese dependence in the US was challenged by the protectionist demands in Washington, DC.

No more its companies and products were seen in a friendly manner and received with open arms by Americans that now thought Japan was trying to conquer the world again, this time through industrial might and the artificial competitiveness of its government-backed exports. It was time to reassess the relation and its impact in the Japanese psyche. A new national policy aimed at increasing domestic demand in Japan was implemented, creating in turn less dependence on international markets.

At the end of the decade, the trade wars were receding and Japan enjoyed low inflation, low unemployment and growing domestic demand. Japanese corporations were reporting record profits thriving in this combination of diversified exports and growing domestic sales. Investments in plant and equipment reached a historical record and the new industry created
around semiconductors became the world-leader. The Japanese were finally enjoying their longtime dream of being equal among the great, but not through military conquest as envisioned at the end of the 1930s, but as world leaders because of the value of their exports and based on the financial capacity of their industrial groups. Japanese diplomacy followed suit and changed the focus of its foreign relations policy to aggressively increase official development assistance (ODA)\(^6\) for other countries, in a campaign that became commonly known overseas as “checkbook diplomacy,” a term that created discomfort and dismay in Tokyo. However, despite the mistrust other world powers had toward this new strategy to secure political stature in the developing world, Japan indeed achieved higher levels of respectability and influence on the world stage with a stronger voice at the United Nations and at other multilateral organizations. A boost to Japan’s confidence and self-image.

This newfound Camelot was threatened silently as stock and land prices in Tokyo continued to rise rapidly through the decade, at the same time large-scale urban development projects and aggressive investment in hotels and resorts in rural areas were implemented with a

\(^6\) In the 1980s, Japan’s ODA grew at an average annual rate of 22.5%. ODA net disbursements averaged around US$3 billion per year in the early 1980s and then jumped to US$5.6 billion in 1986 and US$9.1 billion in 1990. Japan’s share of total disbursements from major aid donors also grew significantly, from nearly 11.8% in 1979 to about 15% in the mid-1980s, and later to more than 19% in 1989.
false sense of security in the future and disregard of risk analysis. This expansion in the real-estate market was sustained for a number of years by the stock markets and by bank loans that ignored systemic risk and contributed to a sharp escalation in asset prices. The exceptionally high land values\(^7\) were matched by exceptionally low interest rates that led to a position in which credit was both easily available and extremely cheap. This encouraged massive borrowing, the proceeds of which were invested mostly in domestic and foreign stocks and securities, thus fostering financial speculation that created an economic bubble. The real-estate and financial markets were in for a surprise that came with the bursting of the asset price bubble at the beginning of the next decade. No more happy days for Japanese tycoons.

**The 1990s: a “Lost Decade”**

At the beginning of this decade, the Japanese image of success-after-failure was directly linked to the self-respect felt in corporate boardrooms as well as in rural homes’ dinner tables. Rich or poor, powerful or weak, everyone felt the days of shame and defeat were far behind and shared a bright view of the future based on Japan’s economic success and world-power stature. This confidence was shattered when the economy collapsed in 1991 obliterating Japan’s national

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\(^7\) Prices reached their peak in 1989. In Tokyo's Ginza district one square meter was at approximately $215,000 US dollars, more than the average price of a home in the US that year.
wealth and decreasing its economic status.

The beginning of the end came with the Ministry of Finance’s decision to sharply raise interest rates in 1990. This marked the beginning of the collapse of a bubble economy excessively dependent on land and borrowing, and marked the start of a major economic recession.\(^8\) When the bubble burst in 1991, it led to a massive crash in the stock market and forced a sharp decrease in land prices that in turn also led to a debt crisis. A large proportion of the real estate loans turned bad thus creating a crisis in the banking sector, with many banks asking the government for bailouts at the same time. A vicious cycle appeared in the coming years when additional and massive non-performing loans appeared in financial institutions’ debt portfolios, as corporate borrowers suffered serious losses due to declining land prices. As a result, shareholders’ equity in financial institutions shrank. In 1997, large banks began to fail forcing the government in 1998 and 1999 to inject public money into the banking sector to stabilize the financial system. Michael Schuman of Time magazine argued in an article published around that time that Japanese banks kept injecting

\(^8\) The change of Japan’s net worth (national wealth) has reflected the status of its economy well. At the end of 1980, Japan’s national wealth stood at 1,363 trillion yen, 5.6 times GDP. It then increased, reaching 3,531 trillion yen, 8.0 times GDP, at the end of 1990, due to increasing land and stock prices. The subsequent collapse of the bubble economy resulted in Japan’s national wealth dropping to 2,712 trillion yen by the end of 2009.
new funds into unprofitable “zombie firms” to keep them afloat, arguing that they were “too big to fail.” However, most of these companies were too debt-ridden to do much more than survive on further bailouts, which led to an economist describing Japan as a loser’s paradise. Schuman also states that Japan’s economy did not begin to recover until this practice had ended.

The bursting of the economic bubble ushered in a wave of financial consolidation that resulted in Japan’s financial system having only four mega-banks and at the same time restricted credit and access to capital. Industrial investment in Japan almost came to a halt at the end of the 1990s affecting its competitiveness and ability to penetrate new markets. Even though the interest rate was lowered to a mere 0.1% many small and medium companies were forced to go to sakarin or loan sharks to get financing, thus creating a shadow financial system with dubious links to the Japanese mafia also known as yakuza. In addition, during this decade stock prices decreased and average of 60% from the levels achieved during their peak in the 1980s. These years saw the appearance of a new wave of skepticism in the typical Japanese family that watched the news every night with incredulity and detachment. The Japanese psyche had evolved to a point in which the confidence in the might of their nation was so exacerbated that the economic troubles were seen only as a minor glitch in the horizon. Despite many years of
stagnation and a gloomy scenario, both “salarymen” and potentate developed a dependence on the government and bureaucrats that bordered in denial.

Japan’s bubble burst put in evidence a situation many economists describe as a “liquidity trap” as the aging population was too liquid or maintained excessive cash that in turn was saved in banks instead of buying things and stimulating the economy. As the stock market was not a democratic institution where the average citizen will put their savings, companies couldn’t issue stock or bonds to access capital and instead relied heavily in the banking system. At the same time, due to Japan’s traditional way of doing big-business through the keiretsu conglomerates, moral hazard appeared when the regulators were not able or willing to prevent the issuing of loans to corporations in problems. Years of government failure to protect the public eroded the confidence of voters and forced politicians to approve massive rescue packages and economic stimulus programs. This in turn increased Japan’s deficits and national debt. According to the Ministry of Economy, a 2.4% budget surplus in 1991 turned to a deficit of 4.3% by 1996 and of 10% by 1998, with the national debt to GDP ratio reaching 100% for the first time that year, well over international standards. In 1998, a $500 billion bank rescue plan was implemented to encourage bank lending and borrowing, with limited results. The central bank also attempted to
increase inflation that year, in a move aimed at devaluing savings over time, to encourage consumer spending.

It was only until April 1999 that the Japanese economy began showing some recovery, however it was a temporary relief as the economy was too dependent in exports once again due to a decreasing internal demand. A double blow was received in 2001 when foreign demand also decreased on the high-tech sector (now one of the main export markets for Japan) and when the economic crises in Asia also weakened demand for Japanese industrial products in the region. The economy entered into a downturn again; however the impact was not apparent in everyday life. It was a situation similar to the story of the frog boiled alive. The premise is that if a frog is placed in boiling water, it will jump out, but if it is placed in cold water that is slowly heated, it will not perceive the danger and will be cooked to death. Similarly, in Japan the long crisis was perceived as a temporary situation where unemployment was never really high, and companies continued to operate maintaining their promise of lifetime employment.

**The Trade Wars of the 1990s: Eroding Confidence at both Sides of the Pacific**

A growing discomfort appeared in Japan when the US developed a negative attitude toward Japanese exports. Politicians in Washington began arguing that unemployment was
caused when the American people stopped buying American cars and appliances and favored Japanese products instead. A phenomenon that could be named “ugly big brother syndrome” was felt in Japan and confidence in the US was shattered when media outlets began constantly issuing analysis and editorials on how the Americans were no longer happy with a stronger Japan, one that enjoyed an ever-favorable trade balance.  

The decade from 1985 to 1995 saw an escalation in American demands to improve access to Japanese markets, with increasing numbers of trade negotiations and heavier political pressure exerted from a US Congress critical of Japan. Politicians launched a heavy-handed campaign in 1987 with the disclosure that Toshiba had illegally sold US technology and specialized equipment to the Soviet Union that reportedly allowed Moscow to build a silent submarine capable of avoiding US detection. In 1989 another congressional debate scrutinized the Japan-United States agreement to develop a new fighter aircraft with US technology. Trust

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9 From the mid-1960s, the trade balance between the US and Japan has been favorable to Japan as its surplus grew from US$380 million in 1970 to US$38 billion in 1990. Japan’s exports to the United States were almost entirely manufactured goods in that year. Automobiles were by far the largest single category, amounting to US$21.5 billion (or 24% of total Japanese exports to the United States), automotive parts accounted for another US$10.7 billion, office machinery (including computers) for US$8.6 billion, telecommunications equipment for US$4.1 billion and power-generating machinery for US$451 million.
was eroding rapidly at the same time Japanese exports continued to conquer most cities in America.

In the spring of 1995, Tokyo and Washington were engaged in aggressive negotiations over market access for automobiles and automobile parts in Japan. Negotiations failed and there was no agreement in sight, so the US government threatened to impose a 100% tariff on luxury cars imported from Japan. The media reported both countries to be on a collision course as the deadline for collection of the tariff approached. At the last minute, a bilateral agreement was reached a few hours before the tariff was to be imposed. Things seemed to improve in the commercial relation in 1996 but tension erupted again in 1997 when protectionist practices at Japanese ports were put in evidence by US media, however, by that time the trade balance had improved and American exporters saw Japan no longer as an insurmountable competitor.

