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## Part I: U.S.-Japan Relations

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# The Shimoda conference: what Japan's leaders say about Haig and Volcker

by Richard Katz

When Emperor Hirohito went to the radio a few days after the explosions at Hiroshima and Nagasaki to inform his subjects that Japan would have to surrender for the first time in its history, he explained the decision thus: "The war situation has developed not necessarily to Japan's advantage."

This masterpiece of Japanese indirectness is a paradigm of the behavior pattern American policy-makers have learned to expect in even their private discussions with the Japanese. A "yes" interjected after an American official's or businessman's statement will often mean, "Yes, I understand what you are saying," rather than, "Yes, I agree." If asked *in public* about their estimation of the possible success of President Reagan's economic program, top Japanese policy-makers will evade the question by saying, "We *hope* it will succeed."

The object of the indirectness is to avoid tension and loss of face for either side. It is used especially with the Americans—on whom Japan depends for energy, food, markets, and military protection.

Some Americans, misjudging the patience and capabilities of the Japanese, have abused their desire to avoid tension. Classic is the case of Henry Kissinger. When a top Japanese banker, a man almost as important as the prime minister, entered Kissinger's National Security Council offices 10 years ago, he found Kissinger still sitting with his feet up on his desk, not bothering to stand up and greet the guest. The seething banker did not acknowledge the affront; instead, he swallowed his pride and forced a polite smile. The Americans came to expect deference from Japan.

Imagine, then, the astonishment felt by top U.S. governmental and private policy-makers when, at a recent closed-door bilateral conference in Japan, the Japanese participants almost unanimously criticized American policies and strategic perceptions in the bluntest terms. From high U.S. interest rates, to the China Card, to what one Japanese told *EIR* was Haig's inclination to "see the Soviets behind every tree," the Japanese attendees indicated that they regard current Washington postures as simple-minded, ignoring the most basic Asian realities. One business leader, unable to contain himself in criticizing the inconsistency of U.S. policies, stunned

the Americans by charging, "You change so fast you can't even remember the name of your current wife."

On the China Card issue, according to an unofficial summary of the discussions, "several Japanese participants pointed out that some Southeast Asian countries regard China as a more serious long-term threat than the Soviet Union, and that U.S. efforts to strengthen China's military capabilities would result in increased fears of China throughout Southeast Asia." One American attendee told *EIR*, "I was astonished to hear the Japanese express this view. I knew some of the Southeast Asian nations felt that way, but I didn't know the Japanese were sensitive to their feelings on this." This individual was being somewhat ingenuous—Japan had sided with Southeast Asia to soften Peking's unqualified backing for Pol Pot at the July United Nations conference on Kampuchea (see *EIR* July 7, and Aug. 40). It is nevertheless true that such a forthright statement from the Japanese is unusual.

The occasion for this most un-Japanese frankness was the Shimoda Conference held in Japan Sept. 2-4, the fifth in a series held every few years named for its first site at Shimoda, Japan. Bringing together approximately 40 individuals from each nation's public and private sectors, the conference was cosponsored by the Japan Society of New York and the Japan Center for International Exchange of Tokyo. The 80 individuals met behind closed doors to thrash out some of the key issues facing the two countries. U.S. attendees included Special Trade Representative William Brock, Deputy Assistant Secretary of State for East Asia Michael Armacost, Rear Admiral Donald Jones, Assistant Secretary of State for Economic Affairs Robert Hormats, nine members of Congress, Borg-Warner Chairman James Bere, and Atlantic Richfield Senior Vice-President John Simmons, among others. The head of the U.S. delegation was former ambassador to Japan Robert Ingersoll. The Japanese delegation led by former ambassador to the U.S. Nobuhiko Ushiba, whom *EIR* interviewed (see below), included former Vice-Minister of International Trade and Industry Naohiro Amaya, former Foreign Minister Saburo Okita, 10 members of the Diet, and the chiefs of such corporate giants as Sumitomo, Nissan Motor (Datsun),

Fuji Xerox, Sony, Nomura Research, and Toyota, plus a number of academics and newsmen.

