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US-JAPAN RELATIONS DURING THE KOREAN WAR

DISSERTATION

Presented to the Graduate Council of the

University of North Texas in Partial

Fulfillment of the Requirements

For the Degree of

DOCTOR OF PHILOSOPHY

By

Nam G. Kim, B.A., M.Ed., M.A.

Denton, Texas

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During the Korean War, US-Japan relations changed dramatically from the occupation status into one of a security partnership in Asia. When North Korea invaded South Korea, Washington perceived Japan as the ultimate target. Washington immediately intervened in the Korean peninsula to protect the South on behalf of Japanese security. Japanese security was the most important objective of American policy regarding the Korean War; a reality to which historians have not given legitimate attention.

While fighting in Korea, Washington decided to conclude an early peace treaty with Japan to initiate Japanese rearmament. The issue of Japanese rearmament was a focal point in the Japanese peace negotiation. Washington pressed Japan to rearm rapidly, but Tokyo stubbornly opposed. Under pressure from Washington, the Japanese government established the National Police Reserve and had to expand its military forces during the war. When the Korean War ceased in July 1953, Japanese armed forces numbered about 180,000 men.

The Korean War also brought a fundamental change to Japanese economic and diplomatic relations in Asia. With a trade embargo on China following the unexpected Chinese intervention in Korea, Washington wanted to forbid Sino-Japanese trade completely. In addition, Washington pressed Tokyo to recognize the Nationalist regime in Taiwan as the representative government of the whole Chinese people. Japan

unsuccessfully resisted both policies. Japan wanted to maintain Sino-Japanese trade and recognize the Chinese Communists.

The Korean War brought an economic boom to Japan. As a logistical and service supporter for United States war efforts in Korea, Japan received a substantial amount of military procurement orders from Washington, which supplied dollars, technology, and markets for Japan. The Korean War was an economic opportunity for Japan while it was a military opportunity for the United States. The Korean War was the beginning of a new era of American-Japanese military and economic interdependence. This study is based on both American and Japanese sources - primary and secondary.

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CHAPTER I

INTRODUCTION

Foreign relations between the United States and Japan during the Korean War represent a very complicated issue in Cold War history. When the Cold War began in postwar world politics, the United States and Japan stood on very different positions. Possessing more than half the free world's manufacturing capacity at the end of the Second World War and showing continued economic growth in the postwar world, the United States was the strongest economic and military power in the world. Because the war ruined all former commercial competitors in foreign markets, the United States could nearly monopolize all domestic and many foreign markets.[1]

In contrast, Japan was in ruin. The Japanese economy shrank to about one-third of its prewar level and the whole country was under the occupation of the Allied Powers.[2] Supported by its preeminent economic and military position, the United States restructured Japan. During the occupation, as a result, "scarcely a major sector of

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[1]Paul Kennedy, "American Grand Strategy, Today and Tomorrow: Learning from the European Experience," in Grand Strategies in War and Peace, ed. Paul Kennedy (New Haven: Yale University, 1991), 172.

[2]In the late 1930s, Japanese industrial production accounted for 7 percent of world production; Akira Iriye, "Fifty Years of U.S.-Japanese Relations: 1941-1991," in The United States and Japan: Changing Relations, ed. Chae-Jin Lee (Claremont: Keck Center for International and Strategic Studies, 1992), 4-7.

Japanese society was left untouched."[3] When the occupation ended in 1952, reformed Japan was dependent on the United States militarily and economically. American military forces protected Japan from external aggression and American military procurement guaranteed Japanese economic survival.

Four decades later, economic relations between the United States and Japan were reversed. Japan is now a creditor and the United States is a debtor nation. Japan had grown to share 8 percent of total world trade in 1980 with but 2.5 percent of the world's population; Japan's annual per capita income ($19,553) exceeded America's ($18,570) in 1987.[4] Accumulating a government deficit of more than $2 trillion by the middle of the 1980s, the United States had a total trade deficit with Japan of $56.8 billion in 1986.[5] In facing the Japanese position in the world as an economic super power, some American observers found in Japan's rapid economic success a model for the United States to copy. Ezra Vogel, in his best seller Japan as Number One , praised Japanese education, business, and government in creating the new economic "miracle."[6] A majority of the American public nevertheless showed a very different opinion. When Time asked "which is the main reason for the large trade imbalance between the U.S. and Japan" in 1992, 64 percent of the American public answered that "Japan unfairly keeps American products out of the

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[3]Robert E. Ward, "Reflection on the Allied Occupation and Planned Political Change in Japan." in Political Development in Modern Japan, ed. Robert E. Ward (Princeton, New Jersey: Princeton University Press, 1968), 482.