Japan moved farther away from its heavily protectionist practices at the end of the decade, after changing the way protectionism was understood by its industrial conglomerates. It had been useful as part of Japan’s centralized post-war development strategy but was no longer consistent with the needs and desires of a developed country that demanded access to markets. In part due to this change, by the end of the 1990s American attitudes toward Japan had shifted
substantially and bilateral trade issues were no longer at the top of the list. In contrast to the view of Japan’s economy as a competitive challenge or threat to American firms, more images of a diminished, weakened Japan beset with serious economic problems appeared frequently in the American media. As a result of the collapse of the speculative bubble in real estate and stock prices, the Japanese economy grew slowly this decade, and a mountain of bad debt burdened the financial system. In 1999 the nation was experiencing a serious recession, with a shrinking economy and soaring bankruptcies. Japan no longer fitted the popular stereotypes of the late 1980s. The problems in its economy and the changing demographics\textsuperscript{10} were substantial, and solutions were elusive. At the same time, American self-image improved due to the successful economic expansion of the 1990s, the reduction of its deficit and the marked decrease in unemployment. Concerns that the Japanese were going to take over the world and that global market share was going to be grabbed from American companies diminished. The average Japanese citizen was made aware of this changing scenario and developed certain degree of

\textsuperscript{10} A falling birth rate and growing longevity mean that Japan’s labor force peaked in 1996 and has begun to decline, while the percentage of those aged 65 and over - now about 16% - is set to reach one quarter of the population by 2020.
admiration for the US economic recovery that evolved in a renewed appreciation of the post-war alliance with a powerful partner.

Human values are at times a perplexing framework for the analysis of a bilateral relation. The case of the US-Japan bilateral relation has to take into account different perceptions and beliefs at both sides of the Pacific. The Japanese people’s understanding of what constitutes the advancement of their nation could not be more different from the average understanding of the same concept by the people of the United States. In that context, commercial wars were understood in monetary terms by the Americans when at the same time, they were understood at the other side of the ocean as a matter of survival and crucial for the future advancement of Japan. The behavior shown by politicians in Washington was also pretty much different and shaped not necessarily by their own notion of human values or existential beliefs but by rational pressure from companies that were not able to compete when Japan was advancing aggressively in the world markets at the same time it restricted access to its domestic market. On the other hand, politicians in Tokyo were reflecting not only their industrial conglomerates’ demands for protectionism but the shared notion of being in a war –a commercial one- that needed to be won at all cost, to ensure a bright future for the motherland.
Legislation and public policies in every country are based on human values that seek to ensure peace, harmony, development and a stable way of living for its citizens. It is quite interesting to see that in the case of Japan and the US, those political processes had similar objectives but were driven from a completely different perspective.

**Human Values, Knowledge and Beliefs in Japanese Society at the end of the 20th Century**

Any analysis of the linkage between public policies and human values in Japan has to focus on the way Japanese understand and acquire knowledge. Individual knowledge has an affective as well as an intellectual dimension. Western philosophies have generally focused in recent centuries on the intellectual form of knowing, better known as episteme, as opposed to practical wisdom emerging from everyday thought in a process known as phronesis. In that light, epistemologies clearly differentiate between thought and feeling. If we know for a fact that this paper is white, then is white, and emotions play no role on that piece of knowledge. But if we want to determine if a person is “good” or “bad,” our feelings, beliefs, intuitions and hunches will determine the way we place that piece of knowledge in our minds. In Western societies we have transformed the way we acquire knowledge into as binary code of ones and zeros, leaning more on the epistemological side of the thought process while decreasing the space we give to
emotions and feelings.

In Japanese society, a surprising contrast is not apparent for the untrained eye that sees everyone as extremely disciplined, rigid and cold, leaving almost no space to emotions. In reality, the Japanese society is based in deeply rooted sentiments toward motherland, faith, family and job with most aspects of life reflecting harmony based on the permanent quest for consensus.\textsuperscript{11} The Japanese learn through imaginative imitation of their elders, love their country with blind passion, and are well known for leaving unsaid what is most important, communicating with mute signals that generate emotional but tamed reactions. Their ways of knowing are frequently based on the affective side of the thought process and could be considered less rational than in the modern Western societies’ epistemological tradition. Their human values tend to be more emotional than rational.

Evidence of this characteristic of Japanese society is in the tea ceremony where soft gestures suggest tradition and profundity, in the Buddhist and Shinto practices where meditation is central, in the indisputable allegiance to their Emperor or the deeply respectful way youngsters behave when a senior person arrives or speaks. There is a complex system of beliefs that heavily

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influence knowledge and decision-making, affecting the way Japan lives among the community of nations today and in the future. Author John W. Dower wrote an article published in 1987 by the magazine The Nation, volume 245, that Japan maintains a sense of superiority that has not disappeared even after the traumatic experience of the war. He was commenting on Prime Minister Nakasone’s notorious comments in 1986 about his views on the negative impact of ethnic minorities in the US. In expressing his contempt for nonwhites in America, he was confirming what some people argue is the true nature of Japan: that its leadership believes they are a superior nation because they are monoracial and homogeneous. Nakasone is a good example of the complexities of Japanese ethos and human values, as he was at the same time a reformer who embraced economic internationalization and a convinced nationalist who officially presented his respect to the war criminals of World War II. He belongs to an intellectual elite that believes in the special destiny of Nippon and in the superiority of yamato damashii (or the “Japanese spirit,” a strong propaganda slogan used during World War II).

In that light, it is not surprising to hear sometimes in ultra-nationalistic circles that they are a unique race with a superior culture. This hegemonic insight perhaps explains why they are perceived as “closed to outsiders” and also the irrational (as opposed to intellectual or rational)
feeling of superiority evidenced during the militaristic years. As any visitor to Japan quickly learns, *gaijin*, the Japanese word for "foreigner," is written with two characters that mean, literally, "outside person." These human values are intertwined with national pride and visceral reaction when foreigners pretend to intervene in domestic affairs or try to influence public policy, as it happened in the 1970s and 1980s when Washington politicians gave lectures to their counterparts in Tokyo.

Human values in Japan were so drastically changing at the end of the 1990s that the concept of risk was also evolving rapidly in this society well known as averse to risk. In a newspaper article published right after the end of the decade, British journalist Linda Sieg\textsuperscript{12} argued that after a "lost decade" of stagnation in the 1990s, optimists in Tokyo were envisioning a bright new age where risk-takers were to reap rewards and initiative would pay off. At the turn of the century the quest for harmony and consensus slowly gave way to individualism and polarization of rich and poor, in a transition still ongoing and facilitated by the dual forces of demographic change and globalization that are obliterating the Japanese middle-class, a bastion of stability. This new trend implies that there will be a social fallout from the "new economy" on

which future growth rewards the daring and entrepreneurial. Ms. Sieg recounts an anecdote from Mr. Kosuke Nakahira, a former Vice Minister of Finance, who was following the Tokyo Stock Exchange on December 29th 1989, the day it reached its peak before the sudden market loss that signaled the end of the “bubble economy” and gave birth to the “lost decade” of the 1990s. “The principle of higher growth and competition and the appetite for security are to some extent contradictory,” he said, "how to reconcile the two is difficult and is the task which policy makers will face for the next ten years.” He was indeed correct as politicians and bureaucrats struggled during that decade to bring the economy back to normal. The paradigm had shifted and no longer was consensus and harmony guiding decision-making at board rooms or ministry offices. The Japanese post-war economic model based on minimizing conflict and avoiding risk was defunct.

The demands of the stock market and of the global economy force more and more corporations to make financial decisions based on profit and on labor force efficiency, instead of the risk-free and easy market-sharing arrangements of the keiretsu governing the business world. Shareholder is king and cold decision making privilege stock earnings over lifetime employment. This new normal is becoming the new reality in Tokyo offices and is privileging risk-taking in employer’s retirement investments as in corporations’ aggressive expansion and competition.
Stability as a human value is disappearing at the same time lifetime employment is being replaced by job-hopping and entrepreneurship. In Ms. Sieg’s article, Mr. Naoki Tanaka, director of the 21st Century Public Policy Research Centre13 explains this well. He said, "Until now, the emphasis was on how best to structure the working years, through lifetime employment and the seniority system, and the corporate family. Risk-aversion was possible. But now we are in an age where risk-taking is essential. Not only do investors need to take risks but entrepreneurs are essential to produce profits." This change in the risk-taking patterns are threatening the equality and social stability generated by Japanese middle class for several generations. The new competitive scenario demands that better performers get higher salaries and is destroying the rigid hierarchy and seniority system of the typical Japanese corporation. The actual social contract was suitable for an industrial society were individuality was not rewarded and simply not necessary. It seems that nowadays what corporations need are employees that think out of the box and embrace values like creativity and proactivity on an individual basis, so they can compete with global corporations where innovation is the main asset.

With proclivity to take risks and changing generational values as part of the new

13 The 21st Century Public Policy Research Centre is a think-tank of Keidanren, Japan’s biggest business federation.
horizon, social scientists worry about the polarization of a society in which the vast majority still belongs to the middle class. "Society until now has been extremely equitable," said Mrs. Hatsuko Yoshioka, head of the Housewives Association of Japan, as quoted in Ms. Sieg’s article. "Those with ability may have been dissatisfied, and complained that equality has been a drag on the revitalization of the economy. But does that mean people will accept a polarization of society? I don’t think so," she said. The end of the century came along with a bag full of uncertainties for Japan’s future.
CHAPTER 3

US-JAPAN RELATIONS DURING THE FIRST DECADE OF THE 21ST CENTURY:
FROM A NEW BEGINNING TO A LOST PARADISE

A New Millennium, a New Beginning?

