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The Kennedy-Johnson Years: Forging U.S.-Japan Partnership

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...There are bound to be clashes of interest, they are inevitable. We should attempt to smooth them over without permitting them ever to mar the basic self-interest which we both have in maintaining these very strong ties together...

John F. Kennedy, 19621

Introduction

In the 1960s, having inherited a solid record of post-war security cooperation from the Eisenhower administration, the John F. Kennedy (1961-1963) and Lyndon B. Johnson (1963-1969) administrations sought to reaffirm the importance of U.S.-Japanese relations. Given the ongoing importance of Japan in the context of the Cold War, the Kennedy and Johnson administrations (the Kennedy-Johnson administration) tended to emphasize bilateral security cooperation. Yet, by the 1960's, with the resurgence of the economics of Japan and Europe, U.S. policy-makers contended with a new set of economic pressures that acted as a centrifugal force, threatening to weaken the bilateral relationship. U.S. policy-makers recognized the need to expand bilateral relations to reflect the heightened importance of Japan's economic and political interests. They sought to formulate policies that would incorporate these broader concerns that threatened to undermine the logic of earlier cooperation. The principal policy dilemma for policy-makers during the Kennedy-Johnson years was how to maintain the centrality of bilateral security relations while establishing a

broader and more lasting foundation for overall bilateral relations. Thus, the central thrust of policy was to affirm complementary aspects of political and economic relations with Japan in order to achieve equilibrium in bilateral relations.

To this end, the administration actively pursued a complementary agenda with Japan that sought to reinforce the security, diplomatic-political and economic components that constitute the three pillars of bilateral relations. To be sure, The Kennedy-Johnson administration tended to attach primary importance in bilateral relations with Japan to the assertion of a mutually reinforcing foreign policy that emphasized highly complementary security concerns. At the same time, the administration embarked upon a strategy designed to publicly highlight the complementary political and economic benefits of partnership in order to broaden political support within Japan for the Liberal Democratic Party's (LDP) pro-American policies and to accelerate Japan's market liberalization. Close consultation with Japan in promoting the Kennedy Round of the GATT negotiations encouraged bilateral cooperation in achieving the expansion of trade. Executive leadership in fostering the "Broken dialogue" and in the promotion of "equal partnership" was critical to enhancing political and economic cooperation. Moreover, U.S. policymakers sought to develop within the bureaucracy cooperative for for the efficient resolution of bilateral economic and trade disputes in an effort to contain the detrimental impact of trade friction on overall bilateral relations. Collectively, the integrated trade policy approach of the Kennedy-Johnson administration tended to reinforce the complementary aspects of bilateral relations, ushering in an era of perhaps unprecedented cooperation.

The Strategic Context

Throughout the 1960's, America's overwhelmingly important foreign policy objective

was the policy of the containment of Communism and the protection/promotion of democratic regimes. The construction of a vast array of security treaties and commitments designed to thwart the "Red tide of Communism" led policy-makers to adopt an exceedingly broad conception of national security. As Kennedy declared in his Inaugural Address in 1961, in order to preserve and insure freedom, "We will pay any price, bear any burden, endure any hardship, support any friend, oppose any foe."2 To be sure, there was a reduction in East-West tensions between 1961 and 1968 as U.S.-Soviet relations entered a period of "peaceful coexistence" in the aftermath of the Berlin and Cuban missile crises. Yet, while the likelihood of direct military confrontation with the USSR decreased, Khrushchev's advocacy of "wars of national liberation" among states in the periphery ensured that U.S. policy-makers continued to view the Communist threat in terms of the logic of military bipolarity. The internal and external threat posed by Communist expansion led many policymakers to interpret the strategic environment in accordance with the "Domino theory." The theory held that a Communist takeover within one state would result in the successive overthrow of adjacent states in the absence of American military presence. Thus, for example, when Kennedy was asked about his belief in the "Domino theory" in regard to Laos, he responded,

If Laos fell into communist hands, it would increase the danger along the Northern borders of Thailand. It would put additional pressure on Cambodia and would put additional pressure on Viet Nam, which in itself would put additional pressure on Malay. So, I do accept the view that there is an interrelationship in these countries...³

As a Senator in 1956, Kennedy stated that,

Vietnam represents the corner of the Free World in Southeast Asia, the keystone to the arch, the finger in the dike. Burma, Thailand, India, Japan, the Philippines, and obviously Laos and

Cambodia are among those whose security would be threatened if the Red tide of Communism overflowed into Vietnam.⁴

Secretary of State Dean Rusk confirmed that Kennedy's view was essentially unchanged as President. Rusk emphasized, "There is no question that he felt very strongly that it was vital to the security of the United States that Southeast Asia be maintained as a free area, that it not be allowed to be overrun by the Communists."