### 'Need for a finely tuned response'

In addressing the closing day of the conference, Prime Minister Zenko Suzuki mentioned again the "deep-rooted wariness toward China" held by the Southeast Asian nations, to which he added, "Since Asia's dynamism is accompanied by diversity and multipolarity, there is a certain amount of concern in some Asian countries that the U.S. will deal with the Asian situation in a cut-and-dried manner, treating anyone who is not a friend as an enemy. I would like to point out the need for a finely tuned response on the part of the U.S."

Much of the closed-door discussion, according to participants, revolved around Japanese complaints about the lack of such a "finely tuned response," particularly in regard to the China Card and Haig's overall posture toward the Soviet Union. Some of this is indicated in the background papers. In citing the fears of China by the Southeast Asian nations, Tokyo University's Tatsumi Okabe warned, "If advanced technology supplied by the U.S. is used against Vietnam, the fear will only be intensified." Okabe added, "It is still necessary not to unduly provoke the Soviets in the process of cultivating friendship with China." Questions were also raised about the reliability of Peking; "The possibility of Sino-Soviet rapprochement, although not a revival of the honeymoon period, does exist and is becoming more real."

A similar warning was sounded by another Shimoda attendee, Kiichi Saeki, the head of Nomura Research Institute. Known as a prominent advocate of a Japanese military buildup, Saeki had nonetheless cautioned a conference in Washington last June, "The concept of a united front strategy involving Japan, the U.S., Europe, and China to counter the Soviet threat is perhaps going too far. . . . It is dangerous to corner the Soviet Union."

The China Card is only the most ostentatiously foolhardy of what the Japanese regard as an overly simplistic approach to foreign policy first by Carter and now by Reagan. One Japanese attendee told *EIR*, "The U.S. sees the Soviets behind every tree. But look at the Middle East. The source of the danger of war there is not the Soviet threat but the Arab-Israeli tension." In addition, many Japanese participants told the Americans that other global problems, e.g. the danger of new Irans, the failing economy, the energy crisis, are at least as important and frequently more immediately pressing than any current or expected Soviet military pressure on the West.

By focusing almost exclusively on the Soviet Union and by relying primarily on an (attempted) military buildup to meet Soviet political and diplomatic pres-

ures, the Reagan administration is making itself incapable of dealing adequately with either the Soviet Union or the other problems, the Japanese attendees feared. Can neutron bombs prevent a new Iran? they asked. Instead, they advocated a more "comprehensive security" approach, that would include U.S. economic recovery, aid for development in Third World countries, and a conventional military buildup.

### The vacuum of American leadership

In his conference speech, Suzuki declared, "At present there does not exist in East Asia such a crisis as is likely to bring the house down around us, but I believe that the presence of U.S. 'power' is itself the most important factor guaranteeing peace."

The Japanese feel that, although "the era of Pax Americana based on the overwhelming superiority of American military and economic power is over . . . there is no country outside of America that can assume leadership of the free world," in the words of Saeki to a June conference in Washington.

To be sure, such leadership has to include U.S. military strength i.e. genuine in-depth conventional and strategic forces rather than Weinberger's tactical nuclear warfare gimmickry. The Japanese, however, put greater priority on the necessity for an economically strong America to lead global economic growth. Congressional sources told *EIR* that many Japanese businessmen fear the United States suffers the "British disease" of low investment and low productivity. The Japanese were very skeptical about the ability of the Reagan economic program to reverse this. "They hope it will succeed, but they don't think it will."

The Japanese feared the administration was relying too much on tight-money policies and, as Ushiba told *EIR* (see interview) "high interest rates may aggravate rather than reduce inflation." Should the Reagan program fail, not only will Japanese-U.S. frictions increase, but so will global political instability. Former Prime Minister Takeo Fukuda repeated last month in Indonesia his warning that the economics of the 1930s produced the wars of the 1940s and that the current economic situation is the worst since that period.

The Japanese fear the United States at present is economically unable to produce either strong recovery or a defense buildup. Given a trade-off between a defense buildup or a U.S. economic recovery, Japan Society President David MacEachron told *EIR*, (see below) the Japanese attendees preferred the United States to get its economic house in order.