[4]Iriye, "Fifty Years of U.S.-Japanese Relations," 12.

[5]Reinhard Drifte, Japan's Foreign Policy (London: Chatham House Papers, 1990), 42.

[6]Ezra Vogel, Japan as Number One(Cambridge: Harvard University Press, 1979).

country."[7] Trade friction raised a more difficult question in United States and Japan relations-the Japanese military budget. Washington has pressed Japan to increase its defense spending. In 1988, after removing the ceiling of less than 1 percent of Gross National Product (GNP) on the defense budget in 1987, Japan spent only 1.013 percent of GNP for defense.[8] Compared with Japan, the United States, despite general economic declines in the 1980s, spent 5.6 percent of GNP for defense in 1989, which Secretary of Defense Frank C. Carlucci considered was not enough for American military responsibility in the world.[9] Since the Cold War was over, the two countries have demonstrated even more conflicting views on military issues. During the Gulf War, the United States, waging a war to establish a new international order in the Middle East, asked Japan to make a visible contribution to the war effort including military equipment. Japan resisted American pressure on the basis that the premature use of military force would undermine economic advantages. Systematic changes in international relations following the end of the Cold War pose new challenges for the United States-Japanese relationship. It may affect the United States-Japanese alliance by altering the strategic calculations of the United States and Japan.[10]

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[7]Time, February 10, 1992, 22.

[8]William W. Kaufman and Lawrence J. Korb, The 1990 Defense Budget(Washington, D.C.: The Brookings Institution, 1989), 32-35.

[9]Ibid., 9; Frank C. Carlucci, "No Time To Change U.S. Defense Policy," New York Times, January 27, 1989, 31.

[10]Because of the huge economic size of Japan, despite the small percent of defense expenditures in the Japanese budget, Japan spent more than any other country in the world except the United States and the Soviet Union in 1990; Iriye, "Fifty Years of U.S.-Japanese Relations," 12.

Given the circumstances, an important question is what should be the basis of the future relationship between Japan and the United States. Are Japanese economic and military strength assets to the United States? These are important questions but it is not the purpose of this dissertation to find a direct answer to them. Instead, this study tries to explain the roots of the present-day United States-Japanese relationship. When did the present relationship begin between the two countries? Assuming that the Korean War was the most important event during the whole period of the Cold War, which dictated American foreign policy for decades, this dissertation focuses on United States-Japan relations during that conflict.

Although the Korean War began initially as a civil war between North Korea and South Korea, when North Korea invaded South Korea on June 25, 1950, it escalated quickly as an American war. According to historian Paul Kennedy's estimate, the United States spent about $50 billion to fight the war and lost over 54,000 servicemen by the time the Korean armistice was signed.[11] The Korean War also was an international war, in which at least nineteen countries participated and four million people (military and civilian combined) perished. It had a tremendous impact on both the Communist and non-Communist sides.[12] Political scientist John Mueller contended that the Korean War was

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[11]Paul Kennedy, The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000 (New York: Random House, 1987), 383.

[12]Those countries included Australia, Belgium, Canada, Colombia, Communist China, Ethiopia, France, Greece, Luxembourg, the Netherlands, New Zealand, North Korea, the Philippines, South Africa, South Korea, Thailand, Turkey, the United Kingdom, and the United States. For varying estimates regarding casualties, see David Rees, Korea: The Limited War (New York: St. Martin's Press, 1964), 460-61 and Clay Blair, The Forgotten War: Korea 1950-1953 (New York: Times Books, 1987), 975.

"quite possibly the most important event since World War II."[13]

With the Korean War, the United States launched a global military buildup. In Europe, the United States changed a fragile North Atlantic Treaty Organization into a concrete military alliance and pushed European allies to accept German rearmament. In Asia, the United States escalated its foreign aid to Taiwan, the Philippines, and the French in Indochina. In his budget message of 1951, Truman made military aid to crucial strategic countries an established policy of the United States. The first Mutual Security Act of 1951 declared that thereafter economic aid would be used primarily for military purposes.[14] Political scientist Robert Jervis contended that "Without Korea, U.S. policy would have been very different, and there were no events on the horizon which could have been a functional substitute for the war."[15] Historian John L. Gaddis also stated that "real commitment to contain communism everywhere originated in the events surrounding the Korean War."[16] Vastly expanding the military component of containment, the Korean War opened a new era of global containment in the Cold War.