Lyndon Johnson maintained a similar outlook with regard to the importance of Vietnam. He also believed that America's vital interests were at stake in the region and that it was important to America's "credibility" toward its allies to check the Communist advance into South Vietnam. For, according to William S. White, Johnson held, "If the Soviet Union saw these fellows could get away with it in Asia, he feared they would take up the same policy and get away with elsewhere." The logical extension of "the finger in the dike" mentality led policy-makers to portend increasingly dire global implications from such regional conflicts. Thus, for example, Rusk, looking at Vietnam in 1969, maintained, "If the Communists are allowed to overrun South Viet Nam and Laos and Cambodia and Thailand and on beyond, then I think we're on the way to World War III."

Policy-makers also occasionally expressed fears about the potential for Communist expansion by the Chinese. For example, in an address to a Japanese trade delegation in 1962, Kennedy chose to remark that China had embarked upon a "belligerent phase" of "national development." The President indicated that, "Our major problem...is how we can contain the expansion of Communism in Asia so we do not find the Chinese moving into a dominant position in all of Asia." Following a speech in 1965 by Lin Paio on "Peoples' Wars of National Liberation," Defense Secretary Robert McNamara grew disturbed by precisely that scenario. To be sure, other U.S. policy-makers were skeptical that China, with its huge population and

belated economic development could constitute such a threat. One such skeptic was Under Secretary George Ball who wrote that, "There were simply too many mouths to feed, too many illiterate peasants to train and too thin a layer of education and sophistication for China to be able to mobilize its teeming hordes with effectiveness." While perceptions of the magnitude of the Chinese threat varied, there was a clear tendency to evaluate regional threats in Asia from within this analytical framework.

Japan Policy

In the context of East-West confrontation, American policy-makers tended to attach overwhelming importance to Japan as a strategic partner. As the President enjoyed bipartisan support on foreign policy, Congress tended not to interfere, confining itself to an advisory role on particular issues. ¹⁰ Accordingly, the institutions responsible for the formulation and execution of America's national security, namely, the Office of the President, the State Department, and the Defense Department tended to exercise the greatest influence over policy decisions related to Japan. Many of these policy-makers came from the so-called Eastern Establishment, that is, either graduates of elite colleges or businessmen who through their high-level of expertise exercised an influential role in the policy-making process. ¹¹ Thus, policy vis-à-vis Japan was shaped largely by the prevailing consensus among a relatively small number of officials within the bureaucracy.

Given the emphasis on security, the U.S. government tended to view Japan's central importance as a bulwark against Communist expansion in Asia. In accordance with the U.S.-Japan Mutual Security Treaty, America was committed to protecting Japan from both internal and external threats under its nuclear umbrella. Given Japan's proximity to both the Soviet Union and China, and given Japan's

Constitutional restrictions under Article IX that constrained its rearmament, the Japanese government shared America's concern about Communist expansion and thus tended to support U.S. leadership. With the U.S.-Japan Mutual Security Treaty as the linchpin, these complementary security interests provided a foundation for cooperative bilateral relations.

Following the political crisis in Japan over the revision of the U.S.-Japan Mutual Security Treaty in 1960, American policy-makers began to reexamine the utility of placing such an emphasis on security issues in light of the Japanese public's distaste for ideological confrontation. Former Ambassador U. Alexis Johnson wrote, "It was painfully clear that no more explosive issue existed in Japanese politics than security relations with the United States." Consequently, the Kennedy administration recognized the need to rebuild bilateral relations on a broader foundation, incorporating wider political and economic interests to strengthen its support for pro-American policies within Japan. The emergence of the more moderate Hayato Ikeda and his interest in promoting domestic economic growth suggested that the LDP had already begun to move in that direction. Given Ikeda's emphasis on economic growth, policy-makers sought to acknowledge Japan's emerging political and economic power by more fully incorporating its interests into bilateral and multilateral fora.

