

A Reappraisal of George H.W.Bush's Trade Policy toward Japan: Comparing the Bush and Clinton Legacies

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A Reappraisal of George H.W. Bush's Trade Policy toward Japan :

Comparing the Bush and Clinton Legacies

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The key to successfully managing bilateral relations is trying very hard to understand the Japanese and to explain to the Japanese what we are about. I don't know any two cultures that are so different. And I think part of the problem between us is that we talk past each other a lot. We are not natural allies. We have to work at it and when we work at it, it goes really quite well but it takes a lot of extra effort.

Brent Scowcroft, National Security Adviser, Bush Administration, 2001¹

What I regretted most was that both sides wasted almost all of their time bickering. In the end, all that remained was mutual distrust.

Bowman Cutter, National Economic Council, Clinton Administration, 1996²

Assessing the Bush and Clinton Approaches

Friedrich Hegel once observed that, "To him who looks at the world rationally the world looks rationally back. The relation is mutual."³ It is precisely from this perspective that in examining U.S. trade policy approaches vis-à-vis Japan in the post-Cold War era, the diametrically opposed strategies of the Bush and Clinton administrations present an interesting historical contrast. To be sure, both George H. W. Bush (1989-1993) and Bill Clinton (1993-2001), employed multifaceted trade policy approaches that utilized a mix of multilateral, bilateral and unilateral policy

tools to pursue market opening with Japan. At the same time, both Bush and Clinton contended with a host of domestic constraints that threatened encroachment of executive authority, the product of growing concern about widening trade imbalances and heightened Congressional oversight on trade. In managing the numerous instances of economic friction that accompanied heightened economic interdependence, both political leaders understood the potential pitfalls of ignoring “the Japan problem” and sought to address the asymmetry in bilateral economic relations while maintaining cooperative bilateral ties. Moreover, while the passage of the Omnibus Trade and Competitiveness Act of 1988 permitted the U.S. Trade Representative’s Office (USTR) to designate Japan and other so-called “unfair traders” in accordance with the controversial Super 301 provision, both presidents retained considerable latitude in the formulation of Japan policy. In this environment, the selection of a suitable Japan policy constituted a particularly important policy choice for both Presidents Bush and Clinton.

Yet, despite a considerable degree of similarity in their policy choice, the Bush and Clinton administrations chose to adopt markedly divergent approaches toward Japan. Despite the rise of economic nationalism in the U.S. in the late 1980s, Bush strongly opposed “managed trade” and sectoral targeting, preferring a more market-oriented trade policy approach that emphasized minimal governmental intervention, a reliance on market forces and U.S. export expansion. In contrast to the Bush administration’s use of the “velvet crowbar” to open Japanese markets, Clinton opted to embrace revisionism, adopting a more aggressive bilateral approach that came to rely heavily on U.S. *gaiatsu* in order to impel Japanese market opening. While Clinton’s hard-line policy was widely predicted to yield more substantive results in the early 1990s, most economists now agree that neither administration’s Japan policy produced the dramatic market opening envisioned by U.S. policy-makers.

In fact, given stiff and continuous Japanese resistance to Clinton’s “results-

oriented" approach to trade, the principal impact of Clinton's aggressive bilateralism was a rapid deterioration in bilateral ties during his first term. Bush, however, was able to craft a more successful Japan policy, one that reinforced the bilateral relationship despite considerable fluidity in the international system and routine turbulence to America's relations with Japan. In the long term, Bush's Japan policy proved highly sustainable; requiring only some minor course adjustments whereas Clinton had little choice but to abandon his hard-line approach by the end of his first term. The fact that Bush was able to achieve such a favorable policy outcome suggests that the Bush policy approach was more attractive than preliminary "revisionist" accounts in the scholarly literature indicated at the time.

The difficulty of accurately evaluating the two administration's approaches has been compounded by the popular images of Bush in the U.S. and Japanese media. In Japan, the initial prevailing image of President Bush was undoubtedly related to the administration's decision to brandish Japan as "unfair trader" in 1989 in accordance with Super 301. A second pervasive image surrounded Bush's disastrous visit to Tokyo in 1992 in which the President of the United States became so ill at the State dinner hosted by Miyazawa that he preceded to vomit on the otherwise decorous Japanese Prime Minister. In the U.S., Bush was reported to have simply bowed to the will of the Democratically controlled Congress and was viewed as largely weak and ineffective. Collectively, such images inaccurately portray Bush as an unbridled unilateralist who had adopted a protectionist trade policy. Along these same lines, following Bush's surprisingly poor summit performance and his subsequent failed presidential reelection bid in 1992, Clinton's approach was presented as a continuation of the Bush approach and Clinton as an even more enthusiastic unilateralist. Perhaps inevitably, the media failed to capture the subtlety of Bush's predominantly multilateral approach. For, as the following analysis shows, contrary to such alarmist accounts, Bush's use of unilateral policy tools was actually

quite limited. Similarly, claims by those in the U.S. media that Bush had abandoned free-trade for “managed trade” at the Tokyo Summit in 1992 were equally unfounded.

At present, scholars tend to agree that the Bush approach was less disruptive to the bilateral relationship but, comparative assessment regarding the overall effectiveness of the two approaches continues to vary widely. Given the obvious similarities in their trade policy approaches, there is a tendency in the literature to regard the various contrasting elements of their respective trade strategies as merely a difference of degree, rather than as a difference in kind. Yet, given the highly disparate effect on U.S.-Japanese relations, there appears to be some important qualitative differences in the nature of the two divergent policy approaches.

Accordingly, this article examines the broad contours of the Bush and Clinton trade strategies in order to assess the relative efficacy of the two administration’s trade policy approaches. It is argued that Bush’s moderate trade policy approach was more effective than that the hard-line approach toward Japan adopted by Clinton during his first term. Specifically, the focus of each section is on uncovering the most critical areas of divergence in the Bush and Clinton’s administration’s policy approaches. Although a secondary task is to point out the strengths of the Clinton approach, the primary concern is to identify those attributes that helped to enhance the effectiveness of the Bush trade policy approach. What were the key factors that explain the Bush administration’s relative success? What accounted for Japan’s negative reaction to Clinton and its relatively positive response to Bush? Why was Bush able to maintain greater consistency in his overall approach? The central conclusion is that Bush’s trade policy approach was more effective than that of the Clinton administration because Bush was more attentive to laying the groundwork for achieving the long-term policy outcomes that were critical to inducing Japan’s cooperation. In drawing these conclusions, the author has drawn extensively on *The*

Public Papers of the President, The Congressional Record, archival materials collected from the George Bush Presidential Library and an oral interview with Bush's National Security Adviser, General Brent Scowcroft as well as a variety of English and Japanese secondary sources.

As with any work of such brief length, there are a number of significant limitations. First, it should be noted that as the author has previously published several articles that separately examine both the Bush and Clinton administration's Japan policies in their global, regional and bilateral contexts, arguments presented here are designed to be less than fully exhaustive.⁴ Secondly, although this article concentrates on the effectiveness of America's trade and economic policies, it provides no original comparative analysis of the economic impact of the policy approaches of the two administrations and relies openly on the judgment of respected economists and other scholars in this area. Thirdly, in order to delve into the many facets of America's intricate Japan policy in sufficient detail, the scope of the comparative analysis is somewhat limited. Consequently, this study does not comparatively examine U.S. Japan policy in relation to America's other specific bilateral policies. Moreover, given the complexity and level of detail necessary for this type of comparative analysis, the policy impact of the George W. Bush administration's Japan policy is not considered here. Nevertheless, while the conclusions drawn relate primarily to the comparative effectiveness of the two administration's approaches, the arguments presented below also point to a number of essential themes that could serve as lessons for policy-makers interested in maintaining smooth and productive bilateral relations.

A Coherent Global Strategy

The most crucial element of the Bush administration's trade policy approach was

undoubtedly the adoption of a clear and coherent global strategy. Both Bush and Clinton purported to encourage the trend toward globalization and trade liberalization. In promoting the expansion of America's global engagement, Bush employed a reasonably consistent strategy designed to encourage the centripetal forces affecting the global trading system while discouraging the centrifugal forces that threatened to weaken it. Within such a global conception, Bush adopted a trade policy approach that emphasized multilateralism, while pursuing a complementary bilateral approach to trade with Japan that served to minimize the use of unilateral and retaliatory trade measures. The coherence of the Bush administration's global strategy generated strong international support, helping it to sustain sufficient domestic support particularly among key Congressional leaders. Conversely, in attempting a redefinition of America's global engagement, Clinton's strategy was predicated on the revitalization of the domestic economy. In pursuit of America's economic and commercial interests, Clinton employed a trade policy approach that, consistent with the rise of economic nationalism in the United States, vigorously sought to rebalance economic relations with Japan, relying increasingly on bilateral, and unilateral policy tools to compel Japan's compliance. While Clinton enjoyed solid domestic support, the inconsistency of maintaining protectionist-leaning policies in order to accelerate Japan's market opening failed to garner sufficient international support to sustain his overall approach. As a result, in order to begin to restore his credibility and to reassert American leadership as a force favoring liberalization, Clinton needed to reverse course and adopt a softer position with regard to trade with Japan in the aftermath of the dispute over autos and auto-parts in the spring of 1995.

In the end, neither Bush nor Clinton was ultimately able to reverse the long-term decline of America's global leadership in the promotion of free trade. But, to the extent that the Bush administration emphasized the multilateral element of its

trade strategy, it was able to promote trade liberalization in a more consistent fashion than Clinton had during his first term. The linchpin of Bush's entire global strategy was trade liberalization. For, by assigning the highest priority to promoting the centripetal forces affecting the global trading system, Bush was able to exhibit executive leadership critical to muting the impact of rising protectionist sentiment both at home and abroad. Throughout his tenure, Bush and other key policy-makers sought to promote and expand trade liberalization at both multilateral and bilateral fora. Thus, for example, Bush played the leading role at the Houston and London Summits, to strengthen the international economic order and to ensure the insertion of anti-protectionist language in the joint declarations.⁵ By acting as a steadfast force favoring liberalization and by attaching the highest priority to the successful conclusion of the Uruguay Round of GATT (1986-1994), Bush was able to exert the maximum amount of pressure possible on the EC to liberalize its markets. While EC intransigence to liberalize its agriculture sector coupled with Japan's tacit compliance prevented a swift resolution of the thorny issue, the coherence of Bush's strategy helped to increase international pressure on the Europeans critical to achieving the successful outcome that was finalized under Clinton in 1994. While the EC and Japan could resist liberalization of their agricultural sectors, the consistency of Bush's policies made EC and Japanese resistance to liberalization difficult to sustain indefinitely. Moreover, just as Presidents John F. Kennedy, Lyndon Johnson and Jimmy Carter contributed to the expansion of global trade through the earlier Kennedy and Tokyo Rounds of GATT talks, Bush's constant executive leadership on trade within both bilateral and multilateral fora was likewise an important factor in encouraging heightened political and economic cooperation with Japan.