The turn of the century found Japan’s morale low and its economy in despair. New leadership was needed after a succession of failed Prime Ministers who couldn’t fix the ailing economy. When election time came around on April 26th 2001, popular politician Junichiro Koizumi was elected Prime Minister of Japan defeating former Prime Minister Hashimoto by a landslide of 298 to 155 votes. It was sort of a surprise, as he was initially considered a weaker candidate against Hashimoto, who was running for his second term as Prime Minister after losing reelection two years earlier. Koizumi’s unorthodox approach to politics had given him the nicknames of “maverick” and “lionheart” but people remembered him the most because of his trademark wavy grey hair and his fondness of Elvis Presley. This appealing politician was to bring Japan back to life and away from the brink.

Koizumi focused on reviving the moribund economy by restructuring the banking sector and privatizing public enterprises at the same time he galvanized the population to accept a
period of painful reforms in order to stop the declining of the nation. In the middle of this process Koizumi’s foreign policy went beyond the typical approach of all his predecessors and instead of simply maintaining close relations with the United States he decided to show the US that Japan was a true ally willing to join the fight against the terrorists that had attacked them on September 11th of his administration’s inaugural year. For the first time in post-war history, Japan deployed its Self-Defense Forces in Iraq, in a heavily scrutinized action that broke the perception of Japanese soldiers as passive defenders of peace. With this bold action and assertive attitude his administration brought along a new attitude in dealing with domestic and international issues.

Japan needed a new beginning and a new conductor in the first decade of the 21st Century. That political leader needed to be popular enough to galvanize everyone behind him. According to the popularity ratings of Prime Minister Koizumi the Japanese people got exactly that. In 2001, Koizumi entered office with an impressive approval rating according to a CNN1 report from Tokyo on June 12th: “Prime Minister Junichiro Koizumi’s popularity is at unprecedented levels and rising, a poll showed Tuesday. The Koizumi cabinet’s approval rating has hit a record 85%, the survey found. That’s up 5% from April, according to the business daily

Nihon Keizai Shimbun, which conducted the poll over the weekend.” Even though the first two years were challenging as the economy was stuck in recession, by 2005 he had led his Liberal Democratic Party of Japan to win parliamentary elections with the largest victory since 1986. In his last session of Parliament in 2006 he was able to pass 82 of 91 bills proposed by his administration, including a controversial postal privatization.

There are only few more complex tasks in the statistical field than measuring the morale of a country vis-à-vis its human values. How do you survey individual mood and attitude to contrast it with beliefs and assumptions as abstract as patriotism or self-confidence? How can you infer that optimism is gaining space to gloom and pessimism? Even if you manage to reach solid conclusions based on polls and interview campaigns on a national basis, are those perceptions and opinions the result of a rational process in each citizen’s mind or are them more abstract reactions to inputs from media or simple conversations with friends and colleagues about the government performance or the economy situation? Perhaps this blend of rational and abstract thinking explains why Japan needed someone like Prime Minister Koizumi to regain confidence and move away from the constant reminder of failure that the end of the 1990s brought along.
The Ministry of Foreign Affairs of Japan\textsuperscript{2} conducts every year an opinion poll through the Gallup Organization. It measures the image of Japan in the United States of America and has been conducted every year since 1960. The poll asks relevant questions to the general public (to measure general perception) but also to opinion leaders, to get feedback from a more informed and educated group.\textsuperscript{3}

When Americans were asked if Japan-US cooperation was "excellent" or "good" their responses were very clear. At the beginning of the Koizumi administration in 2001 only 40\% of the respondents from the general public agreed but at the end of his tenure in 2006, an outstanding 63\% of the public rated positively the binational cooperation. Among the opinion leaders the increase was not that dramatic, but still very much apparent, as the acceptance went from 74\% to 85\% between 2001 and 2006. The numbers were very clear but rating the relation from a foreign perspective is one thing and rating the domestic morale of the Japanese is another.


\footnotesize{\textsuperscript{3} For the “general public” group, telephone interviews were carried out with 1,500 citizens aged 18 and over who live in the continental United States. For the “opinion leaders” group, telephone interviews were carried out with 253 people in leading positions in government, business, academics, mass media, religion, and labor unions.}
thing.

The Bank of Japan has been conducting since 1993 an annual “Opinion Survey on the General Public’s Mindset and Behavior.” Implemented with a nationwide sample of 4,000 individuals who are at least 20 years old, this opinion poll is designed to gain insight into the Japanese public’s perceptions and is used not only by Bank of Japan officials but also by politicians, businessmen and media outlets. The survey for 2003\(^4\) was conducted in March and described the negative perceptions toward the economy during the first two years of the Koizumi administration. Compared with the questionnaire administered in March 2001, the number of people who saw economic conditions to be “worsening” in March 2003 grew from 58% to 70.9% and the outlook for the next twelve months was also gloomy as the number of people answering “will worsen” grew from 26.1% to 36.7%.

The data shows clearly that the Japanese were not happy neither optimistic about their economy. However, what is remarkable is that Prime Minister Koizumi’s strong reputation did not suffer in light of the economic situation during this initial period of his administration, and on the contrary allowed him to carry on with reforms to the economy, the most critical being the

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privatization of Japan Post. The political environment was so convoluted at the beginning of 2005 that the House of Councilors rejected the initial bill for the contentious postal privatization. Koizumi had previously promised that he would dissolve the lower house if they rejected the bill so on August 8th of that year he dismissed the House of Representatives and called for snap elections on September 11th. Koizumi won a resounding victory once more and the privatization bill was passed in the next session.

By September 2006, when he was about to leave office at the end of that month, the last survey5 of his administration was taken between August 23rd and September 11th and showed remarkable differences from the March 2003 poll. The number of people who saw economic conditions to be “worsening” had decreased from 70.9% to 22.9% in only three and a half years. The outlook for the next twelve months had also improved as the number of people that answered “will worsen” decreased from 36.7% in 2003 to 19.7% in 2006. More importantly, after the economic recovery of the previous three years the percentage of people that expected economic conditions to remain the same as the previous year was 65%, showing a high degree of optimism and positive morale. If one of the pillars of Japanese identity and core human value is resilience,

the high morale evidenced at the end of 2006 tells the link between sacrifice and success that has been embedded in Japanese culture for centuries. Koizumi had persuaded Japanese citizens to follow him during the painful reform years at the beginning of his tenure that demanded resilience and sacrifice, but he had also delivered the goods when his administration achieved more than three years of economic growth and social stability. Koizumi’s main achievement in the domestic front can be summarized by the fact that the international community showed respect again to his nation, after the International Monetary Fund and the Organization for Economic Cooperation and Development reported that the GDP growth in 2004 was one of the highest among G7 nations. Japan had had its new beginning in the first decade of the 21st Century, but things were going to erode rapidly after his departure.

Junichiro Koizumi left according to the rules of his political party after serving five years, having led a government that fixed the banking crisis by aggressively restructuring the financial system and cutting the level of bad loans from bank portfolios in a swift reform that opened access to capital. The stock markets also rebounded after many years of decline and domestic investment grew again when business confidence reappeared in the horizon. Japan was back in business, literally.
The US-Japan Relations during the Koizumi Years

If you ask any of the pundits in Tokyo about the foreign policy debate in Japan, they will align their answers to one of the two mainstream groups: the great-power internationalist school or the civilian-diplomacy school. Regardless of the answer, all of them would agree that Japan wants to maintain good relations with the US and closely cooperate with other nations in the Asia-Pacific region. But the great-power internationalists want Tokyo to expand the number and capabilities of US troops in Japan, increase cooperation with US forces in the region, promote technological cooperation with the US on defense issues (including joint development of a missile defense shield against North Korea) and reinterpret the Japanese constitution to affirm the rights of the nation to strengthen Japanese ability to use military force. On the other hand, those in favor of the civilian-diplomacy school, argue that Japan must contribute to global affairs primarily through foreign aid and non-combat peacekeeping roles, while strengthening the United Nations and other international organizations. They also argue that Japan must engage in global security issues using only non-military means and based on a strictly defensive military doctrine and on regional and global arms control treaties.

In a clear reflection of changing human values and a strengthened self-image of the
Japanese people. Prime Minister Koizumi’s foreign policy went beyond orthodoxy and the usual political calculation toward maintaining a “rightful center.” He left the balanced approach of his predecessors between the great-power and the civilian-diplomacy schools of thought and instead focused on the threats to Japan’s northeast Asian security environment in the 1990s to exacerbate the need for a stronger stance. Those security problems were almost perfectly aligned with the US vision for the region: uncertainty in China, the threat of North Korea and the Taiwan problem. He added to the agenda the territorial disputes with Russia over the Kuril and Spratly islands, and economic disparities between advanced and less-developed countries in the region.

Koizumi used his charm to develop a close relationship with US President George W. Bush and personally met with him at the end of June of 2001 at Camp David. As reported by the Chicago Tribune on July 1st the Japanese Prime Minister echoed positive comments expressed by his counterpart by saying, "I did not, at the outset, believe that I would be able to establish such a strong relationship of trust with the president in my first meeting”. According to the official statement6 they discussed the series of economic reforms to be implemented in Japan but

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6 The White House statement said, "The Prime Minister reiterated Japan’s understanding regarding the President’s call for exploring a new approach to transforming deterrence, and the president also reiterated the importance of cooperative research on ballistic missile defense technologies."
focused more on defense issues as the number of troops, recent incidents in Okinawa and the building of common ground on missile defense. They met again at the White House on September 25th 2001 after the shocking terrorist attacks of September 11th, and Koizumi went further in his campaign to support the US by embracing President Bush’s policies in the new War on Terrorism. The Japanese administration decided to deploy the Japan Self-Defense Forces to Iraq, in what was to become the first military mission in active foreign war zones since the end of the World War II.