The State Department clearly viewed Prime Minister Ikeda's visit to Washington as the key to establishing this new tone for bilateral relations for the Kennedy administration. In their bilateral meetings in June of 1961, Ikeda proposed the idea of establishing a more formal mechanism for political consultation between the United States and Japan. The Japanese government was apparently concerned that the Kennedy administration might be considering changes to its policy of non-recognition of the People's Republic of China. As the Japanese government had shaped its policies to be consistent with those of the U.S., a sudden reversal might

weaken the LDP. Recognizing the possible impact of U.S. policies on Japan, Kennedy pledged to adopt policies that would not embarrass the Japanese government or harm it politically.¹³ Kennedy affirmed the mutual benefit of improved foreign policy coordination on regional security issues particularly in China, Southeast Asia, Laos, and Vietnam and therefore agreed to Ikeda's proposal. In another meeting with Japanese officials, the President clarified that he understood from their private talks that the two countries had agreed to develop consultative machinery to consider global matters of common interest, not just those in Asia. Kennedy stated that the U.S. would, "consult whenever possible in advance with Japan, particularly in instances where there are serious threats to the international peace and where the interests of both countries are involved, in the same manner as we now consult with the British and the French." As this form of broad consultation buttressed Ikeda's "partnership" diplomacy, he readily affirmed Kennedy's statement.

A second element of the shift toward a public deemphasis on security relations was to stress the mutual benefits of economic relations. In light of the record of post -war success of America's economic policies vis-à-vis Japan, U.S. policy-makers believed that highlighting cooperative economic relations could help broaden the public appeal of pro-American policies within Japan. Indeed, the U.S. had a solid record of accomplishment in encouraging Japan's economic resurgence. In the 1950's, given the primacy of security issues vis-à-vis Japan, U.S. policy-makers were concerned that Japan's unstable economy would adversely affect the fledgling democracy. Although Japan needed to reestablish its presence in international markets, Japan was initially hesitant to openly promote greater regional economic cooperation, fearing that such promotion would only fuel anti-Japanese sentiment and possibly result in nationalist backlashes in Asian capitals. Consequently, the U.S. played an instrumental role in helping Japan secure access to international

markets in the 1950's. The U.S. granted easy access to the huge U.S. market and American technologies, and offered low credit loans to businesses. As a result of these favorable terms of trade and the hard work of the Japanese people, the Japanese economy achieved a rapid rate of economic growth, averaging 8 percent growth of real GNP between 1956 and 1960.¹⁶

In light of Japan's economic resurgence and the concomitant increase in aid to developing nations, the Japanese government began to press for membership into the OECD. As Japan was not a member of any trading bloc, the Japanese government worried that British admission to the Common Market might give the United Kingdom an economic advantage over Japan. Thus, prior to the Kennedy-Ikeda bilateral meetings in June, the Japanese government requested that the United States consider proposing Japan for membership into the OECD. Although Kennedy strongly desired to see Japan become a member of the OECD, Japanese membership presented a dilemma for the administration.¹⁷ European countries viewed the OECD as an organization for strengthening the Atlantic Alliance. The President was convinced that Japanese membership would likely lead to an unwanted dilution of its European nature due to the likelihood of requests by the British for the admission of Commonwealth nations such as India and Australia. 18 Thus, for largely political reasons, Kennedy viewed prospects for Japanese admission to the OECD in 1961 as untimely and recommended postponement. Since Japan could not become a member of the OECD without U.S. backing, the administration recognized that some alternative forum for high-level economic discussion was needed.