At the same time, having acted to discourage the forces of protectionism abroad, Bush was better able to provide consistent executive leadership at home in opposing the concomitant rise in protectionist sentiment that followed the breakdown

in the GATT talks in 1991 and the onset of recession in the United States. Thus, although he contended with a global and domestic recession that followed in the aftermath of the Gulf War, Bush was well positioned to stave off the resurgence of America's economic isolationist impulse following the end of the Cold War. In this sense, the coherence of Bush's strategy produced a fortuitous multiplier effect in which Bush's efforts to combat protectionism abroad bolstered his efforts to confront protectionism at home and vice versa. The inherent efficiency of Bush's domestic and global strategy allowed Bush to expend the political capital of the executive with a singularity of purpose in promoting the liberal trading order, in discouraging the emergence of trading blocs and in quelling domestic protectionist pressure at home at a difficult juncture.

In contrast, the domestic focus of his economic revitalization strategy led Clinton to pursue a bifurcated trade policy, one policy toward Japan (and China) and another one toward its other trading partners. In light of America's "economic security" interests, Clinton maintained a wholly different set of priorities with regard to trade policy in Asia. He had publicly declared that his priorities in the Pacific were first to "improve" the economic relationship with Japan, and second to achieve a more open regional and global economy and third to build a new Pacific community.⁶ In attaching such a priority to restructuring economic relations with Japan, Clinton had hoped to compel further market opening in Japan. In theory, by pursuing an aggressive bilateral strategy with Japan while also pressing other countries to liberalize, Clinton's two-track trade policy was supposed to be doubly effective in encouraging global liberalization. In practice, however, his Japan specific policy tended to detract from his administration's stated goal of advancing global liberalization .

Clinton's aggressive efforts at promoting market opening with Japan emboldened stiff Japanese resistance to both the style and substance of the

administration's approach. As the Clinton strategy was predicated on economic nationalism and an unfavorable revisionist interpretation of Japanese "mercantilist" trade practices, Clinton's approach generated considerable resentment in Japan and the Japanese government had little choice but to reject it outright. As U.S. policy-makers spent more time pressing Japan on bilateral issues within bilateral fora, they devoted less time to planning cohesive strategies to achieve common objectives within multilateral fora. Japan's resistant posture to Clinton's aggressive bilateralism and unilateralism also tended to discourage Japan's cooperation within multilateral fora. Consequently, in the absence of Japan's supporting role for America's trade agenda, Clinton had greater difficulty in garnering international support for U.S. positions in multilateral fora.

Clinton's attempts at promoting trade liberalization at the global level were equally problematic. In light of his domestic agenda for "renewal," the central focus of Clinton's trade agenda was the pursuit of America's narrow economic and commercial interests through his "National Export Strategy."⁷ To encourage America's revitalization, Clinton vigorously pressed America's trading partners at the bilateral level to achieve the maximum amount of market opening. The domestic focus and the bilateral strategies detracted from the administration's multilateral agenda, leading to a pattern of the belated defense of international trade agreements. In sharp contrast to Bush's diplomatic approach to resolving economic disputes, America's trading partners were unimpressed with Clinton's "bullying" at the bilateral level. They were also unconvinced that Clinton needed to use unilateral and retaliatory tactics with Japan and other trading partners to ensure America's economic resurgence. As Clinton's emphasis on "trade by the numbers" constituted a radical departure from strong American leadership in favor of free trade within multilateral fora, Clinton's approach was less comprehensible to America's trading partners. For example, in support of the ratification of the GATT agreement, Clinton

stated,

No country can escape the global economy, and the greatest, largest, most powerful country in the world cannot escape the global economy. We must lead it in a direction that is consistent with our values, consistent with our interests, consistent with what is necessary to keep the American dream alive. That's really what GATT is all about.⁸

While the greater assertion of American interests was perhaps an inevitable by-product of the trend toward globalization, America's trading partners viewed Clinton's efforts to shape multilateral fora to suit American purposes as a poor substitute for genuine global leadership in promoting the liberal trading system. To be sure, Clinton's promotion of the successful conclusion of the Uruguay Round (1994) significantly encouraged liberalization, but in light of these competing objectives, Clinton tended to exhibit weaker and more vacillating leadership on trade than had Bush. Thus, for example, Clinton's rallying-cry in support of free trade at the Summit meeting in Naples in the summer of 1994 rang hollow to G-7 leaders who had just witnessed Clinton's use of unilateral tactics and punitive measures following the breakdown in the Framework Talks at the bilateral Summit with Hosokawa in the spring of 1994.⁹

In truth, while Clinton's two-track trade policy was designed to achieve market opening, the two policies tended to work at cross-purposes. America's other trading partners could dodge liberalization by pointing to the hypocrisy of Clinton's use of protectionism in its relations with Japan. At the same time, as other countries naturally desired to avoid unilateral and bilateral pressure, they tended to support and encourage Japan to resist American pressure. Rather than accelerating the pace of Japan's market opening, Clinton's approach tacitly encouraged an alliance between Japan and other U.S. trading partners in condemning the U.S. approach. America's

trading partners grew increasingly wary of forging international trade agreements with the United States, knowing they could later be subject to vigorous enforcement provisions. Thus, with the inconsistency of the U.S. position toward Japan and its other trading partners, Clinton's approach tended to hamper his own efforts to achieve liberalization within multilateral fora. Whereas Bush had learned to avoid the use of retaliatory trade measures following the international backlash that followed its singular use of Super 301 in 1989, Clinton ignored a similar international outcry, reviving Super 301 in 1994 and threatened to deploy it again in 1995. By the spring of 1995, the hypocrisy of Clinton's unilateralism and the Japan-bashing in the auto talks had led to America's ostracism at the OECD Ministerial meeting in late May.

Ironically, Clinton's decision to make "new partnership" with Japan America's "first international economic priority" had initially solidified domestic support for his trade policy approach.¹⁰ Yet, as his approach tended to alienate and antagonize America's important trading partners, Clinton had considerable difficulty generating and maintaining international support for his policies. Clinton's incoherent strategy led to weaker leadership within the GATT and OECD and significantly diminished his capacity to promote multilateral cooperation at bilateral fora with key trading partners like Japan. Moreover, Clinton's protectionist-leaning approach toward Japan produced a vicious cycle in which his hard-line policies tended to fuel protectionist sentiment abroad which, in turn, emboldened protectionism at home. In all, Clinton's rather atypical hard-line Japan policy during his first term hamstrung his concomitant goal of promoting global trade liberalization.

An Integrated Regional Strategy

A second element that contributed to the efficacy of Bush's trade policy approach was the integration of the administration's various regional market-opening strategies

within its global strategy. With Bush's emphasis on the multilateral element of its trade strategy, the successful conclusion of the Uruguay Round was his first priority. But, by mid-1990, EC foot-dragging on agricultural products threatened to derail the forward momentum in the negotiations. Bush sought to encourage market-opening initiatives through free trade agreements to bring additional pressure to bear on the EC to liberalize its markets. The President deployed a three-pronged regional strategy, pursuing free trade agreements in both Asia and Latin America while encouraging the process of liberalization in the emerging markets of Eastern Europe and Russia. Through the pursuit of such regional arrangements, Bush signaled America's trading partners that the U.S. was firmly committed to promoting the centripetal forces favoring globalization. Implicitly, given the collective global reach of Bush's regional strategies, the forces opposing liberalization such as the EC on agriculture were put on notice that they risked jeopardizing their own economic future in choosing to oppose or avoid liberalization.

Recognizing the heightened multipolarity of the global economy, Bush understood the importance of discouraging the formation of a Southeast Asian trading bloc. In accordance with the view that more commerce would encourage greater regional cohesion, Bush and Secretary Baker pressed for a new framework for economic integration in order to institutionalize existing economic arrangements in Asia, helping to lay the groundwork for the launch of the APEC process. Consistent with the larger foreign policy objective of promoting a stronger role for Japan in international affairs, they were careful to affirm the centrality of Japan's role in shaping this process. At the same time, Bush-Baker moved quietly to quash attempts by Malaysia and South Korea to exclude America's full participation in the regional grouping. Thus, by fostering political and economic cooperation within multilateral fora, the administration's Asia policy significantly aided the anti-protectionist forces that sought to accelerate the pace of liberalization in the region.

Similarly, Bush sought to integrate his regional strategy in Latin America with his broader strategy of expanding America's global engagement. In early June of 1990, Bush announced first that he would pursue "a comprehensive Free Trade Agreement" (FTA) with Mexico designed to "complement" efforts toward liberalization at the Uruguay Round.¹¹ But, in late June just prior to the Houston Summit, Bush announced that he was "extending" the bilateral arrangement to include the countries of Latin America.¹² Thus, as part of broader regional market-opening scheme the administration sought to incorporate the countries of Latin America into a hemispheric FTA with the launch of the Enterprise for the Americas Initiative (EAI). Bush directed USTR Carla Hills to begin the preparatory work needed to initiate negotiations with Mexico and requested that she report back in December of 1990, roughly the same deadline for the GATT negotiations.¹³ Following the breakdown in the GATT talks, Bush proceeded with the negotiations for an FTA with Mexico and, after adding Canada in 1991, forged bipartisan support for its passage by developing an "Action plan" that assuaged the concerns of key Congressional Democrats related to economic, labor and environmental issues. By executive leadership on trade and by shrewdly co-opting the opposition, Bush obtained Fast-Track negotiation authority on NAFTA that was necessary to forge an inclusive FTA that nearly rivaled the EC in size. While the final vote for the ratification of NAFTA was postponed by the Congress until after the 1992 presidential election, Bush had laid much of the groundwork for its passage. The Enterprise for the Americas Initiative encouraged emerging markets to adopt market-oriented policies and helped to solidify hemispheric support for the forces favoring liberalization. Having provided important leadership in the region, if Bush had been reelected in 1992, the administration could have arguably accelerated the pace of liberalization in the region even further.

The third prong of its regional strategy was the incorporation of emerging

markets into the global economy. Just as Bush had sought to promote political and economic reform by promoting liberalization in Latin America, Bush consistently sought to encourage stability and democratization by urging Eastern Europe and Russia to adopt market-oriented economic reforms.¹⁴ Bush sought to strengthen the rules within GATT to ensure “a stable framework for the integration of these countries” into the trading system.¹⁵ He also encouraged these new governments to engage in trade in accordance with international rules and to refrain from protecting domestic industries and from utilizing unilateral trade policies. Thus, in disavowing America’s use of unilateral policy tools, Bush recognized that if America, the leading economic power, utilized retaliatory trade measures that it would encourage its use among these developing countries. The need to facilitate Japan’s cooperation in promoting integration and trade liberalization within these markets also provided further impetus for a less aggressive bilateral approach toward Japan. The administration’s preference for multilateralism over unilateralism was thus consistent with the goal of encouraging the integration of the emerging markets of these developing countries.