In his book, *The US-Japan Security Alliance: Why it Matters and How to Strengthen It*, Ted Osius7 argues that for reasons of national sovereignty, Japan must manage challenges to the alliance without perceived or actual pressure from the United States. The issue of perceptions is so sensitive that Members of the Diet cannot be seen as weak or easily influenced in the eyes of their constituents, but on the same token must lend their strong support to the security alliance to ensure their access to Ministries and to appropriations that are appreciated by the voters of their districts. In the long-term the challenges to the alliance involve addressing constitutional

dilemmas\textsuperscript{8} that carry political cost and are not necessarily popular.

Koizumi’s swift decision in October 2001 to request controversial legislation to allow its military to go abroad to back US-led strikes in Afghanistan and later on to deploy soldiers in Iraq, is not only unorthodox but a good reflection of his leadership style. He didn’t hesitate to offer support to the US in his military campaign, neither doubted the Prime Minister’s Office had the authority to reinterpret the post-war constitution of Japan. This unique document often called the “peace constitution” is very clear on Japan’s limitations, and is the intellectual legacy of General MacArthur during the American Occupation. It states in Article 9:

1. Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

2. In order to accomplish the aim of the preceding paragraph, land, sea and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

The constitution has been interpreted from many vantage points and experts argue that

\textsuperscript{8} According to Osius, some of the challenges include deciding if and when collective self-defense may be carried out; taking an active role in multilateral peacekeeping; implementing appropriate legislation for dealing with emergency situations; protecting national secrets; and, ultimately, becoming a ‘normal’ country militarily.
it does not rule out defending Japan from attack but prevents any participation in a war. Since a 1959 Supreme Court ruling, most Japanese citizens recognize the Self Defense Force as a legitimate army but with a role that remains strictly defensive. The new Koizumi legislation allowed it to provide limited rear-area support to US forces but also shattered the myth maintained for half a century that it was to be a completely passive army, mostly to deal with natural disasters and to be based only in Japan.

The September 11th attacks and the close relationship between Koizumi and Bush increased Japan’s internal debates about the security alliance and defense cooperation with the United States. The new law not only allowed Japan to provide logistical support to the US in war zones, but also humanitarian aid for refugees, increased intelligence operations, diplomatic support, and increased protection of American military bases in Japan.

Almost a decade after the start of the War on Terror, the alliance still carries strategic importance in the North-East Asian scenario because it gives assurances toward the defense of Japan and guarantees the avoidance of any attempt to return to the militarism of the 1930s. It is also a deterrent to North Korean aggression and sends a clear message to China that Japan is not alone. The alliance also leverages the stature of the United States as a close partner of Japan, so
in turn it can maintain its influence in the region and manage potential regional conflicts like the one in the South China Sea.

The US-Japan security alliance also played an important role in reinforcing Japanese sense of security as a palliative to the ever-present human value of fear. Even though three generations have passed since the horrors of war ended, the Japanese psyche still remembers what it is to be attacked and defeated and perhaps more importantly, what it is to live in the absence of harmony. In his book *Intimacy: A General Orientation in Japanese Religious Values*, Thomas P. Kasulis argues that Japanese values are deeply rooted in Shintoism. In Shinto\(^9\) mythology the gods display human emotions and reward constructive behavior and positive relations with others but at the same time punish selfish actions and hurtful behavior. A central guiding principle of Japanese society is harmony as evidenced in children learning from the cradle that human fulfillment comes from close and peaceful association with others. Both values, ____________________

\(^9\) Shinto is the offshoot of the indigenous religion in Japan, the manaistic, animistic, magical religion that existed before the impact of Chinese high culture. Shinto is an ethnic rather than a universal religion, so it does not proselytize or seek converts. It is as tied to the Japanese sense of ethnicity as Judaism is to Jews and Hinduism to Indians. Being Shinto means to many Japanese nothing more and nothing less than being Japanese. According to the 1986 statistics of the Japan Agency for Cultural Affairs, 93% of the population consider themselves adherents of Shinto. The fact that 74% of the Japanese also identify themselves as Buddhists is evidence of both Shinto’s national universality and its openness to coexisting with other religious forms.
fear and harmony play important role in the collective identity of this nation. The security alliance is intrinsically attached to the need to avoid fear and the desire to live in harmony.

Lost Paradise: the Final Years of the Decade and the Morale of the People

After Koizumi’s resignation, on September 26th 2006, Shinzo Abe became the 90th Prime Minister of Japan, elected by a special session of the National Diet on the same day. There were a lot of expectations on his inauguration but they were short lived as his government had erratic decisions and appointed three successive Agriculture Ministers that became involved in scandals, with one of them committing suicide to redeem his honor. Abe’s popularity spiraled down to 30% in a few months, bringing along an embarrassing loss for his party at the Upper House election that year. Ironically, Shinzo Abe was seen before his election as a young and promising politician, the first Prime Minister born after the war and the youngest of the post–World War II era, so it came as a shock that less than a year in office he suddenly announced his intention to resign blaming a persistent diarrhea and poor health. He also stated as a reason the need to move away to allow important legislation to be approved at the Diet, including the passage of an anti-terrorism law, needed to continue Japanese military presence in Afghanistan, an inheritance of the previous administration. The dream of a continued era of
prosperity and stability was short lived and the next Prime Minister, Yasuo Fukuda was inaugurated on September 27th 2007, exactly one year from the day of Koizumi’s resignation.

A succession of other weak, one-year-in-office and unpopular Prime Ministers came along after Shinzo Abe: Yasuo Fukuda and Taro Aso. This erratic succession eroded the Liberal Democratic Party of Japan’s electoral support. After three years of political feuds and decreasing popularity, on August 30th 2009, the party lost the election and the premiership to the Democratic Party of Japan for the first time since its formation in 1955,\(^\text{10}\) bringing along a historic shift in power players and government priorities. Regrettably, the change of party did not mean an improvement of the economy or a decrease in political noise and by the end of 2010 things had worsened to a point that made it difficult to understand what had happened with all the optimism felt at the end of 2006. The administrations that succeeded Junichiro Koizumi (including Yukio Hatoyama’s tenure, the first from the Democratic Party of Japan) were not only extremely short but also perceived as inefficient and insecure, lacking the vision and determination to manage the recurrent recession that Japan had seen again since 2007 and the compounded effects of the

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\(^\text{10}\) The Liberal Democratic Party of Japan had been in government for 54 years, except for a brief interruption of 11-months from 1993 to 1994. It had been the most popular party across all demographics of the electorate and regions of the country.
global financial crisis that began in 2008.

The morale of the Japanese had evolved from the high peak felt with the economic recovery of the mid-decade, to the valley of sorrow and despair of 2010. In the Bank of Japan’s annual opinion poll corresponding to the “43rd Opinion Survey on the General Public’s Mindset and Behavior”\(^\text{11}\) administered between August 11\(^\text{th}\) to September 6\(^\text{th}\) 2010, the number of people who saw economic conditions to be “worsening” had increased from 22.9% to 47.4% in only four years. The outlook for the next twelve months had also deteriorated with the number of people that answered “will worsen” increased from 19.7% in 2006 to 30.6% in 2010. And all of this negative mood and low optimism already included the relatively mild and short-lived morale boost caused by the 2009 change in government from the Liberal Democratic Party of Japan to the Democratic Party of Japan.

Another set of human values that the Japanese are well known for are skepticism and stoicism. These beliefs are at the center of the indifference that salarymen, businessmen and bureaucrats felt toward politicians at the end of the decade. Skepticism because of the lack of faith in the future and stoicism as expressed in the indifference of the people to empty political

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talk and electoral promises. Both became powerful ingredients to maintain low morale and pessimism.

The Treaty of Mutual Cooperation and Security between the United States and Japan: Fifty Years of Reshaping Trust

When the US and Japan envisioned the defense treaty it was conceived for strict military cooperation. After 50 years, that continues to be the case, but change in public perception has challenged the blind trust and mutually embracing attitude of the previous decades. However, public sentiment has changed every time North Korea or China sound war drums and the treaty is again seen as a necessity for the protection of Japan. The treaty was signed between the United States and Japan in Washington on January 19th 1960. Its main objective was to strengthen Japan’s ties to the West during the Cold War era but it also included general provisions to facilitate the development of international cooperation and improve future economic cooperation. As a result of the treaty Japan has never spent more than one percent of its GDP on military expenditures. In exchange for allowing the US military presence in Japan, the United States agrees to help defend Japan against any foreign adversaries.

US public policy toward Japan was reshaped by the Bush administration during the last decade after acknowledging that the “benign neglect” policy adopted toward Japan in the 1970s
didn’t serve the objectives of the US. That change was rather successful and a “Return to Asia” policy has been a top priority for the Obama administration since its inauguration. After the events of September 11th 2001, the defense agenda saw increased cooperation between the US and Japan, as evidenced by the substantial financial support provided by Japan in Afghanistan and by the participation of Japan’s Self Defense Force in Iraq on non-combat roles. At the same time, in order to counterbalance the rise of China in Pacific Asia, Washington has used Tokyo as a proxy that has ensured its participation and strategic presence in the region’s main multilateral cooperation agreements like APEC and ASEAN. The US finally joins ASEAN in great part because of Japan’s leverage and influence in the region.

During the final years of the last decade, the renewed attention toward Japan as a key defense ally in the Asia-Pacific region attempts to recognize its value as a trusted partner. The US State Department clearly states that policy with the following words:

The US-Japan alliance is the cornerstone of US security interests in Asia and is fundamental to regional stability and prosperity. Despite the changes in the post-Cold War strategic landscape, the US-Japan alliance continues to be based on shared vital interests and values. These include stability in the Asia-Pacific region, the preservation and promotion of political and economic freedoms, support for human rights and democratic institutions, and securing of prosperity for the people of both countries and the international community as a whole.
Japan provides bases and financial and material support to US forward-deployed forces, which are essential for maintaining stability in the region. Under the US-Japan Treaty of Mutual Cooperation and Security, Japan hosts a carrier battle group, the III Marine Expeditionary Force, the 5th Air Force, and elements of the Army’s I Corps. The United States currently maintains approximately 50,000 troops in Japan, about half of whom are stationed in Okinawa.