The State Department was concerned that close consultations with Western European allies at such high-level multilateral fora as NATO and OECD were fostering the impression that U.S. policy decisions neglected Japan's economic interests. ¹⁹ On June 8, 1961, in a memorandum to the President, Secretary of State Rusk recommended the establishment of the Joint U.S.-Japan Committee on Trade

and Economic Affairs (The U.S.-Japan Economic Committee). Rusk stated that the committee's purpose was, "To dispel lingering Japanese doubts about the importance we attach to Japan as compared with our major allies in Europe, as well as Japanese doubts about the relative weight we give to our economic relationship as opposed to our military security relationship."²⁰ Interestingly, Rusk further noted the need for, "public recognition to the importance we attach to close and mutually beneficial trade and economic relations."²¹ With broad interagency support for the proposal, Kennedy agreed and the details were spelled out in the joint communique during Ikeda's visit.

The Spirit of Hakone

The first meeting of the U.S.-Japan Committee took place in Hakone on November 3-4, 1961. Participants on the Japanese side included Prime Minister Ikeda, 7 cabinet members and Ambassador Asakai.²² The U.S. side was represented by 7 cabinet members, Deputy Special Counsel to the President, Myer Feldman, and Ambassador Reischauer.²³ In addition to a discussion of general economic trends in both countries, the talks covered a broad range of topics, including the expansion of trade and promotion of bilateral economic relations, economic aid to less developed countries, and U.S. and Japanese policies toward the Sino-Soviet economic bloc. The prominence and sheer number of officials that attended these talks effectively highlighted the importance that the United States attached to relations with an increasingly powerful Japan.

The focus of the meetings was not intended as a forum for negotiating over substantive economic issues rather, it was designed as a political discussion of economic issues. Thus, for example, three weeks prior to the meetings, Under Secretary of State George Ball wrote that he was, "persuaded that the agenda and the

specific papers to be discussed are far less important than the fact that the discussions take place."²⁴ Despite the emphasis of form over substance, the U.S. side succeeded in securing Japanese agreement to support a U.S. proposal to reduce tariffs in the next multilateral round of trade liberalization. More generally, in a telegram to the President, Rusk reported that the talks had been a success, "having accomplished its broader purpose of improving background of understanding among cabinet officers two sides involved in U.S.-Japanese trade relations."²⁵ This was an understatement as the "Hakone spirit" that developed out of these meetings was paramount in fostering a collaborative approach by the two governments in resolving bilateral economic issues in a calm, unpoliticized manner.

On December 3-5, 1962, the U.S.-Japan Economic Committee met in Washington and reaffirmed the spirit of collaboration of the previous year. ²⁶ The Japanese government confirmed its earlier pledge to participate fully in the Kennedy Round of GATT negotiations. ²⁷ Presidential leadership in minimizing the non-complementary aspects of bilateral relations in regard to trade and economic issues was also helpful. In a speech before a Japanese trade delegation, Kennedy acknowledged the inevitable "clashes of interest" but stated, "We should attempt to smooth them over without permitting them ever to mar the basic self-interest which we both have in maintaining these very strong ties...." ²⁸ He further indicated that, while trade and economic issues "deserve attention periodically," "they, in my opinion, are not the major problems we are faced with." ²⁹ By relegating trade and economic issues to a secondary priority, Kennedy helped to reinforce the image within the bureaucracy that haggling over such issues was "low politics."

Economic Relations

Given the strength and size of the American economy relative to that of Japan,

policy-makers tended to emphasize the relative fragility of the Japanese economy, permitting a degree of asymmetry in economic relations. The emphasis on security issues with Japan and other foreign policy concerns had led policy-makers to focus on the weaknesses in the Japanese economy while tending to overlook its emerging strengths. Thus, for example, one CIA analyst wrote as late as 1963 that the Japanese economy remained, "exceptionally vulnerable to threats to its export markets." For these reasons, despite the dynamism of the Japanese economy, U.S. policy-makers pursued policies that were intended to encourage Japan's economic resurgence.