Clinton also employed regional trade strategies to promote liberalization at the regional level. In theory, Clinton viewed APEC as “the regional centerpeice” of his administration’s effort to open markets in Asia. To be sure, the administration was an active participant in forging the Bogor Declaration (1994) that established the timetable for market liberalization and freer capital flows. But, U.S. participation within APEC following in the aftermath of sharp criticism regarding Clinton’s high-handed foreign policy approach in Asia tended to reduce America’s influence. By 1994, rather than acting as a force facilitating economic integration, Clinton’s policies tended to detract attention away from liberalization as Asian leaders increasingly focused on “the American problem.” As Clinton’s hard-line bilateral policies in the region had generated considerable ill will throughout Asia, the

administration experienced greater difficulty in forging multilateral coalitions that fully supported America's positions. Following the breakdown in the U.S.-Japan Framework Talks in February 1994, Japan's rejection of Clinton's aggressive bilateral approach had dampened Japan's enthusiasm, not to mention Japan's effectiveness, as an ally within the APEC forum. Thus, in contrast to Bush's strong executive leadership, Clinton's bilateral agendas in Asia limited his ability to encourage regional integration and tended to dampen the mood of cooperation within APEC. Moreover, Clinton's style of engagement had prompted a reexamination of foreign policy that took place in the summer of 1994, distracting the attention of U.S. policy-makers from external developments as they were unfolding in Asia. In sum, the inconsistencies of Clinton's weakly integrated APEC strategy severely limited the effectiveness of the administration's efforts at encouraging regional and global integration.

Clinton's regional strategy for promoting liberalization within Latin America was even more poorly integrated. The Clinton administration had replaced the Bush administration's Enterprise for the Americas Initiative (EAI) with the Free Trade Area of the Americas (FTAA), essentially the same initiative with a different name. For Clinton, the FTAA constituted "the other regional centerpiece" of his liberalization efforts in Latin America. Initially, the administration played a leading role in establishing the FTAA in order to encourage the process of liberalization within the region. In December 1994, following a two-day Summit of the Americas held in Florida, 34 countries agreed to its inception. Each of the countries agreed to the "Action plan" that committed member countries to pursue regional economic integration and free trade in a manner consistent with GATT. The members sought the reduction of tariff and non-tariff barriers and technical barriers and sought measures to improve the transparency of governmental procurement procedures. The U.S. was committed to achieving these goals and the Clinton administration had

agreed to conclude the FTAA by 2005.¹⁶

But, Clinton failed to lay the groundwork for accomplishing his regional initiative as became clear during Clinton's second term. For, in order to conclude the FTAA, Clinton had to secure authority for negotiating the agreement with a recalcitrant Congress. The extension of Fast-Track procedures was vital to ensuring that Clinton received the necessary procedural authority to negotiate trade agreements with important trading partners absent undue interference from the Congress. Thus, in 1997, the Clinton administration embarked on a typically belated campaign to ensure the passage of Fast-Track that would grant important negotiating authority through October 2001. On September 16, the Clinton administration sent a draft of its proposal, *the Reciprocal Trade Agreement Authorities Act of 1997*, to the Congress and it was referred to the relevant trade committees. On September 30, during hearings of the House Subcommittee on Trade, House Minority Leader Richard Gephardt vehemently criticized the extension of Fast-Track authority. Utilizing rhetoric that was remarkably similar to statements made by Clinton during his 1996 presidential campaign, Gephardt stated, "So far the benefits of more open trade have not trickled down to the middle class citizens and workers struggling to get into the middle class."¹⁷ In fact, Gephardt characterized the entire Fast-Track debate as "a referendum on NAFTA," implying that such free trade agreements were of dubious economic value to a majority of Americans, a position that Clinton had maintained in 1992.¹⁸ Employing a logic that Clinton himself had earlier favored and reflecting the institutional interests of the legislative branch, Gephardt defended the Congress' hard-line approach to trade policy. He stated,

The bottom line is in trade policy when we stand up, our trading partners open up. By leveraging access to our market -exactly what our trading partners were doing to our farmers, workers and businesses - we could get other countries to reduce their barriers. For, as we all know, without

pressure, there is simply no reason for these countries to respond.¹⁹

Faced with mid-term Congressional elections in 1998, many other House Democrats shared Gephardt's hard-line.

To avoid encroachment of executive authority, the Clinton administration attempted to defend Fast-Track on the grounds that it would have a beneficial impact on the American economy. In testimony before the House Subcommittee on Trade in favor of Fast-Track, USTR Charlene Barshefsky stated,

International trade is an increasingly vital component of our economic strength at home and leadership abroad. Exports are more important to our economy than ever. Since 1993, more than a third of our economic growth has come directly from exports, and the number of export related jobs has increased by 1.7 million, a total of some 11.5 million jobs.²⁰

She further argued that market access to developing countries like those in Latin America and Asia was particularly important to America's economic future. Barshefsky also noted that in addition to Japan's heightened interest in Latin America, China had begun targeting South America as a new strategic priority, and that EU was also interested in a possible free trade agreement with MERCOSUR.²¹ Similarly, she warned that failure to pass Fast-Track could seriously disrupt discussions between the U.S. and other APEC member countries regarding the possibility of "accelerated market opening discussions." In this context, Barshefsky stated, "Fast track is essential if we are to negotiate more comprehensive market access agreements with individual countries as well as on a regional basis."²² In short, Fast-Track authority was a critical element of each of the administration's regional initiatives and was vital to ensuring America's global leadership on trade.

However, the Clinton administration had clearly miscalculated the domestic

impact of its earlier domestic-oriented posturing on trade. With the President himself engaging in rhetoric that sought to blame trading partners, the American public naturally grew more skeptical about the benefits of free trade agreements that appeared to bestow inequitable benefits. For example, a *Business Week* poll conducted in September of 1997 found that only 36 percent of Americans favored renewing Fast-Track authority while a majority, 54 percent, was opposed.²³ In the absence of unequivocal presidential leadership on trade, the Congress had greater difficulty maintaining liberal trade policy positions in light of public opinion. Against this backdrop, with many House Democrats facing mid-term elections in 1998, they could not muster the needed support for the measure.²⁴ By November, it was clear that Fast-Track would not pass, and Clinton, along with House Speaker Newt Gingrich (R.-NH), was forced to shelf the bill indefinitely.

In the absence of an integrated approach like that of Bush, Clinton ultimately failed to garner Congressional support for the renewal of Fast-Track negotiating authority, significantly diminishing his executive authority on trade. This was a death-knell blow to Clinton's regional strategies. By 1997, despite Clinton's preoccupation with export expansion, Latin American had eclipsed Asia as America's fastest growing export market. Nevertheless, without Fast-Track authority the Clinton administration was unable to negotiate comprehensive market access agreements on either a bilateral or multilateral basis. The President's ability to promote FTAA by 2005 was completely undermined just prior to his visit to Chile in April, 1998 that was widely recognized as the "first strategic step" in the FTAA process. In failing to achieve Congressional support for its trade policy approach, the administration had stumbled badly. As Richard E. Feinberg, a Latin American expert at U.C. San Diego explained, "The leadership in South America is deeply disappointed -devastated, really over the loss of fast track."²⁵

The failure of Clinton's regional efforts in Latin America threw into question

whether the administration had thought through its trade policy in truly strategic terms. In November of 1996, Canada had reached a Free Trade Agreement with Chile that reduced tariffs by 11 percent between the two countries. Similarly, Japan and the EU had both launched regional initiatives to strengthen further their economic ties to the region. In Congressional testimony before the House Subcommittee on Trade in favor of Fast-Track, USTR Charlene Barshefsky had indicated, "Given the evidence of concerted efforts by our competitors to improve their position around the world, and the potential erosion of U.S. leadership, we need to respond with our most effective and strategically powerful trade policy."²⁶ The underlying message of USTR Barshefsky's testimony was that U.S. interests demanded that America either play a more prominent regional role or other countries would step in and fill the void. Barshefsky had begun to replace the lawyering of Mickey Kantor with a more realistic trade policy, stressing that America must "play a catalytic role in all key regions of the world." Ironically, in advocating the need for renewed American leadership at the global and regional level, Barshefsky's call for the administration to adopt a genuinely strategic trade policy was highly reminiscent of the integrated global engagement strategy employed by the Bush administration.

Barshefsky's testimony constituted diplomatic acknowledgment of what had become readily apparent by 1997. The Clinton administration had been slow to grasp the strategic implications of the successful conclusion of the Uruguay Round of the GATT. The success of the Uruguay Round had produced a new wave of global trade expansion that compelled America's trading partners to vigorously pursue strategies of cross-regional integration. But, during his first term, Clinton had chosen to pursue a trade agenda that essentially reflected the will of the Congress, focusing obsessively on historical economic asymmetry with Japan. The cost of pursuing such an aggressive bilateral strategy with an important trading partner like Japan was a

series of lost opportunities to promote regional integration and to expand global trade. In neglecting the strategic implications of the trend toward greater globalization, Clinton had allowed competitors to seize the initiative on liberalizing trade at America's expense. Barshefsky's warning to the Congress of this "sobering pattern" must thus also be understood as a sobering indictment of the failure of Clinton's regional leadership on trade during his first term.

Clinton's decision to pursue an aggressive bilateral agenda thus severely hampered his attempts to encourage integration through his various regional strategies. Yet, even as late as 1997, the administration refused to fully abandon its bilateral efforts, pointing to the potential benefits within multilateral fora. For example, in April, USTR Kantor testified, "An aggressive bilateral approach has been a key facet of President Clinton's trade strategy. If done correctly, bilateral agreements can resolve issues expeditiously and also serve as proving grounds for rules and standards that are later adopted on a wider scale."²⁷ Clearly, Clinton also believed that an aggressive bilateral approach would resolve issues expeditiously facilitating their wider acceptance within multilateral fora. In truth, the principal impact of Clinton's aggressive bilateral approach was stiff bilateral resistance by Japan and other trading partners, weakening the basis for multilateral cooperation. The inconsistency of the administration's approach contributed to decreased domestic support within in the United States for free trade particularly within the Congress and subsequently led to a diminishment of executive authority on trade and ultimately to the failure to achieve an extension of Fast-Track authority.

In contrast, as each of his regional strategies was well integrated with his global strategy, Bush's regional initiatives (APEC, EAI/NAFTA and integration of emerging markets into the global economy) served to reinforce the Bush administration's overriding goal of strengthening the global trading system. By dampening protectionism at the regional level, Bush was able to bolster domestic support for his

moderate approach to trade. Thus, despite facing Democratic majorities in the House and Senate, Bush chose to exhibit strong domestic and international leadership on trade and was able to forge sufficient bipartisan support within the Congress to sustain his various regional initiatives. Unlike Clinton, Bush was thus able to secure the passage of Fast-Track negotiating authority (1991) that helped to reinforce his global trade agenda. Ironically, following his failed reelection bid in 1992, Bush had to rely on Clinton to complete his liberalization agenda. To his credit, Clinton secured the passage of NAFTA, played an important role in APEC and secured the ratification of the GATT Agreement. But, aside from a bilateral deal for the inclusion of China into the WTO, Clinton's failure to fully embrace multilateralism tended to encourage the forces of fragmentation that undermined the long-term success of his regional strategies.