United States-Japan relations changed dramatically during the Korean War. Perceiving that the ultimate target of the Communist invasion in Korea was Japan, Washington rapidly processed the Japanese peace treaty and pressed Japan to rearm. The

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[13]John Mueller, Retreat from Doomsday (New York: Basic Books, 1989), 118.

[14]John L. Gaddis, "Was the Truman Doctrine a Real Turning Point?" Foreign Affairs 52(Jan. 1974): 402.

[15]Robert Jervis, "The Impact of the Korean War on the Cold War," Journal of Conflict Resolution 24 (December 1980): 563.

[16]Gaddis, "Was the Truman Doctrine a Real Turning Point?" 386.

United States continued to push the Japanese government to increase its military forces. United States-Japan relations metamorphosed particularly when the Chinese Communists intervened in the war. Abandoning the hopeful thought that the Soviet Union and Communist China would split in the near future, Washington placed a trade embargo on China and encouraged economic integration between Japan and Southeast Asian countries. Japan recognized Taiwan as the representative government of the whole Chinese people. About three decades ago, Seizaburo Shinobu noted that "Not only did the Korean War play a great role in the process which set out from the destruction accompanying Japan's defeat and led up to the present state economic development, but the fact that Japan today possesses military forces, after having renounced rearmament under Article 9 of her Constitution, is also due to the occurrence of the Korean War." According to Shinobu, therefore, "Establishing the significance of the Korean War provides a key for the evaluation of post-war Japanese history."[17] Japan was an important participant in the war, providing logistical and service support for United States forces.

Although there are many works on the Korean War, there are few on the impact of the Korean War on American foreign relations, particularly United States and Japanese relations during the war.[18] Almost all major works on the Korean War focus on the cause

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[17]Seizaburo Shinobu, "The Korean War as an Epoch Contemporary History," The Developing Economics 4(1966): 20.

[18]Reinhard Drifte, "Japan's Involvement in the Korean War," in The Korean War in History, ed. James Cotton and Ian Neary (Atlantic Highlands, NJ: Humanities Press International, Inc., 1989), 119.

of the war or American intervention.[19] Japan is a missing part in studying the Korean War.[20]

In explaining United States-Japan relations during the war, this dissertation has six chapters focusing on military and economic aspects-the core causes of present conflicting views between the two nations. The first chapter is on American postwar security policy toward Japan before the Korean War broke out; the second chapter is about Japanese security policy before the Korean War broke out; the third chapter concentrates on Japanese and American military involvement in the Korean War; the fourth chapter is on the Japanese peace treaty and Japanese rearmament; the fifth chapter explains Japanese foreign relations with China, concentrating on trade issues and Japan's recognition of Taiwan; and the sixth chapter deals with the economic boom and military procurement during the war.

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[19]For instance, none of following books deal with the Japanese factor; William W. Stueck,Jr., The Road to Confrontation: American Foreign Policy toward China and Korea, 1947-50 (Chapel Hill, N.C.: University of North Carolina, 1981); Stephen Pelz, "U.S. Decisions on Korean Policy, 1943-50: Some Hypotheses," in Bruce Cumings, ed., Child of Conflict: The Korean American Relationship, 1943-1953 (Seattle:University of Washington Press, 1983); James Matray, The Reluctant Crusade: American Foreign Policy in Korea, 1941-1950 (Honolulu: University of Hawaii Press, 1985); Burton I. Kaufman, The Korean War: Challenges in Crisis, Credibility and Command (Philadelphia: Temple University Press, 1986); Bruce Cumings is an exception, Bruce Cumings, The Origins of the Korean War, vol. 2, TheRoaring of the Cataract, 1947-50 (Princeton: Princeton University Press, 1990).

[20]When historian William Stueck explained "the international dimensions of the origins, course, and consequence of the war" in his article, for example, he never treated the Japanese role in the war even though he mentioned most participating countries; see William Stueck, "Korean War as International History," Diplomatic History 10 (Fall 1986): 291-309.

CHAPTER II

AMERICAN CHOICES PRIOR TO THE KOREAN WAR

American policy toward Japan during the occupation changed as the political situation in the world changed. Although the United States initially adopted a disarmament policy following the Japanese surrender, Japanese disarmament policy changed into economic rehabilitation. Because the occupation was temporary, the United States had to decide the nature of future relations between Japan and the United States in the post-occupation period. This was the key issue in the Truman administration regarding the Japanese peace settlement. This chapter focuses on American policy toward Japan prior to the Korean War.