The Japanese government also recognized that its economy was still in a relatively fragile state and sought to formulate economic policies to promote economic growth. Therefore, in accordance with domestic consensus within the conservative mainstream that favored the economic liberalism school founded by Yoshida Shigeru, Ikeda attached primary importance to the expansion of the economy, announcing his plan in 1960 for the doubling of national income in 10 years.³¹ The Ikeda plan was widely supported by business, the Keidanren, and given the continuing divisions within the Socialist parties, the LDP and the Ikeda Cabinet came to enjoy broad support.32 Although the plan called for and resulted in the expansion of both imports and exports, in the 1960's it was the growth in imports particularly in private investment in plant and equipment that fueled Japan's economic growth.³³ Given Japan's scarcity of natural resources, sustaining economic growth required the import of increasing quantities of raw materials as well as industrial machinery. An earlier round of market liberalization, the Dillon Round, had left Japanese manufacturers scrambling to upgrade their facilities to improve their competitiveness. The consequent boom in plant and equipment investment led to a surge of imports at a time when the yen was overvalued relative to the dollar resulting in chronic trade deficits for Japan because of its relatively lower volume of exports. Thus, in order to avoid large current account deficits, the Japanese government maintained policies that restricted imports and encouraged exports. Nevertheless, the Japanese trade deficit with the United States reached nearly \$800 million in 1961.³⁴

America was struggling with its own set of economic problems. Policy-makers attempted to address the emergence of America's own global balance of payments problems. Kennedy appointed Treasury Secretary Douglas Dillon as chairman of the Balance of Payments Committee to begin to reign in the rising cost of deploying America's forces overseas, Dillon employed various belt-tightening measures that reduced military expenditures, increased "tied" aid and tightened "buy American" provisions. In his State of the Union address of 1962, Kennedy warned, "Persistently large deficits would endanger our economic growth and our military commitments abroad."35 In truth, Kennedy was not unsuccessful in reducing the trade deficit. which declined from \$3.9 billion in 1960 to \$2.4 billion 1961, and to \$2.2 billion in 1962.36 But, policy-makers recognized that much of the reason for the modest improvement stemmed from temporary cyclical factors caused by the "Eisenhower" and "Kennedy" recessions. While the prescribed Keysenian stimulus helped the U.S. out of a brief recession in 1962, the administration remained concerned with the need to sustain economic growth. In fact, the U.S. economic growth rate during the late 1950's was sluggish, averaging only 2.7 percent from 1955 to 1963, with growth improving slightly to 3.6 percent from 1960-1963.³⁷

America's "sluggish" economic performance contrasted drastically with what Kennedy called "the phenomenal growth of the Common Market" and "the most extraordinary, modern industrial miracle" of Japan. The gap in economic performance was contributing to the emergence of protectionist pressures in the United States, a fact Kennedy found disquieting. The President attributed America's relative sluggishness to weak export growth. In an address to the Congress in 1963,

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Kennedy admitted, "Our exports have risen only moderately over the past three years and have not kept pace with the rapid rise of imports which has accompanied our domestic expansion." He viewed the growth of U.S. exports as "the primary long term means" to correcting America's trade imbalance. The promotion of export growth was also viewed as important to maintaining America's vast array of security commitments. Thus, in his 1962 State of the Union address, Kennedy declared, "Above all, if we are to pay for our commitments abroad, we must expand our exports."

Given the administration's desire to promote export growth, U.S. policy-makers were somewhat dissatisfied with the results of Japan's efforts at market liberalization. For example, in meetings with Ikeda and MOFA officials in June of 1961, Under Secretary Ball, commenting that most of Japan's earlier liberalization had come from the agricultural sector, argued that American manufacturers were discontent with the pace of Japanese liberalization in the manufacturing sector. Ikeda responded that the government had encountered strong resistance to liberalization among small and medium size firms, the auto-industry and other non-competitive segments of the manufacturing sector. In light of this protectionist pressure, accelerating the pace of liberalization was problematic. Secretary of State Rusk urged the Prime Minister to take steps to accelerate the pace of liberalization, noting that the Congress would consider important new trade legislation in the next year. In the United States, the perception of an imbalance in the pace of market liberalization compared with that of Japan and the EC was encouraging protectionist sentiment.