A Complementary Bilateral Strategy

In addition to an integrated global and regional strategy, a third core element of the Bush trade policy approach was a particularly strong emphasis on maintaining a complementary approach to bilateral relations with Japan. Like his predecessors since the Kennedy-Johnson years, Bush emphasized a common foreign policy agenda, one that stressed the mutual benefits of "global partnership," and took great care in fostering political cooperation by consulting closely with Japan. By affirming the importance of bilateral relations and providing important incentives for Japanese cooperation, Bush carefully cultivated a collaborative spirit with Japan. As Bush's National Security Adviser, General Brent Scowcroft, explained, the President employed a complementary approach, "With always uppermost in his mind the overall relationship. These were friends; these were allies whether it was the Japanese or the Europeans. And we need to work something out."²⁸ Thus, to help

manage economic friction, Bush placed bilateral economic relations within the context of the broader framework of overall bilateral relations. The President opted to reduce the use of unilateral policy tools like Super 301 that were counterproductive in his view. Instead, Bush launched the Structural Impediments Initiative (SII) in 1989, a set of comprehensive negotiations that sought to address the systemic trade barriers that both sides believed were contributing to the bilateral trade imbalance. In contending with Japan's resistance to economic reforms, Bush employed a highly diplomatic approach in which he publicly affirmed the broader aspects of bilateral relations while quietly pressing upon Japan's leaders in private about the importance of tackling bilateral economic issues. He exercised executive leadership on economic issues with Japan at key junctures, engaging in "personal diplomacy" to maintain "forward momentum" in promoting incremental changes within Japan. For example, at their Palm Springs Summit meeting in March of 1990, Bush was careful to appeal to Prime Minister Kaifu for help and tactfully avoided threatening him with "definitive deadlines" during their negotiations.²⁹ In this way, Bush's cooperative bilateral approach was designed to encourage the forces favoring liberalization within Japan and thus tended to reinforce Bush's ambitious multilateral agenda.

Bush's relative soft-line approach to bilateral relations was predicated on his contemporary view of Japan. He viewed Japan as essentially a normal trading state like the United States. In accordance with a pluralistic conception of the international system, Bush recognized that Japan maintained its own political, economic and security interests which were not necessarily always compatible with U.S. interests. Although he acknowledged Japan's legitimate interests, Bush sought to make his case to Japanese leaders for a complementary foreign policy agenda and for bilateral cooperation by appealing to Japan's global and regional interests. At the same time, despite fundamental agreement on a broad array of foreign policy issues, Bush

recognized that there were times when even a friendly ally such as Japan could not be persuaded to adopt U.S. positions. As an internationalist businessman and a diplomat with vast experience, Bush understood that economic friction was the inevitable by-product of heightened economic interaction and realistically accepted a heightened degree of foreign policy divergence between the U.S. and Japan in the post-Cold War period. For Bush, the secret to managing economic friction and heightened foreign policy divergence was to solidify the foundation for cooperative bilateral relations. In order to encourage the broadest possible support for America's foreign and trade policy, Bush sought to garner support among foreign leaders for the legitimacy of America's objectives. Given the fundamental compatibility of U.S. and Japanese interests, Bush viewed Japan as a key ally in promoting America's global foreign policy agenda. Bush forged close personal relationships with Prime Ministers Kaifu and Miyazawa, clearly viewing both men as his friends to whom he maintained a fierce loyalty. In his view, personal diplomacy was important to encouraging cooperative intergovernmental relations between the two nations during a period of adjustment in the international system.

Bush's cooperative approach was also predicated on his developed historical view of Japan. Unlike Clinton who maintained a rather static conception of Japan, Bush saw Japan as country that had experienced dramatic changes in a relatively short span of time. From his personal experience as a naval torpedo bomber pilot in the Pacific during the Second World War, Bush could remember a very different Japan prior to the blossoming of democracy. In accordance with this historical perspective, Bush was quite favorably impressed with the democratic reforms that had taken place during the Occupation under General MacArthur's watchful eye. For example, while in Tokyo attending funeral services for Emperor Hirohito, in reference to the changes, Bush openly remarked, "Isn't it miraculous what's happened here."³⁰ For Bush, the fact that the rise of protectionism in the 1920's and

1930's had preceded the outbreak of World War II was no mere historical coincidence. Indeed, Bush's youth was cut short by his own participation in the war as he witnessed first hand the tragedy of war that followed the breakdown of international economic and security cooperation. Bush sensibly concluded that given the high price nations pay, the U.S. and Japan shared a common interest in the postwar in maintaining cooperative bilateral relations in order to preserve the international economic order and to maintain regional and global stability. Bush's diplomatic service in China, his tenure as CIA Director and his eight years as Vice President undoubtedly reinforced his view that Japan had become a truly indispensable ally in the Pacific. Thus, having witnessed a dramatic transformation, Bush tended to view the use of American power vis-à-vis Japan as a precious commodity to be used sparingly and with great caution in light of America's long-term global strategic and economic interests.

In contrast to Bush's emphasis on commonalities, Clinton maintained that Japan was fundamentally different from other trading partners and tended to stress those differences in expressing his views about Japan. In accordance with a revisionist interpretation of Japanese economic history, Clinton maintained that Japan's economic policy was not only very different from that of the United States but that it was "radically different from the policy of every other advanced economy."³¹ Clinton attributed the divergence in economic policy to differences in the U.S. and Japanese economic systems that, in his view were "still very different."³² In accordance with a revisionist belief that the U.S. could no longer carry the burden of "free-riders" like Japan in the international economic system, Clinton sought to promote economic reforms in Japan that were consistent with America's economic revitalization strategy and its "National Export Strategy."³³

In the post-Cold War, Clinton believed that America could no longer afford to permit the historical asymmetry in economic relations and should no longer tolerate

“sanctuary markets” like Japan’s auto and auto-parts markets.³⁴ Unlike Bush who sought to “rebalance economic relations” by improving economic opportunities for American businesses, the standard for Clinton was nothing less than “equitable engagement.”³⁵ Accordingly, Clinton chose to measure Japan’s market opening solely in comparison with the United States and other advanced industrialized countries in order to press Japan to radically restructure its economic relations with the United States. For example, at Waseda University in July of 1993, Clinton expressed his obvious dissatisfaction with the pace of Japan’s economic reforms, stating,

Yet, it is clear that our markets are more open to your products and your investments than yours are to ours. And it is clear that government policies consistently promoting production over consumption, exports over domestic sales, and protections of the home market contribute to this problem.³⁶

For Clinton, Japan’s inability to conform to these standards proved that Japan was engaging in “unfair” trading practices that required the U.S. to “directly address our differences.”³⁷ Thus, Clinton’s aggressive bilateralism deliberately abandoned the U.S. practice of maintaining moderate Japan policies, a practice that had been firmly established since the Kennedy years.

To be sure, Clinton was not the only postwar President troubled by rising bilateral trade deficits with Japan. But, Clinton was the first American President to believe that since Japan was maintaining “mercantilist policies,” concerted action by the United States and its trading partners against Japan to evoke changes was a reasonable trade policy.³⁸ In accordance with the rise of economic nationalism in the U.S., Clinton pursued an ahistorical hard-line approach to restructuring economic bilateral relations with Japan. Moreover, following the formation of the National Economic Council (NEC) in 1993, at the highest levels of the U.S. government, as

Bergsten noted, "Internally the bilateral economic relationship received unprecedented political attention."³⁹

Having assumed the presidency with an activist agenda for "economic renewal" in the United States, Clinton hoped to revitalize the U.S. economy through an expansion of U.S. exports by promoting rapid structural adjustment in Japan. Consistent with his agenda for domestic change, Clinton believed that the key to ensuring a swift pace of economic reform within Japan was the reform of the Japanese political system. Thus, for example, in advocating economic restructuring while visiting Japan, Clinton clearly stated, "government policies are part of the problem."⁴⁰ He believed that the economic changes in Japan were "changes that are long overdue," and, like the Republicans in the United States, the Japanese bureaucracy played an obstructionist role that was preventing political resolution.⁴¹ For these reasons, like the federal bureaucracy in the United States, Clinton tended to view the civil service in Japan as highly adverse to change. In fact, Clinton viewed the Japanese bureaucracy as particularly problematic because of their long-term entrenched interests. For example, in a thinly disguised attack on the Japanese bureaucracy in February of 1994, Clinton stated,

I think that in every society, the permanent government is more change-averse than the changing government. I think that is true in every society. In some societies it's more true than others. And the stronger the permanent civil service is, if you will, in making policy, the more likely they are to be change-averse.⁴²

Ironically, Clinton's virulent criticism tended to undermine moderate support within the Japanese bureaucracy, thereby hardening the stance within the bureaucracy against the very reforms he was advocating.

In truth, Clinton encountered five relatively weak prime ministers during his

first term and political instability inside Japan tended to reinforce the entrenched position of the Japanese bureaucracy in resisting political changes.⁴³ But, by contributing to the intransigence of the bureaucracy, the principal impact of Clinton's aggressive bilateralism was to further weaken the Japanese government's ability to enact reforms. For, rather than view the Japanese government as an ally in encouraging the reform process, Clinton adopted the rather unusual tactic of attempting to circumvent the Japanese government by appealing directly to Japanese citizens. For example, in his remarks at Waseda University, Clinton stated, "This persistent [trade] imbalance has not just hurt American workers and businesses, it has hurt the Japanese people. It has deprived you as consumers of the full benefit of your hard and productive work."⁴⁴ To be sure, Bush had made similar appeals to the self-interests of Japanese workers and consumers on numerous occasions. But, attentive to the Japanese government's interests, Bush was always careful to avoid blaming the Japanese government in order to maximize potential moderate support inside Japan for U.S. policies. In contrast, viewing the Japanese government as central to the problem, Clinton sought to exert the maximum amount of pressure to ensure rapid progress and radical economic reforms within the Framework Talks. Thus, even without the cooperation of the Japanese government, Clinton was prepared to employ a non-complementary approach to bilateral relations to achieve his objectives.