In 2010, the 50th anniversary of the Treaty of Mutual Cooperation and Security between the United States and Japan was celebrated in Washington and Tokyo with optimism and eagerness to strengthen the alliance. Ironically, bilateral ties had been strained just a few months earlier, when then Prime Minister Yukio Hatoyama and his Democratic Party of Japan proposed to review Japan’s defense policies. The Japanese government made statements that triggered distrust and made Japan seem to value China more than the US, at the same time Prime Minister Hatoyama issued strong calls for a "close and equal" Japan-US relation. He suggested cuts to the omoiyari budget, the costs borne by Japan to support the US forces in its territory, and revising the Status of Forces Agreement governing how the US military operates in Japan. Both are sensitive topics the US is not eager to discuss.

That kind of egalitarian alliance requested was not compatible with the view from Washington, as the Japan-US security alliance specifies that the two nations have different
responsibilities. Article 5 of the treaty “…obliges the two countries to jointly defend Japan by recognizing an armed attack on Japan as a common danger to the peace and safety of both countries.” But there is no mention of Japan’s responsibilities in case the US is under attack, and under the current Constitution, Japan is not allowed to defend America. Article 6 of the treaty allows the US military to use facilities and locations in Japan considered as necessary "for the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East." Indeed a document reflecting the views of a bygone era.

The asymmetrical relation was portrayed by the Hatoyama administration as the main cause of friction. Things had become especially rocky when the Liberal Democratic Party of Japan promised in 2006 the relocation of US Marine Corps Air Station Futenma, in northeast Okinawa, and then ratified that promise during the 2009 campaign. To deal with that promise, Tokyo and Washington signed the Guam Treaty in 2009, under which the military base was to be relocated to Camp Schwab in northwestern Okinawa; however, the population expressed strong concern and the political risk of proceeding with the relocation became very high as the decision was unpopular in Japan. The scenario became increasingly agitated and on June 2nd 2010 Hatoyama announced his resignation taking responsibility for breaking the campaign promise to
close the Futenma base.

There are several bases around Japan but the most strategic location for US fleet operations in the Pacific is the island of Okinawa. According to the US military public information office in Japan, “In addition to military support, the military presence in Okinawa contributes tangibly to the economy of Japan’s poorest Prefecture. As of 2009, a total of 8,813 locals worked on bases, in addition to numerous others who work in shops and bars where the main customer base is US service members. Altogether, the US presence accounts for about 5 percent of the economy of Okinawa.” On the other hand, since the US bases occupy almost a quarter of the total territory of the main island, local Mayors have been arguing that Okinawa’s economy is suffering a revenue loss of more than 15% per year. This situation was exacerbated due to environmental concerns and was expected to change after the resignation of Prime Minister Hatoyama.

During the past decade the military alliance has been strengthened through a process of review of the Defense Guidelines. The US State Department mentions that the guidelines “…expand Japan’s noncombatant role in case of a regional conflict, in addition to the renewal of the agreement on Host Nation Support of US forces stationed in Japan, and an ongoing process
called the Defense Policy Review Initiative (DPRI). The DPRI redefines roles, missions, and capabilities of alliance forces and outlines key realignment and transformation initiatives, including reducing the number of troops stationed in Okinawa, enhancing interoperability and communication between commands, and broadening cooperation in the area of ballistic missile defense.” This process to upgrade the Defense Guidelines happened at the same time that public perception on the security alliance in recent years went from overall positive to very negative due to the issues around the Okinawa base.

Despite these challenges, Watanabe and McConnell mention in their book, *Soft Power Superpowers: Cultural and National Assets of Japan and the United States*,¹² that “…anti-American sentiment and discourse appear to have become less legitimate amid the ongoing tensions with North Korea …and China. These frictions, while sensitizing Japanese nationalism, have made the Japanese public recognize the indispensability and advantage of the US presence in Japan and East Asia at large.” After all, the treaty seems to be perceived as necessary, even after 50 years of a love-hate relation.

More recently, another side of the military cooperation was evident following the tragic earthquake and tsunami on March 11th, 2011. US military forces in Japan immediately began sending supplies, equipment, and personnel to the devastated area to assist in the relief operations. According to some media editors and business leaders in Japan, this showed the need to increase the involvement of the US military in domestic disaster exercises in Japan. Currently, there are only a few prefectures, such as Tokyo and Shizuoka, that include elements of the Japan-based US military in their exercises, but it is clear now that natural disasters quickly surpass the capabilities of local authorities to respond and that a stronger military needs to be involved. It seems the security treaty still has potential to grow into areas like disaster prevention and preparedness.

**Recent Public Perception in the US and in Japan**

One of the hypotheses of this thesis is that the five-decade status-quo in the relation between these two nations is eroding and that the long-term partnership between the US and Japan had been threatened by the reposition of actors in the Japanese electoral arena. Those challenges are directly caused by changes in the perceptions of the electorate. It is easy to see how the public mood is changing when we contrast opinion polls about the bilateral relation in a ten-year span. From “happy overall” a decade ago, to “I am really not sure if they are good or bad”
a few years back and from that low perception level to “the US has all my sympathy for their solidarity” after the March 11th earthquake and tsunami.

Michael Green and other authors mention in their book, *The United States and Japan in 2000: Seeking Focus*, the importance of investigating how each country’s citizens view domestic social and political trends. The book says that “The general view in the United States (72.7%), according to the Yomiuri Gallup Poll conducted in October 1999, is that Japan will continue to be a good partner in the coming century. 74% of the Japanese also hold the same view of the United States.” This poll complements well the surveys managed by the Ministry of Foreign Affairs of Japan and reaffirm that the average American feels at ease with Japan in this first decade of the new century.

On the other side of the spectrum, the University of Tokyo’s Institute of Statistical Mathematics conducts every five years, since 1953, the *Nihonjin no Kokuminsei Chosa* (Survey of Japanese National Character). They publish that “…the advantage of this survey as an analytical tool derives from the fact that the tenor of its questions has not changed very much for more than 50 years.” The 12th survey was implemented in 2008, and shows that Japanese

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attitudes toward the United States were becoming increasingly skeptic. Just 39% of Japanese, believed that the current state of bilateral relations was “good”; whereas 31% believed ties were “bad.” Moreover, just 34% of Japanese trusted the United States; whereas 54% did not. Perhaps even more astonishing was that a quarter of Japanese respondents saw the United States becoming a potential threat to Japan sometime in the future. Things were really not looking good three years ago.

At the end of March 2011 the Associated Press issued encouraging news in a news wire:

Just one year after tensions over American military bases forced out a Prime Minister, the US relief mission after the earthquake and tsunami is remaking Japanese opinions. In the biggest bilateral humanitarian mission the US has conducted in Japan, roughly 20,000 US troops have been mobilized in Operation Tomodachi, the word in Japanese for friend. As logistics gradually improve, US troops have been moving farther into hard-hit zones and providing tons of relief supplies and badly needed manpower to help the hundreds of thousands of Japanese whose lives were shattered in the March 11th disaster. "To be honest, I didn’t think much about the US troops until now,” said Arika Ota, 29, who works at an amusement center in the coastal city of Sendai. "But when I see them working at the airport every day, I’m really thankful. They are working really hard and the US has all my sympathy for their solidarity. I never imagined they could help us so much.”

The security alliance between the two countries will always be affected by the public perception on each other. Don Oberdorfer in his book The Changing Context of US-Japan
Relations\textsuperscript{14} says that “As the US and Japan have confronted one another in recent years, their views toward one another have been under recurrent stress. The two nations have a tendency …to grossly underestimate or overestimate each other rather than to assess one another’s strengths and weaknesses accurately.” These perceptions create not only changes in the diplomatic arena but also a reshuffle of the perceived need for the other’s presence or participation. The identity of each country is slowly evolving as time goes by and as such transforms expectations, beliefs and attitudes. The case of Japan and the case of the US are no exceptions, especially after the current global financial crisis has exacerbated general dissatisfaction with governments and authority figures in almost every country in the world.

\textbf{Japan’s Political Transition in 2009 and the new Status-quo: LDP and DPJ, Different Names and Same Results}

Politics in any country are strongly tied to the social structure and the culture that exist within that nation. After almost 54 years of nearly uninterrupted Liberal Democratic Party rule, when the Democratic Party of Japan gained power over both houses of the Diet, many people saw it as a characteristic of the changing social climate in Japan.

\footnotesize{\textsuperscript{14} Don Oberdorfer, Changing Context of US-Japan Relations (New York: Japan Society, 1998), 77.}
The DPJ is now Japan's largest party.\textsuperscript{15} It was formed in the late 1990s as a result of the merger of several anti-LDP parties. Its membership covers a broad spectrum of political beliefs, but it is generally perceived as a center-left party. The LDP is Japan's second largest political party and is made up of various conservative and centrist factions. Before 2009, the LDP had been in power almost continuously since 1955, when it was formed as a merger of early post-war Japan's two conservative parties, the Liberal Party of Japan and the Democrat Party of Japan.

The ruling party gets to choose their President, who also serves as Prime Minister. Prime Ministers are sworn in by the Emperor and have a variety of duties, both domestically and internationally, in accordance with the Constitution of Japan. In exercising those duties, former Prime Minister Koizumi was well-known both domestically and abroad and was successful in appointing cabinet members that supported his popularity\textsuperscript{16} and improved the economy. However, even though the LDP managed a huge majority in the 2005 elections near the end of PM Koizumi’s time in office, subsequent LDP leaders showed weak performance. The rapid

\textsuperscript{15} As of March 2012, the DPJ had 292 Representatives in the Lower House (versus 118 of the LDP) and 106 Councilors in the Upper House (versus 83 belonging to the LDP.)