In short, despite executive leadership and bureaucratic cooperation in minimizing the negative effects of trade, both the U.S. and Japanese governments struggled to reconcile a seemingly divergent set of economic priorities. With its balance of payments and competitiveness problems, the Japanese government was encountering domestic resistance to further liberalization. In the United States,

balance of payment problems and sluggish growth were fueling protectionist sentiment and increasing demands for more liberalization from its trading partners. U.S. policy-makers thus faced the dilemma of balancing the need to promote U.S. exports in order to dampen protectionist pressure with the desire to continue to encourage Japan's economic resurgence. In addressing these concerns, U.S. policy-makers devised a solution that sought to reinforce the complementary aspects of bilateral relations through the expansion of global trade.

Expanding Global Trade

The decreased likelihood of direct military confrontation between the two superpowers resulted in the heightened importance of economic competition between the East and West. As a result, with the twin objectives of supporting democratic regimes and promoting economic growth domestically, both the U.S. and Japan regarded the expansion of global trade as an important aspect of their complementary security concerns. Both countries also shared fears that the combination of the EFTA and EC countries of Europe, together with the accession of the United Kingdom into the Common Market could lead to an exclusive European trading bloc. The expansion of trade through a new round of tariff reductions appeared an attractive alternative to both governments. Accordingly, within the U.S.-Japan Economic Committee meetings, the Kennedy administration had twice secured Japanese agreement for support for its proposals. In this context, the U.S. pushed vehemently for a successful conclusion of the Kennedy Round (1964-1967) of the GATT to ensure the expansion of trade by reducing tariff barriers among key trading partners.

As the Reciprocal Trade Act was set to expire in 1962, the administration proposed the Trade Expansion Act of 1962 as its replacement. The new legislation intended to provide the administration with the necessary authority to negotiate the

Kennedy Round. Remarkably, Under Secretary Ball had considered postponing the introduction of the legislation based on fears that the prospect of the reduction of tariffs might strengthen the forces within the United Kingdom that opposed accession to the Common Market. According to Ball, "Kennedy wisely overruled my concerns and insisted that we go forward without delay."

The administration suffered a setback when U.S. negotiators failed to achieve further market opening in regard to agriculture. This ensured that a large segment of the farming community and the Congressmen of agricultural states would oppose the passage of the Trade Expansion Act. In this context, Kennedy faced an important political decision whether or not to accept the position worked out by his own negotiators and endorse the round. Following extensive discussions with his advisors, Kennedy firmly determined that it was in the interest of the United States as a great trading nation to promote an open liberal trading system. According to Rusk, "It was the President who made the decision to say yes and to go ahead even though he knew there would be some disturbance here in this country on certain aspects of the Kennedy Round results."45 In explaining Kennedy's rationale, Rusk emphasized, "he did not want [his administration] to be responsible for starting a new cycle of restrictive trade practices which would have led to a worldwide depression."46 In short, Kennedy concluded that the benefit of reduced tariffs in the manufacturing sector was important to ensure that trade moved in a liberal direction. The Trade Expansion Act of 1962 passed easily in both the House (298 to 125) and the Senate (78 to 8).

Initially, the Sato Cabinet was concerned that some segments of Japan's industrial sector were insufficiently competitive and thus played less than a fully supportive role. But, as Japan's economy surged and Japanese industry became more competitive, the importance of exports to the future growth of the economy convinced Sato to wholeheartedly endorse the round and in 1968, he called on other

nations to speed up the agreed upon tariff reductions.⁴⁷ As a tangible result of U.S.-Japanese cooperation, the Kennedy Round led to the reduction of tariffs by approximately one third at the global level.⁴⁸ In bilateral terms, the United States reduced tariffs on imports from Japan by roughly 38 percent while Japan's tariffs on imports from the United States dropped 35 percent.⁴⁹ In testimony related to the completion of the Kennedy Round before the joint Subcommittee of Foreign Economic Policy, Under Secretary Ball stated that, "We are within sight of the original vision of [former Secretary of State] Cordell Hull..." calling it, "a significant watershed in world economic progress." Moreover, as one scholar observed, "The successful conclusion of the Kennedy Round has largely dispelled the feeling nurtured during its early years of frustration, that the multilateral approach was no longer workable, owing to the presence of major trading countries." ⁵¹

With the expansion in world trade in the 1960's, the economies of both countries were favorably affected. Japan averaged remarkably high real annual growth of GNP of 11 percent while the U.S. maintained an average growth rate of roughly 5 percent. The expansion of trade led to a sharp decline in Japan's bilateral trade deficit and by 1965 resulted in Japan's first trade surplus with the United States since before the war.⁵² At the time, as the U.S. economy was approximately twice as large as that of Japan, U.S. policy-makers still tended to view Japan's economic turnaround as a significant policy success.