Accordingly, in order to restructure bilateral economic relations with Japan, Clinton pursued a bilateral strategy that was distinctly more aggressive than its approach with America's other trading partners. In light of the inconsistency of Clinton's bifurcated trade policy approach and concern about the absence of a complementary agenda, the Japanese government reluctantly agreed to a new round of negotiations. Clinton replaced the complementary SII process with the Framework Talks, pursuing reciprocity at both the macro-economic and micro-economic levels in

an effort to reduce the widening bilateral trade imbalance. In contending with Japan's predictable resistance, Clinton tended to view the Japanese government as an impediment to change and thus chose to follow the will of the U.S. Congress, repeatedly utilizing unilateral policy tools and retaliatory threats to promote his reform agenda. When Japan refused to submit to a redefinition of bilateral economic relations on American terms, Clinton encouraged the use of unilateral policy tools such as the revival of Super 301 in order to compel Japan's compliance. But, in the absence of fundamental agreement about the need for change in U.S.-Japanese relations, economic friction grew highly politicized and Clinton encountered much greater difficulty in successfully managing the overall bilateral relationship. By the end of his first term, Clinton's aggressive bilateral approach not only failed to support the forces favoring liberalization within Japan it tended to strengthen those forces globally (and within Japan) that opposed further liberalization.

Symmetry within Bilateral Relations

Another important element that enhanced the efficacy of Bush's trade policy approach was balanced attention to the security, economic and political pillars of the bilateral relations. To be sure, both Bush and Clinton sought to address the perceived asymmetry in bilateral economic relations while maintaining both rhetorical and substantive commitment to the importance of attending to each of the three pillars of bilateral relations. But, Bush was more successful at tackling trade and economic issues in a less politicized manner precisely because he was always careful to frame the discussion of such issues in terms of the larger framework of bilateral relations in accordance with Japanese sensibilities. Moreover, like the management of bilateral relations during the Kennedy-Johnson years, Bush repeatedly stressed the wide-ranging benefits of "close cooperation" and viewed contentious economic and trade

issues as a relatively minor problematic area of a broadly beneficial economic relationship.⁴⁵ Hence, just as Kennedy recognized “the basic self-interest” of Japan and the United States in resolving disputes without disrupting strong bilateral ties,⁴⁶ Bush clearly understood that the need for a strong bilateral relationship “transcends any one issue or another.”⁴⁷

For Bush, the three pillars of bilateral relations were integrally related. Like Kennedy-Johnson, in contending with potential heightened instability in the international system stemming from changes in China, USSR/Russia, Europe and the Middle East, Bush emphasized close cooperation with Japan on security issues and “global partnership” in pursuing a highly complementary foreign policy agenda. At the same time, like Kennedy-Johnson and Carter during the earlier Kennedy and Tokyo rounds of GATT negotiations, Bush viewed economic cooperation with Japan as critical to preventing the emergence of regional trading blocs and to encouraging the process of global trade liberalization. Bush looked to Japan as an important ally in successfully concluding the Uruguay Round, in incorporating emerging markets into the global economy, and in promoting regional integration. Moreover, in bilateral terms, consistent with the goal of promoting global and regional trade liberalization, Bush sought to promote liberalization within Japan, encouraging market opening and structural reforms in accordance with his desire to strengthen the forces favoring liberalization *within* Japan. In light of numerous international and domestic constraints, Bush also recognized that political cooperation with Japan was essential to achieving his ambitious multilateral and bilateral objectives. Implicit in Bush’s approach was the understanding that successful cooperation in one area of bilateral relations strengthened the spirit of collaboration that, in turn, facilitated cooperation in each of the other areas. General Scowcroft emphasized that, “While the overall relationship with Japan is highly economic in nature,” he believed that, “the three ought to work together so that the overall relationship is positive.”⁴⁸ Thus,

despite domestic political pressure in the United States to focus on economic relations, Bush's careful attention to all three pillars of bilateral relations produced a positive spill-over benefit that allowed the President to tackle economic and trade issues with Japan while reinforcing his broader commitment to maintaining harmonious bilateral relations.

Within such a conception, Bush chose to reduce and eliminate the use of unilateral policy tools such as Super 301 and to replace them with the more mutually beneficial SII process. At the bilateral level, reflecting the administration's recognition that U.S. macro-economic policies had contributed to the bilateral imbalance, Bush had proposed the SII talks as a "two-way street" to promote structural adjustment in both economies by addressing systemic barriers at the macro-economic level.⁴⁹ By placing the resolution of bilateral issues within this broader framework, Bush was better positioned strategically to press Japan to maintain "forward momentum" in the SII process. For example, at Palm Springs, Bush's careful attention to the diplomatic, political and security aspects of bilateral relations laid the foundation for a discussion of economic issues critical to extracting a political commitment from Kaifu that led the Japanese leader to ascribe a heightened political priority to the enactment of structural reforms.⁵⁰ Similarly, Bush's consistent commitment to the importance of bilateral security cooperation and to the broad complementary interests of both countries helped to secure support within Japan for its substantive Gulf War contribution.⁵¹ Thus, by securing a broad foundation for bilateral cooperation that attended to security, economic and political cooperation Bush facilitated "global partnership" with Japan in accordance with his multilateral objectives.

For Clinton, addressing the asymmetry in bilateral relations with Japan was a higher priority than Bush's broadly defined multilateral agenda. Rather than perceive Japan as an important ally in encouraging trade liberalization, Clinton tended to view

the slow pace of liberalization within Japan as a key impediment to his export promotion strategy. With Japan's bilateral and global trade surplus rising, Clinton came to view "the Japan problem" as the principal stumbling block to completing America's international economic policy agenda. Moreover, having successfully forged a political consensus in the United States that had put "America's economic house in order" through budget deficit reduction, Clinton believed that the burden was now on Japan to enact its own set of economic reforms. Following the successful conclusion of the Uruguay Round of the GATT negotiations, Clinton came to focus narrowly on restructuring bilateral economic relations with Japan. In contrast to Bush's balanced approach to the three pillars of bilateral relations, Clinton believed that overall bilateral relations would not improve significantly until the fundamental problem of asymmetry in economic relations was expeditiously resolved. Clinton was therefore convinced that it was first necessary to deconstruct economic relations with Japan in order to improve the foundation for overall bilateral relations.

Accordingly, despite the consistent objections of the Japanese government, Clinton initially failed to place bilateral economic relations within the context of the broader framework of overall bilateral relations. Bush's critics have argued that, in attending to each of the three pillars of bilateral relations, his diplomatic approach had prevented him from achieving greater market opening in Japan. But, in the absence of a collaborative approach, Japan strongly opposed Clinton's aggressive attempt to deconstruct bilateral economic relations. Within the Framework Talks, Clinton mistakenly concluded that American unilateralism would provide the additional leverage to overcome Japan's resistance. Yet, in neglecting the broader foundation for overall bilateral relations, Clinton had failed to provide important incentives for Japanese cooperation at both the bilateral and multilateral level. In the absence of a complementary agenda, the resolution of economic issues thus grew

increasingly politicized resulting, for example, in the breakdown in the Framework Talks in February 1994 and in the wrangle over auto and auto parts in the spring of 1995. Thus, on the whole, as Clinton administration adviser Edward Lincoln noted, the Framework Talks were “noisy and contentious”⁵² and, as one Canadian scholar concluded, the negotiations were both “arduous and often extremely bitter.”⁵³

While the American people clearly supported the administration’s initial focus on economic issues, there was a hidden cost to Clinton’s unidimensional strategy. The problem with Clinton’s approach, as General Scowcroft noted,

We have a tendency to ignore political and security issues and the discussion is related substantially to the economy only. This is a mistake. We should be discussing how the Asia situation is unfolding, what we can do to promote regional stability and development as well as what to do to have international partnership.⁵⁴

The clear deterioration in bilateral relations that coincided with the administration’s attempt to restructure economic relations during Clinton’s first term underscored the inefficacy of its bilateral approach. Similarly, the absence of symmetry in bilateral relations was not only a problem with Japan but also one that plagued Clinton’s entire Asia policy, leading to a major reformulation of his regional strategy toward a less imperious approach beginning in mid-1994.

Symmetry within Economic Relations

In addition to the balanced attention to all aspects of bilateral relations, the careful promotion of bilateral cooperation within the context of economic relations constituted a fifth core component that reinforced the efficacy of the Bush trade policy approach. Bush chose to clearly divide macro-economic and micro-economic

issues in the spring of 1989. Given unprecedented Congressional oversight with regard to Super 301, Bush allowed the USTR to quietly tackle these and other sectoral issues to ensure improved market access to Japan. But, by launching the SII process to address Japan's systemic barriers in tandem with the first use of Super 301, Bush had separated the sectoral disputes from the discussion of macro-economic issues. This division allowed the administration to concentrate the bulk of its time and energy on these larger issues in the SII negotiations with Japan. By 1990, having eliminated the use of Super 301 and having relegated sectoral issues to a tertiary priority, the Bush administration focused high-level attention on its bilateral initiative, relying on a process of widespread interagency coordination that included most notably the USTR's office, the State and Treasury Departments as well as within the Economic Policy Council (EPC) structure. As sectoral disputes were handled separately, Japanese policy-makers were more receptive to discussing structural adjustments within the SII forum. Within the SII negotiations, Bush was willing to acknowledge that America's macro-economic policies had contributed to the trade imbalance and, bowing to Japanese sensibilities, agreed to discuss America's own structural adjustments. By allowing that the negotiations were a "two-way street," Bush, like President Kennedy in 1961, had set the stage for a collaborative approach to tackling the most important economic issues while successfully managing bilateral economic relations. Bush's diplomatic approach helped moderates in Japan to breakdown resistance within the bureaucracy that eventually led to a number of long-term structural reforms.

But, if Bush sought to minimize economic friction like a diplomat, Clinton sought to "resolve" differences with regard to trade with Japan like an economic nationalist. With the political stalemate over the budget in 1990-1991, Bush had been unable to achieve budget reduction as was promised within the final agreement of the SII negotiations. But, following the passage of the Clinton plan in 1993, Clinton

pressed Japan, America's second largest export market, for more "equitable engagement." Clinton believed that because the United States had made, "economic renewal our highest priority," Japan needed to renew its own efforts by making radical economic changes.⁵⁵ Thus, consistent with America's economic revitalization strategy, Clinton sought to promote export expansion in order to reduce the bilateral trade imbalance. To ensure the maximum amount of deficit reduction, Clinton opted to link macro-economic and micro-economic issues together within the Framework Talks. Yet, in the absence of a complementary approach, Clinton's high-profile push for Japan to adopt his one-sided proposals provided the Japanese government with less wiggle room to overcome domestic opposition. The linkage, together with the "results-oriented" approach to negotiations, was thus coolly received by the Japanese bureaucracy, leading to heightened resistance to both the style and substance of Clinton's approach. While Clinton and Miyazawa had managed to hammer out a framework for negotiations in their bilateral meetings in April and July, 1993, Clinton's emphasis on aggressive sectoral reciprocity tended to weaken Japanese incentives for macro-economic coordination. Thus, despite progress within the "Common agenda," progress within the Framework Talks was much slower than that of the SII process under Bush. By assigning sectoral disputes such a heightened priority, Clinton allowed sectoral disputes such as the auto talks to easily disrupt the fragile equilibrium necessary for sustaining economic cooperation, deleteriously impacting nearly all areas of economic relations. In fact, consistent with Clinton's aggressive bilateral strategy, even minor micro-economic issues such as the dispute over cellular phones (IDO) or the reclassification of Japanese mini-vans by the Commerce Department became highly politicized.