\textsuperscript{16} Reiji Yoshida, “Koizumi to Exit Political Stage,” \textit{Japan Times}, September 26, 2008.
succession of Prime Ministers was quickly followed by dips in poll ratings for the LDP that later led to its electoral defeat.

The sweeping win by the DPJ in 2009 was said to be indicative of the growing public frustration toward government in general. In economic terms, Japan was facing a slumping economy that had never recovered well from the previous economic downfall in the late 1990s, exacerbating public concerns about the pension system, welfare costs and high unemployment, particularly among young people.17 These problems escalated because of the 2008 global financial crisis and its negative effects in Japan. In the political arena as well, years of political corruption scandals, mostly by the LDP, helped the DPJ to win the election.

Socially and culturally Japan seemed to be caught in the middle. Constant fears over the perception of a rising China expedited the national debate over Japan’s ability to maintain its stature in the region, economically and politically, and its relation with both the US and its East Asian neighbors. The DPJ tried to project an image of strong independence from America, increase cooperation with other countries in the region while strengthening its strategic position,

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and implement a less austere economic approach to cope with the financial crisis economic effects.

Many analysts argue that the results of the 2009 elections were not necessarily a fundamental change in ideology by the public. The DPJ was seen as the only political party that could replace the LDP\(^{18}\) so if the general perception was that things had to change and the DPJ was the only real alternative, it can be argued that the DPJ win was less a victory for its actual policies and ideologies and more a sort of punishment for the LDP’s weak performance and general poor reputation of later years. It constitutes an irony then that after more than two years in office, the same concerns apply now to the DPJ-led government as successive Prime Ministers continued to fail to gain public support for their policies or actually change the government’s perception among the public.

The change from LDP to DPJ could not be seen as any kind of political renaissance. Many DJP leaders were formerly of the LDP and many politicians are legacy candidates (coming from rich, political families) so little if anything changed in the political culture. Voting demographics didn’t drastically change either and the interest of the young generation remains

low. A survey by the Mainichi newspaper right before the 2009 vote showed 51% of Japanese in their 20s planned to vote, a mild improvement on the 46% who voted in the 2005 Diet elections.\textsuperscript{19} Still, the figure is low when compared with other age groups. The same Mainichi survey showed that 84% of respondents in their 60s planned to vote, while the overall turnout was expected at 74%.

With this kind of electoral behavior the DPJ leadership had growing pains to endure before they could make large changes to the system they vowed to reform. But probably the main problem any Prime Minister or politician at the national level in Japan faces is not the lack of interest of youth, but the structure of the government itself. Japan’s bureaucratic system is both large and entrenched, with government ministries at the core of the executive branch and with power and influence rarely rivaled in other nations. In post-war politics, the posts of ministers have been given to senior legislators (mostly of the LDP until the recent change in power), however, few ministers served their terms for more than one year, or developed the necessary grasp of the organization to become really influential. Thus, the real power within the ministries

\textsuperscript{19} Chisa Fujioka, “Japanese Youth Urged to Vote or Risk Future,” \textit{The Mail and Guardian}, August 27, 2009.
lies with the senior bureaucrats, as they are used to impose their views on policy or simply wait for the current minister to be replaced by a fresh one.

No matter which party is in charge of the Diet or what individual is acting as Prime Minister, the normal functions of government at the national level, including setting most public policies, government regulations and implementation of national programs, is decided by the senior bureaucrats of the ministries. There are currently eleven national ministries in Japan and three parts of the Cabinet Office, which are further divided into smaller sub-agencies that operate largely outside of the pressures of politics. At the top of these ministries sit 14 Ministers that manage 29 portfolios with the help of numerous senior bureaucrats below them. The ministers are expected to keep an eye on current parliamentary affairs as after their resignation they will simply go back to their seats in the Diet.

To complicate reform a little more, each prefectural government and the local municipal governments of most large cities are not only separate from the national government in terms of distance and organizational culture, but often have different or even opposing policies. And, likewise, because each prefecture and large municipality has their own large bureaucratic system,
a similar separation of power exists between the bureaucratic leaders of these local agencies and the local political leaders that come and go.

Many Japan analysts point to the elite bureaucracy as the real governing group of Japan, although they composed only a tiny fraction of the country's more than one million national government employees. Several hundred of these elite are employed at each national ministry or agency and develop successful and often long careers that exceed thirty years in government. In practice, any policy changes mandated by a ruling party or Prime Minister may not be implemented fully by a ministry if these long-serving bureaucrats don’t believe in them or simply belong to the opposition party. If the long chain of command downward either actively refuses to implement a policy or decides that their agency is not capable of implementing a policy reform, then it may not happen. In addition, when you consider the amount of separation between national agencies and prefectural or municipal agencies, it is easy to see the difficulty in coordinating reform on a national level.

To better analyze the political transition between LDP and DPJ that began in 2009, it is important to note three strong cultural habits in Japan: protecting the status quo, non-deviation, and non-confrontation. These result in further resistance to change, innovation, and bureaucratic
efficiency. The National Personnel Authority, Japan’s civil service administration agency, notes the following problems of the current civil service system: erosion of civil service ethics, mistrust on the administrative capacity of civil servants, the closed nature of the civil service apparatus (and fixation on defending interests of ministries), career system and the development of a sense of privilege. In addition, that agency also noted the practice of retirement-management or *amakudari* (when retiring bureaucrats’ “parachute” into lucrative jobs in sectors they formerly regulated) and a seniority system that is perceived sometimes as an emasculation of meritocracy and as fostering complacency borne of protected status. All these challenges in the values and behavior of the Japanese civil servant are lesser when compared with the close relations existing between some politicians and elite bureaucrats, often with ambiguous demarcation in its roles and nature. Although these issues have frequently been taken up and debated, actual reforms of the civil service system have been limited.

Even though the ruling party at the national level changed from LDP to DPJ, given these barriers to change and the short terms of the Prime Ministries, the failed attempts at

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populist reforms have meant only minor changes in national policies. Even small reforms that political leaders have been able to get adopted by the Diet also face the bureaucratic gauntlet. Therefore, although on face value the change in ruling parties may seem like a fundamental shift in politics, and therefore an improvement for the society that voted them in, in reality it failed to induce tangible transformation. The stagnating economic, social, and political situation that had permeated Japan for many years, resulted in a party with a different name continuing to make many of the same mistakes of its predecessor. Different name but same results.

At the end of this brief analysis on recent events in the political arena in the last decade, an observer could conclude that the current Japanese political system is weak and based on personal leadership instead of institutional capacity. Both parties have failed to fulfill the expectations of the population and with the sole exception of the Koizumi administration, were not able to galvanize the people behind their manifestos. The Japan-US security alliance has also been challenged by the DPJ, but because it relies more on citizen support than in the political powers of the moment, still is seen as necessary. The diplomatic dialogue between Tokyo and Washington maintains the alliance alive and ensures that it will remain for the foreseeable future.
CHAPTER 4

PUTTING JAPANESE HUMAN VALUES IN PERSPECTIVE: THE CLASH OF MILLENNARY TRADITION AND RECENT HISTORY

Heuristics and the Analysis of Japanese Values

To better understand Japanese human values in recent history it is necessary to put their behavior in perspective and to know the reasons behind the historical facts. For instance, to comprehend the blind support given to military authorities during World War II or everyone’s unconditional commitment to work hard during the miracle years, we should go beyond identifying human values at different historical periods or the behavior of successive generations and instead, understand the reasons and the why’s of Japanese culture.

The Oxford dictionary defines the noun value as “principles or standards of behavior; one’s judgment of what is important in life.” At the end of my graduate studies at Georgetown University I use the same approach to define human values, as those personal and cultural beliefs or foundations that influence behavior within an ethical framework. Human values can be personal or communal depending on the cultural context and, as we have seen in the case of Japanese society, are parts of principles that greatly influence decision making. The subject
performing the action will always be influenced by standards or assessments that can generate unethical action or, on the contrary, reinforce integrity.

The fundamental structure of the Japanese conception of virtue or what constitutes “good” is unorthodox for a foreigner. For Yutaka Yamamoto, virtues in Japan are understood as part of a spectrum with the true feelings of *honne* and *akarasama* (straightforwardness) at one extreme, and with mistrust or lack of confidence at the other extreme. He argues that Japanese virtues depend on the context and thus are variable, like in the case of dealings with a *gaijin* or foreigner. Sometimes what is perceived as a virtue can be seen as a grave mistake or inappropriate in a different situation.

In addition to mistrust, there are numerous accounts of well-meaning misunderstandings between Japanese and foreigners. In a well known anecdote from 1972:

President Nixon asked for a cut in Japanese textile exports, and Prime Minister Sato answered, "*zensho shimasu,*" which was translated literally as "I'll handle it as well as I can." Nixon thought that meant "I'll take care of it," but the Japanese understood it to mean something like "Let's talk about something else." The meaning of the answer was completely misinterpreted and both parties understood what they wanted.

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Nixon was outraged by Sato's deceit. But, as Yamamoto puts it, was Sato being deceitful? It may not be the case. In the Japanese way of communicating, this sort of "indirect" behavior (to think or want one thing, but to say or act differently) is more the rule than the exception. The Japanese are not engaged in a game of mutual deceit. They simply understand each other with the same frame of reference and with the same set of values. In its proper time and place, indirect behavior is virtuous; it is a manifestation of genuine sincerity.

To increase our definition of Japanese human values we could borrow analytical tolls from the medical science. In psychology, cognitive theory propose that solutions to problems take the form of rules that are not necessarily understood but promise a solution, or, on the other hand, heuristics or rules that are understood but that do not always guarantee solutions. A heuristic is a tool for interpretation, an overgeneralization or a stereotype, that could explain behavioral patterns and the Japanese personality. It must have two characteristics: it must be simple and it must be familiar. To issue stereotypes or generalizations, the analysis should be easy to understand by everyone. To be familiar it should be easily recognizable and fit into everyone’s imagination.