The Johnson Years

Upon assuming the presidency in November of 1963, Johnson embraced the Kennedy legacy and sought to ensure the continuity of Kennedy's foreign and domestic policies. In fact, Johnson stated, "I've never thought of my administration as just the Johnson administration, but as a continuation of the Kennedy-Johnson

administration.⁵³ In regard to Japan, Johnson told Sato that U.S.-Japanese partnership would only be strengthened by the Kennedy tragedy. Yet, with the exception of the issue of Okinawa reversion, Johnson devoted less time to bilateral relations with Japan than Kennedy primarily due to the demands of prosecuting the Vietnam War.

By the latter half of the 1960's, the Kennedy-Johnson foreign policy of "undifferentiated globalism" was growing increasingly untenable. In contrast to the high growth rates of Japan and the EC countries, U.S. economic performance grew increasingly constrained by the cost of the arms race, the inflationary impact of the Vietnam War, and the maintenance of a foreign policy which gave precedent to security relations over economic relations. America's willingness to "bear any burden" had led the Kennedy-Johnson administration to continuously escalate U.S. involvement in the Vietnam War. Annual increases in defense expenditures from 1965 to 1968 tended to have a particularly inflationary impact on the U.S. economy which, coupled with tax increases, dampened America's economic performance.

As the cost of the war escalated, and America's prospects for victory grew less certain, America's foreign policy consensus began to breakdown.⁵⁴ Some policy-makers began to question the sustainability of a policy that gave such overwhelming priority to national security concerns over economic interests. Clearly, the Tet offensive and the consequent defense appropriations debate over the apparent need for further escalation, further galvanized the debate among foreign policy-makers and the public as to whether America's huge stake in the outcome of the war was justified.⁵⁵ The collapse of consensus over foreign policy, and the domestic controversy it engendered, not only forced Johnson to abandon plans to run for a second term, but also compelled a reassessment as to the limits of America's global power, bringing an end to "Pax Americana."

Conclusion

In sum, while Johnson presided over the shift in America's foreign policy consensus that signaled the end of an era of bipartisan cooperation, the Kennedy-Johnson administration could point to a solid record of achievement in securing and maintaining a broader foundation for cooperative bilateral relations. Given the shared perception of the potential threat of Communist expansion both within and outside of Japan, the U.S. and Japan shared highly complementary security concerns that led to the renewal of the Security Treaty of 1960 and encouraged close security cooperation. Despite the importance the Kennedy-Johnson administration attached to security relations, the administration also succeeded in enhancing political and economic cooperation. Kennedy demonstrated executive leadership that helped to set a new tone and to usher an era of mutual trust that helped produce the "spirit of Hakone." To highlight the importance of heightened economic interaction of the two countries, Kennedy established the U.S.-Japan Economic Committee to tackle economic and trade issues while fostering a collaborative spirit. At the same time, to foster political cooperation, the Kennedy-Johnson administration pledged close consultation on regional and international issues that threatened to negatively impact overall bilateral relations. While the emergence of the bilateral trade imbalance marked the beginning of a period of a heightened degree of economic friction, given the size and strength of the American economy, the Kennedy-Johnson administration viewed the emergence of a small U.S. deficit as a relatively minor issue. The thrust of U.S. economy policy was to continue to encourage Japan's economic resurgence and to promote the expansion of global trade through the auspices of the GATT. By achieving a judicious balance among the security, political and economic pillars of bilateral relations, the President enjoyed strong bipartisan support. While domestic support for the administration's approach clearly waned in 1968, policy-makers were

able to maintain a sufficiently high level of domestic and international support for its overall approach to avoid abrupt course adjustments. In thus laying the foundation for broad bilateral relations, the Kennedy-Johnson approach not only solidified intergovernmental cooperation but also succeeded in generating broad support for the LDP's pro-American policies within Japan.