### Folding the U.S. military umbrella

Several American participants warned that, in the words of Trilateral Commission member and Columbia University Prof. Gerald Curtis, Japan's failure to accede

to U.S. pressure to rearm could provoke "the escalation into a major political controversy of differences on this fundamental issue as we saw happening repeatedly with economic issues in the past decade." Earlier this year, U.S. Ambassador to Tokyo Mike Mansfield had sent a secret memo to Washington cautioning that such heavy-handed pressure might backfire. Mansfield admonished, say reliable sources, that the result might not be a rearmed, U.S.-allied Japan, but the unleashing of a nationalist group seeking a rearmed, autonomous Japan. A preparatory staff paper for Shimoda had warned about a minority of pro-rearmanent Japanese whose "objectives are not a strengthening of the alliance but the creation of an alternative to it." State Department careerists had labeled Mansfield "a senile, old fool."

As long as the United States can be the "guarantor of peace" cited by Suzuki, through combined economic-political and military leadership, the danger Mansfield points to is small. But should the U.S. economic-military slide continue, e.g. allowing Saudi Arabia to become a new "Iran" and cutting Japan's oil, the danger Mansfield identified could become very real.

The image of such a U.S. slide can only have been increased by the Shimoda presentations of Sen. John Glenn, the ranking Democrat on the Senate Foreign Relations Committee, and by Richard Solomon, a former Kissinger aide at the National Security Council from 1971-76 who now heads the Rand Corporation's International Security Policy Research Group.

Glenn pointed out that, during the 1970s, Japanese defense spending increased 8 percent per year after inflation, compared to only 2 percent in NATO as a whole and a 2 percent *decline* in the United States. Pointing to the decrepit U.S. industrial base, Glenn said even large budget increases could not yield a sizable arms buildup for years. In addition, the diversion of much of the U.S. forces from both the Atlantic and Pacific to the Persian Gulf "may last a decade or longer."

As a result, said Glenn, even though Japan's defense budget is one-twelfth of America's, in the Western Pacific "Japan now possesses about one-and-a-half times as many combat aircraft as the U.S., more than double the number of naval combatants, and twice as many attack submarines."

For Japan, this situation means, "that it would prove extremely difficult . . . for us to provide adequate conventional defensive forces. Although the American nuclear shield will remain intact, a crisis in the Middle East, a war on the Korean peninsula, or a major conflict in Indochina *might hinder our ability to respond to a contingency involving Japan* [emphasis added]. Though Glenn might believe such statements hasten Japan's defense buildup, nothing could more move Japan to develop an autonomous military or to go neutralist than

a belief that the United States had accepted Glenn's forecast as a given state of affairs.

Glenn then proposed in essence that Japan substitute for the diminished U.S. presence. He complained that due to prohibitions in Japan's constitution "Tokyo's allies cannot depend on Japanese forces being used where they might be needed most: in the Korean peninsula or Indochina." Was the senator proposing that Japanese troops aid the next Chinese invasion of Vietnam to further Peking's intention to bring back Pol Pot to Cambodia? Acknowledging that "we know that the political consensus required to change [Japan's exclusively self-defensive policy] will come only slowly," he proposed an eventual East Asian regional military organization including a regional military role for Japan. The latter is feared even more in Southeast Asia than in Japan.

Though Glenn did not indicate if China should be included in his regional military scheme, Richard Solomon did. Solomon discussed the China Card and limited nuclear warfare strategies—both opposed by Japanese leaders—in ways that indicate many U.S. officials regard them as indivisible and *link rearmament to those concepts*.

"The U.S. will not participate in China's nuclear modernization program," Solomon said. "Yet other forms of U.S.-PRC cooperation may help the Chinese to strengthen the security of their nuclear deterrent. Sales of early warning radar components and other command, control, communication and intelligence-relevant technologies could improve the security of Peking's strategic forces."

Solomon followed this up by discussing the role of Japan in limited nuclear war planning. The deployment of U.S. sea-launched cruise missiles to the Western Pacific will be important to neutralizing this threat of a limited Soviet nuclear attack and thus securing our allies and our air and naval facilities in the region. To the extent that Japan and the Philippines make possible the effective operations of the U.S. Seventh Fleet, they will contribute to the neutralization of Moscow's enhanced theater nuclear capabilities." Solomon did not mention land-based siting of theater nuclear weapons but Admiral Long, in attendance, had earlier this year discussed with the Japanese such siting, perhaps in Korea. Japanese leaders have already stated their opposition to 'limited nuclear war' strategies (see *EIR* Sept. 8).