Heuristics can be also understood as a practical approach to understand a situation,
using common sense, previous experience and practical knowledge. For instance, we could define the Japanese as a rigid society where tradition is a supreme value and change is a foreign notion. To prove this hypothesis we would need substantial research studies and surveys but we could also analyze historic behavioral patterns to discover there were a great number of episodes or situations in which the Japanese society showed that kind of behavior in the past. If we contrast those finding with our Western notion of tradition and change, we can argue that the Japanese are indeed rigid and show avoidance patterns when confronted with change. That is when heuristic shows its value, as it allows us to propose a stereotype, simple to understand and familiar to everyone. We can say that this is only an educated guess and does not explain these phenomena in full but indeed, we have expedited the analysis and facilitated the finding of a satisfactory answer. If a heuristic achieves a total degree of explicitness, it passes from being a heuristic to being an algorithm.² This thesis utilizes heuristic in order to grasp Japanese human values when analyzing the post-war history of this nation and its recent changes in political behavior.

Understanding Japanese Human Values

As we have seen, an understanding of the values of another culture is not a black and white assessment, but a matter of degrees and approximations based on observation and analysis of behavioral patterns. The case of Japan is particularly challenging because Japanese society tends to be closed and difficult to read, however the post-war period ushered in a wave of Westernization that endures to this date. It does not mean that Japanese people have changed their enigmatic cosmovision or that recent generations have been assimilated by Western culture. It means perhaps that Western practices and pop culture have a place in Japan’s idiosyncrasy but only as a reference, one that was complete alien before the 1940s. An example of the unchanged ways of the Japanese is the way parents reject interracial marriage or sending their kids to international schools. Homogeneity and uniformity is a critical value that is seen as a guarantee to maintain harmony and stability.

In Japan there is no line separating the individual from the society as everyone see himself or herself as part of a big communal system in which selfish desires and “rat-race” competition have no place. The concept of the social well being versus individual success is foreign to the Japanese and very much an American import. A famous anecdote well published by
Tokyo media, the Yamanaka case, illustrates how individual gain at the expense of the society is not accepted. In this famous case, neighbors were asked to babysit the couple's three year old son, Yasuyuki. The neighbors took the child with them to the beach where he accidentally drowned. The Yamanakas sued their neighbors for negligence, and were awarded the equivalent of $24,000 in damages. After their victory in court, the Yamanakas received hundreds of telephone calls and letters denouncing their behavior. Others in their culture were not only appalled by the fact that they had taken the neighbors to court but because they accepted monetary compensation, abusing the system. The family could not stand the social pressure and in less than a month, went back to court to return the money and to drop the case.

In this quest for harmony, the historical influence of Buddhism and Confucianism is extremely relevant. When you live in this country you understand that Shinto is the fundamental source of the Japanese world view, with its dichotomy of pollution and purity influencing every walk of contemporary Japanese life. Also at the center of this system is Bushido, a primary historical influence on contemporary Japanese morality that was used to exacerbate the nationalistic fervor which characterized Japan during times of war. Bushido is a direct descendant of Confucian and Neo-Confucian philosophy and provides a sharp approach to Japanese views on
honor and morality. This system was the base of the samurai code of conduct and was focused on seven virtues: rectitude, courage, benevolence, respect, honesty, honor and loyalty.

**Japanese Human Values in Light of the Shinto Doctrine**

At the core of Japan’s collective personality is faith. In an article published after a philosophy symposium organized by the Philosophy Department at California State University, Fullerton, Craig K. Ihara\(^3\) writes that to understand the interactions of people in Japanese society, Shinto and Buddhism both serve to preserve and enhance harmony as a cultural value, while contributing to the uniquely Japanese conception of self.

Shinto’s values are based on feelings and intuition over rationality or logical explanation, and also express the inseparability of humanity and nature, and the inevitability of Japanese ethnocentrism. The main difference between Buddhism and Shinto is that Shinto is more a set of attitudes and customs than a complex creed or doctrinal system as in Buddhism. The object of faith in Shinto is the *kamie*, often misunderstood by foreigners as "gods." A *kami* may be a god sometimes but it can also be a natural object such as a tree or a mountain. A person may also be a *kami*, like in the case of the Emperor, or a great warrior, especially after death.

Even a human-made article, a special sword, for example, may be a *kami*. Thus, the word is perhaps best translated simply as "sacred being." Shinto does have an accepted set of myths, like the stories that justify the centrality of the imperial family, but in general Shinto generally function as a folk religion: each locality has its special *kami*, distinctive festivals, and sacred objects. Shinto is more a set of feelings about purification, renewal, regionalism, and communal spirit than it is any kind of philosophical or doctrinal system.

Other central value is that Shinto promotes one’s closeness to nature. It is paramount to understand that nature is the center of harmony, so a natural object can also be a *kami*. It is important to bear in mind that the object itself is a *kami*; there is no invisible spirit inside the object, it simply becomes the *kami*. When pilgrims reach the summit of Mt. Fuji they find a *torii* or gate marking off the sacred being. There is no shrine or temple, the pilgrim knows that the mountain itself is a *kami* and offers his respect. In Western religions the importance of sacred places comes from what historically happened there, as in the case of Mt. Sinai, Mecca, or Jerusalem. In Shinto a sacred place is determined just because tradition chose it as a way of preserving or enhancing human beings relationship with nature.

The ethnocentrism of Shinto also implies it is only for the Japanese and for Japan.
When people go to Shinto shrines to perform traditional rituals, the Japanese celebrate their common bond to nature but also to other Japanese. It is important to understand that different from the Westphalian notion of the nation-state, Japan did not become a nation or does not work as a state because of a political bond established among individuals for their mutual benefit. Japan is more like a big family, a homogeneous tribe, a big and isolated house. That big house needed a ruler so when Shinto was formalized in the eighth century, it gave recognition to the imperial household and facilitated the unification of various clans into a single entity better equipped to repel the threat of invasion from China and Korea. In modern times the Emperor system can be regarded as a religious system even though the political nature of Shinto has not been central in Japanese history. Most of the time the military ruled and the emperor served as no more than a ritualistic reminder of ethnic identity and cohesiveness.

The few occasions when Shinto has adopted a distinct system of beliefs similar to a creed, it has been more for political and nationalistic purposes not reflecting its original notion of local folk religion. For example, in the late eighteenth century scholars reinterpreted the *Kojiki*, the almost forgotten eighth century sacred text that is considered as one of the foundations of Shinto. Political actors used the movement to reassert the political and religious centrality of the
Emperor. Using the reinstatement of the authority of the Emperor as their main driver, they launched a campaign to replace the Tokugawa Shogunate in the 1867 and succeeded in reinstating imperial rule and launching Emperor Meiji’s reign. During the Meiji restoration, Shinto was used as a vehicle to strengthen the figure of the Emperor. In the book *Shinto, a Short History*[^1], Ito Satoshi, Endo Jun, and Mori Mizue better explain this issue:

> One of the objectives of the imperial restoration was to resurrect the ancient model, undermined after the collapse of the ancient state and the emergence of successive military regimes. In this ancient model, the linkage between shrines and state had been intimate. In no real sense, of course, could there be in Meiji Japan a resurrection of the ancient state, but it was, nonetheless, a model aspired to. Thus it was that there was perceived a need to firm up the linkage between the imperial family and shrine Shinto.

> A few decades later the fascists military leaders used the same theme to establish their own authority, and they carefully crafted an interpretation of Shinto tradition and ethnicity that led to patriotic nationalism and became known as "state Shinto." Precisely because Shinto has such a loosely structured set of doctrines, precisely because it appeals mainly to the heart and not to the mind, and precisely because it stresses the intimacy of the Japanese people with themselves

and with their land, it is susceptible to distortion by political forces who can manipulate it for particular gain. If a government identifies itself with Shinto, what Japanese could show rejection or resist? To deny Shinto would be, for most Japanese, to deny being Japanese.

**Private versus Public Japanese Behavior and its Effect in Human Values**

Japanese human values are at the core of Japan’s identity and evolution as a society. When revisiting its history in the last century is easy to observe that some periods showed that the interpretation of values led to contradictory actions, like when militarism obliterated harmony or when bureaucrats unilaterally reject the consensus reached by elected officials on the public policies to be implemented. Human values emanate from patterns of behavior that explain how a society works so to better comprehend the psyche of the Japanese, it is important to understand the acute differences between their private thinking and public behavior as well the concepts of *honne* and *tatemae*.

A person's true feelings and desires are often kept hidden and are referred to as *honne*. They may oppose what society expects or what is required according to one's position in a community. Only one’s family and close friends would know our *honne* or what we are really thinking. On the opposing side of the spectrum, the behavior one shows in public is known as
*tatemae* and should follow society rules according to one's position and circumstances. *Tatema* is regarded as the face a person wants others to see, the one that should hide one’s true desires.

Author Yoshio Sugimoto, in his book *An Introduction to Japanese Society*,\(^5\) describes these opposing values from a different perspective:

*Tatema* refers to a formally established principle which is not necessarily accepted or practiced by the parties involved. *Honne* designates true feelings and desires which cannot be openly expressed because of the strength of *tatemae*. If *tatemae* corresponds to “political correctness,” *honne* points to hidden, camouflaged, and authentic sentiment.

These opposing concepts evidence the complexity of Japanese culture and directly affect its human values and the way they are expressed. For countless generations every subculture in Japanese society has embraced this ideology that discourages transparent and straightforward interactions between people. The *honne* and *tatemae* divide is of paramount importance in Japanese culture and encourages ambiguity, silence and things-not-said. When living in Japan you learn to avoid confrontation at all costs and to pretend that everything is fine even in the direst circumstances. At the same time you are made aware that you should allow

other persons to save face and not to embarrass them in public. Also, when working in Japan you
learn that all official interactions should be smooth, that you should not expect quick responses
and that all decision-making takes time as it has to involve everyone in the organization and not
only its leaders. Navigating these waters can be tricky as you would never hear a direct “no” for
an answer and instead, people would tell you that whatever you are asking “would be difficult,”
meaning impossible. Harmony must be maintained on the surface and *tatemae’s* double codes are
to be considered legitimate.