Japanese Disarmament

With Japan's unconditional surrender in August 1945, United States forces occupied Japan. The Sixth and Eighth Armies of the United States occupied all of the Japanese islands until the middle of September, 1945. Although there was a Far Eastern Commission consisting of eleven member countries, the occupation was exclusively an American operation from the beginning. The first priority of the occupation under General Douglas MacArthur, Supreme Commander for the Allied Powers, was disarmament and non-militarization of Japan. Japan was totally banned from maintaining an army, navy, airforce, secret police organization, civil aviation, or gendarmerie except for an adequate civilian police force. The Japanese could not purchase or carry personal

weapons such as swords or guns and the Supreme Commander for the Allied Powers authorized the confiscation of such weapons from individual households.[1]

In addition, the Supreme Commander for the Allied Powers purged officials of the Japanese Imperial General Headquarters and General Staff, and other high military and naval officials of the Japanese government including leaders of ultra-nationalist and militarist organizations and other important exponents of militarism and aggression from politics, government bureaucracy, and police. As a result, about 2.5 million people were listed on the purge program and eventually about 200,000 individuals were legally removed from their positions.[2] However, the nucleus for a future army and navy remained in such forms as the demobilization boards, former officers recruited by the American Counter-Intelligence Section, and naval forces retained for repatriation and mine sweeping. Japanese military leaders tried deliberately to preserve the "seed of the army" for future rearmament by transferring elite army officers to police forces right after the unconditional surrender. Actually the preserved "seed of the army" would sprout later in the National Police Reserve after the Korean War broke out.[3]

Disarmament was institutionalized when the Japanese government wrote the disarmament principle clearly in the constitution, the so-called "Peace Constitution," of

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[1]Fujiwara Akira, Nihon gunji shi vol. 2(Tokyo: Nihon Beronji, 1987), 15 (All Japanese names, romanized directly from Japanese sources in this dissertation, follow the Japanese traditional fashion: the family name preceding the given name).

[2]Michael Schaller, The American Occupation of Japan: The Origins of the Cold War in Asia (New York and Oxford: Oxford University Press, 1985), 44.

[3]Fujiwara, Nihon gunji shi, 17.

June 1946. Article 9 of the "Peace Constitution" forbade creation of armed forces and denied Japan the right of self-defense.[4] When Shigeru Yoshida, prime minister at that time, explained the meaning of Article 9 of the draft Constitution to the 90th Imperial Diet in June 1946, he stated,

> The article renouncing war means Japan abandons the rights of war for both self-defense and belligerence....Much warfare in recent years, including the Manchurian invasion and the Great East Asian War, has been initiated on the pretext of self-defense....Foreign countries' suspicions of Japan as a warlike nation are not necessarily amisunderstanding, unfortunately. To erase these suspicions, we ourselves must first abandon our right of belligerence and fulfill the constitutional resolution of being a pioneer of world peace.[5]

The unique provision of total disarmament, according to Michael Schaller, "testifies to the intensity of American feeling about Japan's war guilt."[6] On June 19, 1947, two years after the disarmament program was first introduced, the Far Eastern Commission reaffirmed disarmament as the major occupation policy:

> Japan will be completely disarmed and demilitarized. The authority of the militarists and the influence of militarism will be totally eliminated. All institutions

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[4]Article 9 of the Japanese Constitution states: " Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat of use of force as a means of settling international disputes," Quoted by I.T.M. Gow, "Defense," in Japan's Quest for Comprehensive Security: Defence-Diplomacy-Dependence, ed. J. W. M. Chapman, R. Drifte, and I. T. M. Gow (New York: St. Martin's Press, 1982), 3; Theodore McNelly, "The Renunciation of War in the Japanese Constitution," Political Science Quarterly 77(1962): 350-378.

[5]Igarashi Takeshi, "Peace-making and Party Politics: The Formation of the Domestic Foreign Policy System in Postwar Japan," Journal of Japanese Studies 11(1985): 323-34.