Notes

- 1 Public Papers of the Presidents, John F. Kennedy, "Remarks at a Luncheon in Honor of a Japanese Trade Delegation," December 3, 1962, p.850.
- 2 Public Papers of the Presidents, John F. Kennedy, "Inaugural Address," January 20, 1961, p.1.
- 3 Richard Reeves, President Kennedy: Profile of Power, New York: Simon & Schuster, 1993, p.484.
- 4 Richard Reeves, President Kennedy: Profile of Power, New York: Simon & Schuster, 1993, p.254.
- 5 Transcript, Dean Rusk, Oral History Interview II, September 26, 1969, by Paige E. Mulhollan, Internet Copy, LBJ Library.
- 6 Transcript, William S. White, Oral History Interview II, March 10, 1969, Dorothy Pierce McSweeney, Internet Copy, LBJ Library.
- 7 Transcript, Dean Rusk, Oral History Interview II, September 26, 1969, by Paige E. Mulhollan, Internet Copy, LBJ Library.
- 8 Public Papers of the Presidents, John F. Kennedy, "Remarks as a Luncheon in Honor of a Japanese Trade Delegation," December 3, 1962, p.851.
- 9 George Ball, The Past Has Another Pattern: Memoirs of George W. Ball, New York: W.W. Norton and Co., 1982, p.179.
- 10 Donald C. Hellman, "Japanese Politics and Foreign Policy," The Political Economy of Japan: Volume 2 The Changing International Context, Stanford, California: Stanford University Press, 1988, p.360.
- 11 David Halberstam, The Best and the Brightest, New York: Random House Inc., 1969, p.8.
- 12 U. Alexis Johnson, The Right Hand of Power: The Memoirs of an American Diplomat, Englewood Cliffs, New Jersey: Prentice Hall, Inc., 1984, p.540.
- 13 Memorandum of Conversation, June 21, 1961, U.S. Department Of State, Papers Relating to the Foreign Relations of the United States, 1964-1968 Vol. VIII, International Monetary and Trade Policy (Washington DC: 1996) p.696-698. Hereafter cited as FRUS. Secretary of State Rusk and Foreign Minister Kosaka later specifically agreed that neither side was contemplating recognizing China.
- 14 Memorandum of Conversation by Sneider, June 21, 1961 U.S. Department Of State, Papers Relating to

- the Foreign Relations of the United States, 1961-1963 Vol. XXII, Northeast Asia (Washington DC: 1996) p.696-698. Hereafter cited as FRUS.
- 15 板垣興一、『日本外交の分析:アジア経済外交の方途』国際政治史、1957年、171頁。
- 16 経済白書、1995年。
- Memorandum of a Telephone Conversation, Ball to Heller, June 14, 1961, FRUS, 1961-1963 Vol. XXII, Northeast Asia, (Washington DC: 1996) p.693-696.
- 18 Memorandum of Conversation by James Wickel, June 21, 1961, FRUS, 1961-1963 Vol. XXII, Northeast Asia, (Washington DC: 1996) p.693-696.
- 19 Memorandum From Secretary of State Rusk to President Kennedy, June 9, 1961, FRUS, 1961-1963 Vol. XXII, Northeast Asia, (Washington DC: 1996) p.678-679.
- 20 Ibid., p.678-679.
- 21 Ibid., p.678-679.
- 22 The cabinet ministers for Japan were Zentaro Kosako (MOFA), Eisaku Sato (MITI), Ichiro Kono (MAF) Mikio Mizuta (MOF), Aiichiro Fujiyama (EPA), Kenji Fukunaga (MOL) and Masayoshi Ohira, Chief Cabinet Secretary.
- 23 The cabinet members included Secretary of State Dean Rusk, Secretary of the Interior Stewart Udall, Secretary of Agriculture Orville Freeman, Secretary of Commerce Luther Hodges, Secretary of Labor Arthur Goldberg, Treasury Under Secretary Henry Fowler.
- 24 Memorandum, George Ball to Frederick Dutton, October 12, 1961, FRUS, 1961-1963 Vol. XXII, Northeast Asia, (Washington DC: 1996) p.712-713.
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