Solomon then added his pitch for the "usefulness to Japan and the U.S." of China's 1979 invasion of Vietnam, and suggested "common or coordinated measures" between Washington and Peking in Cambodia as well as Afghanistan.

What is at issue here is not a Japanese "free ride" on American defense spending. Japan is steadily rearming

and may be the only major country in the West to show a significant after-inflation defense hike this year. The issue is that even pro-rearmament Japanese leaders believe current U.S. security policy is wrong on the following counts: 1) Washington has reduced security to purely military terms and cannot even deliver on this as seen in Reagan's budget; 2) in the absence of genuine conventional and strategic military strength, Washington proposes such dangerous follies as the China Card and limited nuclear warfare chimeras, and Japanese rearmament is conceived of as part of the China Card/limited nuclear warfare tactics; and 3) in its single-minded concentration on Moscow, Washington is ignoring the need for political-economic activity to deal with other problems. These are the issues that produced the hot debate at Shimoda.

In our next installment, we will cover the Shimoda economic discussions.

## Conference discussion: 'serious problems with U.S.'

*The following is excerpted from the "Summary of Discussion" issued to the press following the Shimoda Conference. It was prepared by an American staffer assigned to the sponsoring organizations. It is not a communiqué approved by the participants, but discussion that took place behind closed doors.*

Most participants shared the view that the Soviet military power is growing. . . . Moreover the Soviet Union is more willing to use its military power to extend its political influence. . . . But Japanese and American participants differed profoundly in their views of the policies both countries should adopt to respond to this threat and in the weight they attached to it in gauging the overall threats to their security.

For the most part, American participants viewed Soviet policies and military capabilities as constituting the paramount threat to world peace and security and argued that a substantial increase in American military efforts is needed to offset Soviet power. . . . Most American participants also strongly emphasized the importance of greater Japanese military efforts and some stressed that a Japanese failure to be more forthcoming could result in growing antagonism in the United States that could spill over to adversely affect other dimensions of the bilateral relationship. . . .

There was less consensus about defense issues among Japanese participants than American ones, but no Japanese participant supported the notion that Japan should opt for an autonomous "Gaullist" security policy or that it should seek to become a military superpower. While

some Japanese participants indicated their essential agreement with American views of the centrality of the Soviet threat, others emphasized that many of the sources of instability in the world have little to do with the Soviet Union, and, in any case, could not be effectively counteracted by reliance on military power. Furthermore, several Japanese expressed the concern that the defense program sponsored by the Reagan administration, if enacted, would create further inflationary pressures in the United States economy and make economic recovery more difficult. . . .

There was no disagreement that the interest of the two countries were being well served by . . . elimination of the need for the U.S. to deploy military forces to deal with a potential conflict in China, and by expanded economic interchange with a country representing a quarter of mankind.

Discussion of how much further political and military relations with China should be developed, however, was marked by deeply conflicting views. Although several Japanese participants indicated support for U.S. military assistance to China in the form of the sale of a case-by-case basis of specified defensive weapons, concern was expressed that the development of a strategic relationship with China would further exacerbate tensions with the Soviet Union . . . several Japanese argued that China was politically unreliable and militarily weak and that it could not play the role in maintaining a balance of power in East Asia that many Americans felt it capable of playing. Furthermore, several Japanese participants pointed out that some Southeast Asian nations regard China as a more serious long-term security threat than the Soviet Union and that U.S. efforts to strengthen China's military capabilities would result in increased fears of China through Southeast Asia. . . .

[Regarding China's economic development,] on the whole, Japanese participants tended to be somewhat skeptical of the influence of outside economic assistance and more pessimistic about China's ability to promote its economy as long as it maintained a state controlled, centrally managed economic system. . . .

Both Japanese and American participants expressed the hope that the Reagan administration's efforts to reinvigorate the private sector of the economy would be successful. Some Americans and many Japanese, however, expressed concern about the policy prescriptions being adopted to carry out this effort. . . . Japanese were also concerned about American inflation, but their criticism focused more on the international impact of what they regarded as the administration's overreliance on monetary policy. In this view, the high interest rates being produced by a restrictive monetary policy are causing serious problems in the bilateral relationship by strengthening the value of the dollar and widening the Japanese trade surplus.