Clinton denied that the combination of "Superaggressiveness on exports" and his emphasis on sectoral reciprocity amounted to "managed trade" as the Japanese government repeatedly claimed.⁵⁶ But, in linking trade and economic policy, Clinton

had clearly laid the foundation for America's first industrial policy, one with a sizable role for governmental intervention in the marketplace. Having ascribed a heightened strategic importance to America's "economic security," Clinton pressed the Japanese government to extend its reach into the economy in order to enact comparable reforms. Yet, with the trend toward deregulation of Japanese markets and the shift toward market-oriented policies, Clinton's requests often exceeded the diminished scope of the relevant Japanese bureaucracies. In fact, during the Clinton years, the Japanese government's view of governmental intervention was very similar to the more minimal role espoused by Bush during his tenure. During the Reagan years, one Reagan administration official, a trade "purist," remarked that he was completely unconcerned about the type of trade America's companies engaged in whether it was "potato chips or semiconductor chips." In contrast, Clinton was more centrally involved, declaring, "I am concerned not only about how much we sell but about what we sell."⁵⁷ Unlike Bush, whose preference was between these two extremes, Clinton emphasized trade by the numbers, solving bilateral trade problems rather than managing differences. Thus, for example, Clinton came to focus on improving market access which implied, "Bigger markets for key U.S. industries, including the automotive industry, computers, telecommunications, satellites, medical equipment, financial service, and insurance."⁵⁸ Clinton's "export expansionism" was formulated to advance America's narrow commercial and economic interests. Yet, in the absence of a genuinely collaborative approach, the Japanese government remained highly skeptical that Clinton's approach within the Framework Talks was little more than a "one-way street."⁵⁹

A Balance of Domestic and International Coalitions

A sixth element that bolstered the overall effectiveness of President Bush's Japan

policy was that it was formulated and adjusted to maintain a balance of domestic and international support. By consistently encouraging liberalization at the global, regional and bilateral level, Bush generated strong international support for his global engagement strategy. Within Japan, Bush encouraged the forces of liberalization by attentively adjusting U.S. policies in order to garner support among trade moderates in Japan. Rather than provoke anti-American sentiment, Bush chose to downplay and later eliminate the use of Super 301 (1990) and other retaliatory trade measures, pursuing a complementary bilateral agenda with the launch of the SII negotiations in July of 1989. At key junctures, Bush devoted high-level attention within bilateral fora to encouraging “forward momentum” in the SII process. Within multilateral fora, Bush consistently exhibited global leadership in promoting the liberal trading order, discouraging exclusive trading blocs, pressing its trading partners to maintain forward progress within the GATT talks and urging trade liberalization.

Nevertheless, Bush could not overcome EC and Japanese resistance to liberalizing its agricultural sectors that led to the breakdown in the GATT negotiations in December of 1990. Despite this failure, Bush remained active in promoting free trade following the breakdown, defending America’s global engagement by acting as positive force favoring economic integration. Bush provided consistent leadership that, while cautious not to encourage the emergence of trading blocs, attempted to maximize pressure on America’s trading partners to overcome the impasse in the GATT talks. Thus, for example, during the bilateral Summit meeting in Newport Beach, California in April 1991, Bush opted to avoid raising the auto issue directly with Kaifu in hopes of more effectively pressing him on the rice issue (to no avail). Despite a domestic and global recession following the Gulf War and the need to improve his political prospects in the upcoming election, Bush refused to embrace “managed trade” on autos at the Tokyo Summit in 1992 in order to maintain international support among trade moderates in Japan and throughout Asia

for his integrated regional and global liberalization agenda.⁶⁰

To be sure, Bush struggled from the outset to maintain a domestic coalition that rejected revisionism and economic nationalism and that opposed “managed trade.” But, just as executive leadership helped to sustain moderate support for economic liberalism abroad, Bush’s leadership at home was designed to assuage the concerns of trade moderates in order to hold protectionist sentiment in check. Initially, the overwhelming support within the Congress for the passage of Super 301 in 1988 compelled Bush to adopt a conciliatory approach with the Congress in the spring of 1989, and to designate Japan as a “priority country” for sectoral negotiations. But, Bush also initiated the SII process to address macro-economic issues, diluting the importance of these sectoral issues in accordance with the preference of trade moderates such as Lloyd Bentsen (D.-TX). Having pursued soft targets within the sectoral negotiations while addressing Japan’s systemic trade barriers, Bush had effectively secured the support of key Congressional leaders provided that he could point to ongoing progress in the negotiations. By establishing an effective “brokering role” for the executive, Bush’s interests and those of Japan neatly intersected and Bush was able to appeal readily to Japan’s interests for political and economic cooperation. Throughout his tenure, Bush was attentive to the concerns of the Democratic leadership on trade as was evidenced by the decision to initiate the SII process and to include an “Action plan” as part of the NAFTA package. By repeatedly co-opting the Democratic opposition, Bush was reasonably effective in minimizing partisan division on trade. Thus, for example, Bush was able to preserve executive authority on trade with the extension of Fast-Track negotiating authority in the spring of 1991 and to bloc the attempts at revival of Super 301 by Congressman Gephardt (D.-Missouri). Bush’s consistent international leadership on trade and the preference among Congressional moderates for a strong executive helped to sustain a fragile domestic coalition despite growing skepticism about the benefits of free trade

following the breakdown in the GATT talks. By achieving a “critical mass” of support within the Congress, Bush’s bipartisan approach resulted in a domestic and international coalition of support that contributed to a more stable and predictable Japan policy in the long run.

In contrast, Clinton embraced economic nationalism and subscribed to a revisionist interpretation of Japan in order to garner domestic support for his hard-line stance. At the same time, given the importance of his domestic agenda, Clinton exhibited relative weak and vacillating leadership on trade. Abandoning the traditional role of the president as ‘the Promoter and Chief’ of the liberal trading order, he tended to flip-flop with shifts in Congressional attention on Japan and on trade problems. To be sure, consistent with America’s economic and commercial interests, Clinton would routinely tout the benefits of global trade such as when he promoted the final sessions of the Uruguay Round of the GATT talks. Yet at times, in sharp contrast to his predecessors, Clinton acted as little more than the mouthpiece for the increasingly hard-line positions espoused by the Democratic leadership in the Congress. In fact, in resolving bilateral economic disputes, rather than attempt to minimize tension with America’s trading partners and to reduce frustration within the bureaucracy, Clinton utilized inflammatory rhetoric and engaged in Japan-bashing in order to exert still greater pressure on Japan to accommodate America’s positions. The high-level negative attention to the “Japan problem” by the President weakened trade moderates within the Congress who had greater difficulty publicly supporting free trade. By 1996, as one trade observer wrote, “The long-standing pro-trade coalition on Capitol Hill has all but dissolved, and important elements in both parties now dismiss trade liberalization as a major goal of U.S. foreign policy.”⁶¹ Having contributed to an erosion of support within the Congress, Clinton’s inconsistent and inconclusive leadership on trade also led to diminished executive authority on trade following his major failure to extend Fast-

Track negotiating authority in 1997. Similarly, as was noted, vacillating leadership on trade led to a steady deterioration in international support for Clinton's trade policy approach as Clinton's unilateralism grew increasingly alarming to America's trading partners including, most notably, Japan.

A Flexible Negotiating Style

Another key element contributing to the relative effectiveness of Bush's Japan policy was the administration's flexible negotiating style. Given Bush's global instincts, the President consciously sought to avoid arm-twisting, preferring a subtler diplomatic approach to facilitating cooperation. Bush agreed with President Kennedy who cautioned, "Never corner an opponent, and always assist him to save his face. Put yourself in his shoes –so to see things through his eyes. Avoid self-righteousness like the devil –nothing is so self-blinding."⁶² For, Bush recognized that in negotiations with the Japanese 'form' was at least as important and sometimes more important than 'substance.' He understood that threatening Japan with deadlines and ultimatums would not create the conditions for "win-win" negotiating conducive to reaching meaningful international trade agreements. Rather than focus on individual disputes and short-term political victories, Bush sought to appeal to longer-term interests by addressing complementary concerns for the benefit of both countries. Attuned to the domestic realities in Japan, Bush emphasized the benefits of "global partnership" and the mutual interests of both countries in fostering cooperative relations and in resolving economic disputes. In fact, General Scowcroft described Bush as "accommodationist in the sense that he really believed in [forging] win-win" outcomes in international negotiations.⁶³ Bush sought to build trust with Japanese leaders through personal diplomacy to improve the prospects for forging agreement. As Bush noted, "If you have the confidence of someone, confidence built through

personal contacts, you get a lot more done. You can't develop or earn this mutual trust and respect unless you deliberately work at it."⁶⁴ In accordance with Bush's view, U.S. negotiators were reasonably attuned to developments in Japan and provided a subtle combination of positive and negative inducements that were designed to maximize the potential for political cooperation.

Revisionist critics of the Bush administration's "process-oriented" approach have maintained that by devoting too much attention to the negotiating process Bush allowed Japan to dodge more significant market opening. In the hope of securing greater market opening in Japan, revisionists wholeheartedly endorsed Clinton's "results-oriented" approach to negotiation with Japan. However, as noted above, Clinton's failure to address economic issues in a complementary fashion led the Japanese government to reject Clinton's overall approach as "managed trade."⁶⁵ In the absence of fundamental agreement about the common objectives within the Framework Talks, Clinton could offer few, if any, positive inducements for Japan to cooperate and resorted to increasingly unilateral and retaliatory measures in a failed attempt to compel Japanese concessions. And, as numerous scholars have noted, such U.S. "bullying" tactics have become particularly egregious and ineffective in the post-Cold War era.⁶⁶ Nevertheless, in contrast to Bush's more "flexible response," Clinton came to rely on a more rigid "massive retaliation" strategy in 1994-1995 that notably lacked modalities. Moreover, by utilizing hyperbolic rhetoric and by drawing public attention to the results of bilateral agreements, Clinton raised expectations in the United States, heightening the stakes for a favorable outcome that grew increasingly difficult for the U.S. government to satisfactorily resolve. Similarly, Clinton's routine criticism raised public awareness of the issues in Japan, thereby, raising the stakes for the Japanese government to resolve disputes without waffling in the face of U.S. pressure. As a result, Clinton's relatively inflexible negotiating style yielded far less market opening than administration officials had predicted and

were later willing to acknowledge.