There are two other concepts that should be observed to understand behavior and its
linkage to Japanese human values: *ura* and *omote*. They refer to the two sides of any object that
is flat, like a coin or a wall, that has a front face and a back side. *Omote* represents the front or the
correct side, in which everything should be done according to the open rules of society and in a
permissible manner. *Ura* on the contrary, represents the incorrect side or the dark side of behavior.
It must be concealed as it conflicts society’s rules but at the same time, can be considered
acceptable in certain circumstances, even if it is illegal. In business (Sugimoto, 28) *ura* money
flows with *ura* negotiations and *ura* transactions. Wheeler-dealers use various *ura* skills to
promote their interests, as in the case of the construction industry where undisclosed political
donations can be of significant amounts. This practice is covered by an accounting category called *shito fumei kin* where expenses unaccounted for are used to conceal the identity of the recipient of the expenditure. What is entirely surprising for the Western eye is that the government allows companies to maintain this type of accounts as long as they declare those expenses and pay taxes on them. Corporations could use these accounts to hide secret payoffs, kickbacks, political donations and to promote the mutual interests of business networks or the interaction between business and politics, frequently allowing corruption to go unchecked.

Between *honne* and *tatemae* and *ura* and *omote*, Japanese society functions with a set of values that differ greatly with the ones in any Western society. In Japan the public perception and the private truth coexist as do the proper side of things and the dark practices behind doors. One of the best examples of these dichotomies is the world of the *yakuza* or Japanese mafia. For centuries they have been allowed to operate the dark side of society, running prostitution rings, gaming, drugs and racketeering. The police allow them to do their business as long as they maintain public order, pay taxes and have corporate offices, but it is the public who mostly accept their presence in neighborhoods that need some sort of protection. They are seen as having *makoto* or sincerity, and perform as semi-legitimate entities with a social role. Immediately after
the Kobe earthquake of 1995 the local yakuza groups provided assistance at a much faster pace that the one from the police and recovery teams. Also, right after the 2011 Tohoku earthquake and tsunami several yakuza groups dispatched caravans of trucks full of aid and supplies, as well as team members that were seen as first-responders. Without the understanding of *ura* and *omote* it would be puzzling to understand how these “Robin Hood” organizations can coexist peacefully outside the law at the beginning of the 21st Century in a extremely organized society like the Japanese.

**What does it Mean to be Self-fulfilled to the Japanese?**

Japanese human values are designed to bring happiness and peace to Japanese society. But at the center of society is the selfless individual who makes everything work smoothly. In this enigmatic interaction between common good and self denial, how do Japanese receive the rewards of peace and harmony? what does it mean to achieve self-fulfillment?

One could argue that it means going beyond a selfish sense of independence to a recognition of how interdependent all Japanese are. It means taking a sense of spiritual satisfaction in following a self-imposed ideal of discipline. It means living in harmony with nature. It means having a common set of social patterns, hierarchical in nature, which binds
everyone together in an organized society. And it means having a sense of belonging with a particular people, bound by blood, ritual, and familiar affection.

If we pause and look at this picture of a human being, comparing it with the ideals that modern Western philosophy has promulgated, we start to comprehend the depths of the understanding of what it means to be Japanese. There is no marked emphasis on any of the following:  

Shinto lacks the thought of the individual as the primary unit of spiritual, moral, and political meaning; the notion of a set of universal principles applying to all humankind as the ideal of behavior; the idea of a legalistic, contractual relationship among persons or between a people and their God; the idea of a divine plan worked out in natural and human history to which we feel responsible; or the hierarchy of rationality as what sets off the human from other animals.

This radical difference in values makes it difficult for foreigners like us to understand Japanese human values. The values of a society necessarily show that culture’s philosophical beliefs, its understanding of human existence. However, fulfillment in selflessness, in society’s harmony, is not a uniquely Japanese experience. If it was, we could never hope to understand the Japanese. As the Japanese themselves point out, the need and desire for harmony is a common

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characteristic of all humanity. The difference between Japan and the West lies in how frequently we express that particular commonality in our value systems. The difference between Japanese communal values and our own Western individuality is a matter of emphasis that directly impacts happiness. Japan has the same challenges in terms of societal disruption and the suicide rate shows a high degree of disfunctionality. The difference lies in the way that society manages its problems. In the West we kill other people out of anger. In Japan people kill themselves, as society should not be disturbed. This is what makes the study of Japanese human values a rewarding form of understanding our own limitations. Indeed, this thesis has greatly enriched my own Japanese experience.
CONCLUSIONS

This thesis proposed the hypothesis that the US-Japan security alliance has survived the challenges created in 2009 by the Liberal Democratic Party of Japan, when then new Prime Minister Yukio Hatoyama tried to change the terms of the diplomatic dialogue established during the previous six decades, and called for a "close and equal" relation demanding at the same time a more independent role for Japan.

I have concluded that this was no more than rhetoric as his attempt backfired and he had to resign in disgrace before completing one year in office and with one of the lowest popularity ratings of any administration. That creates the argument that the Japanese population still shares the vision that created the partnership between Japan and the US in 1960. After 50 years of cooperation the defense alliance is still strong and provides Japan with a defense platform that ensures its survival, as it allows technological cooperation with the US on defense issues, including the joint development of a missile defense shield against North Korea. It is also a deterrent against China’s aggressive posture on the South China Sea issue and provides political leverage and diplomatic stature in the Asia-Pacific region.
Still, during his few months as Prime Minister, Hatoyama ended the Self-defense Force eight-year support mission in Afghanistan, in a highly symbolic decision that sent the wrong signals to Washington. However, and because of growing political pressure he had to offer at the same time $5 billion in civilian aid for Afghanistan reconstruction, to avoid a complete fracture in the diplomatic dialogue. He was also troubled by a promise made during his campaign, to relocate the Futenma US Marine Air Base in Okinawa, and ended resigning in disgrace as he could not deliver on his offer and had to take responsibility for it.

After the 2009 clash, the status-quo in the relation between these two nations was reinstated and the successive administrations of Naoto Kan and Yoshihiko Noda reassured the US of their intentions to maintain close cooperation. Tokyo is still perceived as reviewing the basic assumptions of the diplomatic relation and several media outlets have reported that the bilateral relation is not the same as before, nevertheless this thesis argues that the basic platform remains and that trust is at the center of the security alliance as both US and Japanese leaders perceive their countries contributing to their national security and fulfilling its responsibilities under the alliance, not to undermining it.

Another side of the military cooperation was evident following the tragic earthquake and
tsunami on March 11th 2011. US military forces in Japan immediately began sending supplies, equipment, and personnel to the devastated area to assist in the relief operations. According to some media editors and business leaders in Japan, this showed the need to increase the involvement of the US military in domestic disaster exercises in Japan. It seems the security treaty can be expanded into areas like disaster prevention and preparedness, confirming the hypothesis of a relation that is intact and still has potential to grow.

The thesis also explores the linkage between the historical evolution of Japan in the 20th Century and its effect in the human values and behavior of its society. The conclusion of that analysis is that the Japanese are a rich culture with enigmatic values that sometimes have led to contradictory actions, like when militarism obliterated the harmony fostered by Shintoism or when bureaucrats unilaterally reject the consensus reached by elected officials because of mistrust and self-empowerment. Human values emanate from patterns of behavior that explain how a society works so to better comprehend the psyche of the Japanese, it is important to understand the acute differences between their private thinking and public behavior as analyzed in the concepts of honne and tatemae or ura and omote. The contrast between the outer face and the inner being or between the right way to do things and the hidden dealings of society, explain
in detail how decision-making is conducted in Japan and how it has shaped its reconstruction from the ashes of war. This thesis has found evidence that Japanese human values have a direct impact in the way Japanese bureaucrats conduct state affairs, thus also shaping governance and public opinion on the current political situation and the future of the nation.

We have also concluded how interdependent all Japanese are when they recognize the need to avoid a selfish sense of independence or individualism. We have seen that to be self-fulfilled means taking a sense of spiritual satisfaction in following a self-imposed ideal of discipline. It means living in harmony with nature. It means having a common set of social patterns, hierarchical in nature, which binds everyone together in an organized society. And it means for every Japanese to have a sense of belonging with Nihon and its people, bound by blood, ritual, and familiar affection.

If we pause and look at this picture of a human being, comparing it with the ideals that modern Western philosophy has promulgated, we start to comprehend the depths of the understanding of what it means to belong to this society. There is no marked emphasis on the individual as the primary unit of spiritual, moral, and political meaning; there is no notion of a set of universal principles applying to all humankind as the ideal of behavior; neither the idea of a
legalistic, contractual relationship among persons or between a people and their God; nor the idea of a divine plan worked out in natural and human history to which we feel responsible. To be Japanese is simply to live in harmony putting communal values above the individual.

This radical difference in behavior makes it difficult for foreigners like us to fully understand Japanese human values. The values of a society necessarily show that culture’s philosophical beliefs, its understanding of human existence. Fulfillment in selflessness, in society’s harmony, is not a uniquely Japanese experience but certainly has unique shades that make this culture unique. This is what makes the study of Japanese society a rewarding form of understanding our own limitations. As mentioned before, this thesis has greatly enriched my own Japanese experience and my understanding of human values.

This analysis has allowed me to confirm the existence of strong linkages between Japanese human values and the necessity to maintain a close political relation with the United States. I foresee years of cooperation ahead, with the Japanese-American alliance contributing to maintaining peace in the Asian-Pacific region.
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