The Clinton team and its revisionist supporters mistakenly assumed that faced with the prospect of “massive retaliation” the Japanese government would have no choice but to eventually yield. Given his focus on restructuring economic relations, Clinton failed to fully weigh the potential long-term negative impact that non-agreement on trade disputes could have had on sustaining cooperative bilateral relations. Fortunately, during the contentious dispute over auto and auto parts in the summer of 1995, Clinton moved swiftly, if belatedly, to forge a compromise agreement to avert a potentially cataclysmic failure. Yet, despite nearly two years of negotiations on auto and auto parts, fundamental disagreement not only with regard to measuring future market share but also with regard to the validity of Clinton’s “results-oriented” approach remained. In the absence of a collaborative spirit and a workable framework for resolving economic disputes, bilateral negotiations were highly politicized and tended to devolve into unproductive semantic arguments over terms like “benchmarks” versus “illustrative criteria.” For example, in 1996, acknowledging the limited utility of such an approach, Bowman Cutter, advisor to the President and top negotiator in the Framework Talks lamented, “What I regretted most was that both sides wasted almost all of their time bickering. In the end, all that remained was mutual distrust.”⁶⁷ Similarly, the economist Fred Bergsten concluded that the U.S.-Japan stand-off in the all-important auto and auto parts negotiations produced nothing more than the announcement of “a toothless, face-saving compromise in which the United States achieved none of its core goals”⁶⁸ In the aftermath of the auto talks in the spring of 1995, the administration hard-liners on trade, whose position had been weakened by the prolonged recession in Japan and by the strength of America’s economic recovery, lost ground to moderates who viewed the restoration of Bush’s multilateral approach the only sensible solution.

A Low-profile Approach

An eighth central tenet of the Bush's Japan policy was a clear preference for a low-profile approach to addressing asymmetry in bilateral economic relations. In effect, Bush forged an alliance with the Japanese government to solve outstanding economic issues in a cooperative fashion. For example, in his brief meeting with MITI Minister Hikaru Matsunaga in January 1990, Bush pressed the Japanese government to move forward in the SII process without bringing it to the attention of the American press. During the SII process, Bush offered constant public praise and strong political support for Kaifu and numerous positive inducements designed to expedite the resolution of differences. Like President Kennedy, Bush provided important executive leadership in promoting harmonious bilateral relations, helping to foster political and economic cooperation within the bureaucracy for resolving economic issues in a collaborative manner. Bush's diplomatic strategy was deliberately calculated to court the moderates in Japan and policy was formulated to appeal to their interests. At the same time, Bush consciously avoided fueling anti-American sentiment in Japan and was outspoken in discouraging Japan-bashing in the United States. In his public statements, Bush was mindful of the power of the president and refrained from public criticism of the Japanese leadership. Bush tended to avoid discussion of specific economic issues at his press conferences except in response to questions by reporters and even then he almost always prefaced his comments about specific economic and trade issues with reference to the importance of the broader bilateral relationship. The President clearly preferred that his cabinet members forge most of the agreements and to hammer out the details but Bush was helpful in encouraging forward momentum at key junctures. By generating a collaborative spirit with Japanese leaders, Bush facilitated a series of breakthroughs in the SII process including his meeting with Kaifu in Palm Springs and in forging the final agreement

in June of 1990. By pursuing a low-profile approach to resolving outstanding economic issues and by reserving presidential leadership for strategic purposes, Bush's low-profile approach allowed him to play an effective "brokering role" in addressing asymmetry in bilateral relations.

While Bush clearly preferred to manage bilateral economic relations by resolving differences privately within bilateral meetings, Clinton adopted a deliberately high-profile approach to addressing asymmetry in bilateral economic relations. With the end of the Cold War and the heightened importance of international trade, Clinton believed that Japan was deriving disproportionate benefits from global trade at America's expense and that the United States needed to swiftly correct this imbalance by pressing Japan to make structural adjustments in order to conform to international standards of openness. With the U.S. bilateral trade deficit rising and with lingering concerns about sustaining America's fragile economic recovery, Clinton essentially viewed trade with Japan as a zero-sum game. In light of Clinton's heavy reliance on his political advisors and Bush's surprising electoral defeat, Clinton undoubtedly concluded the political costs of Bush's low-profile approach had been too high. In fact, as Leonard Schoppa has argued, Clinton's decision to adopt a "results-oriented" approach vis-à-vis Japan was designed to win domestic political support and was partly predicated on his belief that, "a get-tough-approach-with-Japan policy would help him solidify his domestic political base and draw voters away from the Republican and Perot camps."⁶⁹ Moreover, in accordance with a revisionist interpretation in explaining the sluggish pace of Japan's economic reforms, Clinton tended to view the Japanese government as an impediment to resolving economic issues expeditiously. For these reasons, Clinton decided to acknowledge differences openly and tended to utilize executive authority to maximize pressure on Japan to enact reforms. Thus, in contrast to Bush, Clinton was much less guarded in his comments to the press, offering his candid assessment of

the difficulties the administration faced and weighing in on nearly every economic dispute with Japan.

Bush's low-profile approach to managing economic relations trickled-down to the USTR's office. But, like Bush, USTR Carla Hills assumed a reasonably diplomatic stance with regard to relations with both Japan and the Congress. She was cautious to avoid antagonistic rhetoric in her public statements and in testimony before the Congress in order to avoid weakening moderate support within the Congress and in Japan. Thus, for example, in stark contrast to Commerce Secretary Robert Mosbacher's disastrous trip to Japan in September of 1989, Hills employed a "measured" approach during her trip the following month. In her public statements, Hills maintained moderate positions that were considered reasonable and balanced to the Japanese. Under Clinton, USTR Mickey Kantor employed a more adversarial approach in which he sought to persuade Japan to comply with America's increasingly unilateral demands by utilizing highly combative rhetoric that tended to politicize economic disputes. Reflecting Bush's preference for "quiet diplomacy," USTR Hills consciously refrained from engaging in inflammatory rhetoric to avoid unnecessarily antagonizing the Japanese government. Thus, for example, USTR Kantor's highly provocative statement in regard to Japan that, "We will no longer tolerate 'free riders' in the global trading system," stands in sharp contrast to USTR Hills stated preference for "a handshake" over "a crowbar" in pursuing market opening with Japan.⁷⁰ For Scowcroft, while Carla Hills was still "too tough," he noted that the hard-line approach to trade pursued by USTR Mickey Kantor and Charlene Barchefsky under Clinton was in his view "far more rigid."⁷¹ In truth, reflecting the difference in leadership style of Bush and Clinton, the "brokering role" of USTR Hills was thus markedly different from that of USTR Kantor acting as an advocate baldly promoting America's commercial interests.

In contrast to the Clinton's aggressive Asia policy, Bush preferred a low-profile

style of engagement within the region as well. In order to improve the prospects for his multilateral approach, Bush was careful to avoid the appearance of high-handedness especially when conducting diplomacy with Asian leaders. Through his experience as a diplomat and his vast exposure to foreign dignitaries during his many years of public service, Bush consciously sought to avoid becoming what he disparagingly referred to as “the pedantic lecturer” in Asia. For, Bush very practically noted,

There is resentment on the part of many foreign leaders when they deal with the United States, a notion that we arrogantly consider ourselves perfect while they still have far to go... For that reason, I went out of my way to be careful in questioning foreign leaders or diplomats about their countries' internal affairs.⁷²

General Scowcroft believed that Bush's internationalist brand of diplomacy was the product of both his experience at the United Nations, “when he really went around and tried to learn the perspectives of different countries and how they saw things and how to work with that to get things done,” and then later, “it was refined when he was in China when he saw how different cultures look at different problems that to us seem so ordinary.”⁷³ Thus, for example, in setting the tone for his approach to bilateral relations during his first visit to Tokyo in the opening months of his presidency, Bush commented, “We must never neglect our friends in the Pacific.”⁷⁴ Throughout his tenure, Bush was generally supportive of Japan within multilateral fora and privately abhorred the practices of some European leaders to ignore Japanese leaders and interests. In accordance with such a philosophy, Bush determined to engage in “personal diplomacy,” forging “very close” ties with both Kaifu and Miyazawa. Interestingly, as General Scowcroft explained, Bush's “collegial style” of leadership, “facilitated the acceptance of substance and our friends and

allies appreciated a cooperative rather than imperious approach.”⁷⁵ A key facet of Bush’s low-profile approach was his preference for resolving the most contentious disputes behind closed doors. For example, in regard to China just prior to Tiananmen Square, Bush wrote, “I understood that strong words and direct views were best exchanged between us privately, as in this visit, not in press statements and angry speeches.”⁷⁶ Like President Nixon, Bush viewed public exchanges on divisive issues as counterproductive as they only weakened the ability of both sides to maneuver in resolving differences. For these reasons, Bush sought to avoid inflammatory rhetoric just as assiduously as Clinton had sought to deploy it.

A Realistic Conception of the International System

A final element that substantively enhanced the effectiveness of Bush’s multilateral approach was a realistic conception of the international system and a proper assessment of America’s role within it. Having served as Vice President, Bush had witnessed the resurgence of the American economy under President Reagan but he also understood that America’s international competitiveness problems remained. At the same time, with the globalization of trade, Bush understood that America’s relative economic decline within the international system implied a diminished capacity to exert influence on important trading partners. Throughout the 1980’s, having witnessed the remarkable rise of Japan’s economic, financial and technological power, Bush prudently attempted to forge a “global partnership” with Japan by aligning U.S. and Japanese interests to enhance the prospects of favorable policy outcomes for both countries within bilateral and multilateral fora.

In contrast to Bush’s diplomatic approach to market opening, Clinton employed an aggressive bilateral approach and resorted to the use of unilateral policy tools, the so-called “sledgehammer” approach to compel Japan’s compliance. But, by the mid-

1990's, in the absence of collaborative agenda, Japan had grown sufficiently powerful to play a "spoiler" role in the international system.⁷⁷ With the rise of increasingly powerful trading partners and America's relative economic decline within the global economy, Clinton's aggressive approach toward Japan was incompatible with America's long-term economic interests and inconsistent with the trend toward globalization. Trade in the developing world was growing far more rapidly than trade with Japan and the other industrialized countries. For example, by 1993, U.S. exports to the developing world had increased 50 percent since 1990 while exports to the developed world increased only 6 percent.⁷⁸ Ironically, Clinton initially failed to realize that an aggressive bilateral approach was no longer a tenable national strategy for the United States in the global economy. Moreover, for Clinton, the cost of pressing Japan to adopt economic reforms was diminished global leadership in promoting the liberal trading order. For, as John Ikenberry explained, "Leadership has been reinvented to in the form of a dense set of intergovernmental and transnational linkages among the major industrial countries and regions of the world."⁷⁹ In pursuing a bilateral and unilateral agenda with Japan, Clinton had failed to comprehend that, with the end of the Cold War and the globalization of trade, America had lost important power to coerce its trading partners.⁸⁰ Rather than lay the foundation for future cooperation with Japan, Clinton squandered precious political capital that undermine the legitimacy of America's foreign policy objectives within multilateral fora.

Thus, contrary to the prevailing perception, Bush's approach to trade was predicated on a exceedingly realistic conception of the global economic order. Cooperative bilateral relations with Japan provided the United States with critical leverage in combating the forces of fragmentation produced by the heightened multipolarity of the global economy. America's relatively diminished economic capacity within the international system together with Japan's status as an economic

superpower had necessitated a diplomatic approach to managing bilateral relations with Japan. For, in the absence of cooperative bilateral relations, as Bush properly recognized, Japan was less likely to play a supporting role on issues vital to the United States. The Bush administration's promotion of "global partnership" and its continual efforts to foster cooperative bilateral relations was thus ultimately consistent with America's national interest. Although the cooperative approach did not produce agreement on all contentious issues, the emphasis on a commonality of interests tended to provide the necessary, if not sufficient, conditions for facilitating agreements. Hence, the Bush approach tended to be more effective at inducing cooperation particularly over time.

Conversely, the hard-line approach pursued by the Clinton administration was predicated on an unrealistic overestimation of American power and an underestimation of Japanese power within the global trading system. With the trend toward mutual economic interdependence between the United States and Japan, the Clinton administration's bifurcated trade policy approach had grown increasingly antithetical to America's own national interests. While the U.S. could bring significant assets to bear in attempting to force Japan to open its markets, the political costs of such a strategy were prohibitive. As Schoppa concluded, "The frustrating experience of the Clinton administration, in particular, points to the limits of [the effectiveness of US] gaiatsu."⁸¹ In practice, the administration's focus on narrow commercial interests offered few incentives for Japan to cooperate. When Japanese resistance led Clinton to pursue a punitive approach to trade, America's trading partners strongly supported Japan's resistance to America's unilateralism. With the stalemate with the Framework Talks, the costs of Clinton's approach escalated, threatening to adversely impact both bilateral relations and its relations with other trading partners. In bilateral terms, Clinton's approach led to contentious and highly politicized negotiations and tended to produce agreements that were

vague and vacuous. Fortunately, by the end the first term, Clinton wisely reversed course, adopting a more complementary approach to bilateral relations and finally began to adopt a multilateral approach.

Conclusion

In short, the efficacy of Bush's trade policy approach in maintaining a sustainable bilateral approach to trade stemmed from the consistent promotion of liberalization at the global, regional and bilateral levels. Specifically, having formulated a reasonably coherent global strategy, a series of integrated regional strategies and a complementary bilateral strategy, Bush could provide effective executive leadership on trade at home and global leadership abroad within both multilateral and bilateral fora. By fostering cooperative bilateral relations that also attended to the strategic and political pillars of bilateral relations, Bush was better able to manage economic friction and to obtain Japan's economic cooperation and support for America's keen interest in rebalancing bilateral economic relations. Within bilateral economic relations, like President Carter, Bush emphasized the need for resolution of macro-economic issues over micro-economic issues in order to minimize the politicization of economic disputes while maximizing the long-term economic benefits of structural adjustments. Thus, in sharp contrast to Clinton, Bush was able to sustain a broad coalition which included international and Japanese support for America's trade policies while managing to maintain sufficient domestic support to block Congressional activism and to stave off protectionist isolationism. Through his collaborative approach, Bush provided Japan with important incentives for maintaining "global partnership," while securing critical Japanese support for competing U.S. foreign policy objectives such as Japan's funding for the Gulf War and economic aid to developing countries with emerging markets. At the same time,

Bush's integrated approach helped to ensure stronger and more regular multilateral support for America's bilateral agenda vis-à-vis Japan. Moreover, Bush sought to minimize disincentives whenever possible by utilizing a flexible negotiating style and a low-profile approach to contending with the "inevitable clash" of U.S. and Japanese economic interests. In accordance with a realistic conception of the U.S. and Japanese positions within the international system, Bush successfully avoided a high-handed coercive approach to bilateral relations. As a result, Bush was better able to provide genuinely resolute presidential leadership on trade, to block attempts at encroachment of executive authority and to obtain the passage of Fast-Track authority in 1991. In sum, Bush's multilateral trade policy approach, emphasizing global liberalization, 'open' regionalism and a complementary Japan policy proved to be a highly effective combination for steadily promoting partnership.

In comparison with the Bush legacy, the Clinton trade policy approach was strategically flawed and largely unproductive. It was noted, for example, that the Clinton trade agenda was relatively incoherent and internally inconsistent as its global, regional and bilateral strategies often working at cross-purposes. Moreover, Clinton's aggressive Japan policy tended to undermine his regional policies, encouraging domestic protectionism and weakening Congressional support for free trade that ironically resulted in his loss of Fast-Track negotiating authority in 1997. Indeed, as the President's weak and vacillating leadership within multilateral fora attests, Clinton rather badly miscalculated the extent to which its decision to pursue its hard-line Japan policy would weaken the administration's ability to assert global (and regional) leadership on trade.

In bilateral terms, the Clinton administration's hard-line approach had been deliberately designed to challenge the postwar orthodoxy of maintaining moderate Japan policies, abandoning U.S. practices that had been firmly established since the Kennedy years. Yet, in pressing Japan in the Framework Talks to rebalance its

economic relations with the United States, Clinton's formulation tended to neglect political and security relations which have become so central to the U.S.-Japan alliance. At the same time, the Japanese government was wholly unreceptive to Clinton's "managed trade" approach especially given its reliance on unilateral policy tools and retaliatory tactics, high-profile public rhetoric, and the administration's high-handed and corrosive style of engagement. As a consequence, Clinton's "results-oriented" approach proved difficult to sustain, imperiled by both inadequate multilateral and bilateral support. As is well-known, the flawed logic of Clinton's aggressive bilateralism resulted in dangerous brinkmanship by the spring of 1995 that compelled both sides to peer into undesirable bilateral abyss. Then, in order to prevent still further deterioration to the bilateral relationship, the Clinton administration was compelled to make an abrupt course adjustment at the end of its first term. Following this unfortunate and tumultuous period in U.S.-Japanese relations (and the 1996 presidential elections), Clinton returned America to a more balanced and integrated Japan policy during his second term. Despite this sensible shift, it is clear that Clinton's coercive approach constituted a radical departure from all of the relatively cooperative approaches employed during the Cold War years and must be properly distinguished from Bush's moderate approach to fostering relations with Japan.

Notes

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- 4 For those interested in fuller explanations of the Bush and Clinton policies, including more detailed accounts related to the reasoning behind specific policy choices, the previous articles include: Andrew L. Beaton, "George H.W. Bush's Complementary Bilateral Strategy: U.S.-Japanese Relations and the Structural Impediment Initiative," 1989-1990.5" Vol. 47 No. 2 [Kanazawa Hogaku] (Kanazawa Law Review), March 2005, p. 23-101, Andrew L. Beaton, "George H.W. Bush's Global Trade Strategy: Expanding Global Engagement and Managing U.S.-Japanese Relations(1989-1990.5)" [Kanazawa Hogaku] (Kanazawa Law Review), Vol. 47 No. 1, March 2004, p.105-173 and Andrew L. Beaton, "Pressing for Change: The U.S.-Japan Framework Talks (1993-1994)" [Kanazawa Hogaku] (Kanazawa Law Review), Vol. 46 No. 1, 2003, p.1-35.
- 5 Letter, Bob Zoellick to Nigel Wicks, March 29, 1991, folder "Economic Summit – London 7/12/91," OA/ID, CF 00471, John Sununu Files, Office of Chief of Staff, George Bush Presidential Records, the George Bush Presidential Library. Hereafter cited as George Bush Presidential Records.
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- 7 *Economic Report of the President*, 1994, p.215.
- 8 *Public Papers of the Presidents*, William J. Clinton, "Remarks on signing the Uruguay Round Agreements Act," December 8, 1994, p.2160.
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- 12 Press Briefing by Treasury Secretary Nicholas Brady," June 27, 1990, folder "Economic Summit 1990," OA/ID 6789, Alpha Files, Marlin Fitzwater Files, White House Press Office, George Bush Presidential Records.
- 13 Statement, Joint Statement by Mexico and the United States of Negotiation of a Free Trade Agreement, June 11, 1990, folder "Trade," OA/ID 6551, Alpha Files, Marlin Fitzwater Files, White House Press

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- 14 Press Briefing by Treasury Secretary Nicholas Brady," June 27, 1990, folder "Economic Summit 1990," OA/ID 6789, Alpha Files, Marlin Fitzwater Files, White House Press Office, George Bush Presidential Records.
- 15 Declaration, Houston Economic Summit, June 6, 1990, folder "Economic Summit," OA/ID CF 00152, John Sununu Files, Office of Chief of Staff, George Bush Presidential Records.
- 16 "1997 Trade Policy Agenda of the U.S. Trade Representative" as cited in *Congressional Digest*, December 1997, p.295.
- 17 *Congressional Digest*, December 1997, p.301.
- 18 *Congressional Digest*, December 1997, p.301.
- 19 *Congressional Digest*, December 1997, p.299.
- 20 *Congressional Digest*, December 1997, p.298.
- 21 *Congressional Digest*, December 1997, p.302. MERCOSUR was a regional subgroup that included Argentina, Brazil, Paraguay, Uruguay.
- 22 *Congressional Digest*, December 1997, p.304.
- 23 *Congressional Quarterly Almanac*, 1997, p.2-86.
- 24 *Congressional Quarterly Almanac*, 1997, p.2-88.
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- 33 Michael Kantor, "Remarks Prepared for Delivery National Press Club," March 23, 1995.
- 34 Statement by USTR Mickey Kantor, May 16, 1995.
- 35 *Public Papers of the Presidents*, William J. Clinton, "The President's News Conference with Prime

- Minister Kiichi Miyazawa of Japan," April 16, 1993, p.439.
- 36 *Public Papers of the Presidents*, William J. Clinton, "Remarks and a Question-and-Answer Session at Waseda University in Tokyo," July 7, 1993, p.1022.
 - 37 *Public Papers of the Presidents*, William J. Clinton, "Statement on Trade with Japan," May 10, 1995, p.677.
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 - 42 *Public Papers of the Presidents*, William J. Clinton, "President's News Conference with Prime Minister Morihiro Hosokawa of Japan," February 11, 1994, p.235.
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 - 44 *Public Papers of the Presidents*, William J. Clinton, "Remarks and a Question-and-Answer Session at Waseda University in Tokyo," July 7, 1993, p.1022.
 - 45 *Public Papers of the Presidents*, George Bush, "Remarks Following Discussions With Prime Minister Toshiki Kaifu of Japan in Palm Springs, California," March 3, 1990, p.308.
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 - 47 *Public Papers of the Presidents*, George Bush, "The President's News Conference With Prime Minister Toshiki Kaifu of Japan in Kennebunkport, Maine," July 11, 1991. p.871.
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 - 49 *Public Papers of the Presidents*, George Bush, "Remarks Following Discussions With Prime Minister Toshiki Kaifu of Japan in Palm Springs, California," March 3, 1990, p.309.
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