[6]Schaller, American Occupation, 42.

expressive of the spirit of militarism and aggression will be vigorously suppressed.[7]

Convinced that Japan could not be militarized again and hoping that Japan would remain neutral and disarmed as "the Switzerland of the Pacific," MacArthur announced in Tokyo on March 17, 1947, that Japan was ready for a peace settlement. He recommended a quick treaty because he believed that prolonging the occupation might cause Japanese resistance to the United States, and the peace treaty would stimulate economic growth in Japan.[8] MacArthur's proposal for an early peace treaty, made without consultation, was a source of embarrassment to Washington officials because the State Department was working on its own treaty. On August 5, 1947, the Borton group, which had been led by Hugh Borton, special assistant to the director of the Office of Far Eastern Affairs in the State Department submitted a draft for the Japanese peace treaty. Emphasizing a disarmed Japan, Borton and other officials contended that American cooperation with the Soviet Union would be indispensable for a Japanese peace settlement. They thought that the occupation was successful because the Soviet Union participated through the Far Eastern Commission. The Far Eastern Commission was a valuable instrument for an American monopoly over Japan under the guise of allied cooperation. The Borton group also suggested that Japan would not be permitted military forces other than internal police and a coast guard. No manufacture or operation of either

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[7]Far Eastern Commission, "Basic Post Surrender Policy for Japan," June 25, 1947, Records of the Bureau of Far Eastern Affairs: Office of Northeast Asian Affairs, Box 1, RG 59, National Archives, Washington, D.C.

[8]Frederick S. Dunn, Peace-Making and the Settlement with Japan (Princeton, New Jersey: Princeton University Press, 1963), 54-55.

miliary or civil aircraft would be allowed. These restrictions would remain in force for twenty-five years after the conclusion of the treaty. The focus of the Borton group was to prevent the revival of Japanese military power. This group reflected the bitter experience of the Second World War instead of the Cold War.[9]

Before the Borton draft became public, the State Department called a peace conference for a Japanese peace treaty on July 11, 1947. The United States favored participation of all eleven members of the Far Eastern Commission and opposed any nation having a veto. Nine countries, including the United States, were willing to accept a two-thirds voting procedure, but China and the Soviet Union opposed the American proposal immediately after the invitation was publicized. Soviet Foreign Minister V. M. Molotov told Ambassador W. Bedell Smith in Moscow on July 22, 1947 that the Soviet Union opposed "a conference of eleven powers who are members of the Far Eastern Commission." Molotov insisted that the Council of Foreign Ministers should direct the Japanese peace treaty.[10] Facing unexpected Soviet rejection, Charles Bohlen, counselor of the State Department, recommended that if Washington informed the Soviet Union of the validity of the past treaties agreed at Cairo, Yalta, and Postdam and offered a change in the voting procedure, the Soviet Union would accept the American proposal.[11] Bohlen

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[9]Dunn, Peace-making, 58-59; Memorandum by Edwin F. Martin, October 3, 1946 in the Department of State, Foreign Relations of the United States, 1946 (Washington, D.C.: Government Printing Office), vol. 8, 326-29 (hereafter cited as Foreign Relations with appropriate year, volume, and page); Memorandum by Ruth Bacon, October 25, 1946, ibid., 348-49.

[10]Smith to the Secretary of State, July 23, 1947, Foreign Relations: 1947, vol. 6, 473-4.

[11]Memorandum by Counselor of the Department to Under Secretary of State, August 12, 1947, ibid., 487.

believed the Soviet rejection was a counterproposal to maintain the Soviet share in a future peace settlement in Japan. Agreeing with Bohlen, Secretary of State George Marshall asked him to meet Semen K. Tsarapkin, Soviet charge d'affairs, and with Llewelleyn Thompson, chief of the Division of Eastern European Affairs. Bohlen and Thompson assured Tsarapkin that the United States would keep agreements with the Soviet Union at Yalta, Cairo, and Potsdam and that the rules of procedure of the peace conference would be decided by the general conference.[12] The meeting was useless. The Soviet Union rejected the American proposal again on August 29.[13]

Opposing the American proposals two times, the Soviet Union consistently maintained that the Japanese peace settlement should be discussed by the Council of Foreign Ministers, composed of Communist China, the Soviet Union, the United Kingdom and the United States; the Soviet Union would retain a veto power. The Soviet Union supported an early peace treaty with Japan on the condition that the United States would withdraw all American occupation forces from Japan. It was unacceptable to Washington because American withdrawal from Japan would bring the whole Far East under Soviet control. Since the end of the Second World War, the Soviet Union had already substantially increased its influence in the Far East by seizing Southern Sakhalin and the Kuriles under the Yalta agreement and by gaining a base and railway rights in Manchuria

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[12]Memorandum of Conversation with Tsarapkin and Thompson, ibid., 491-2.

[13]Smith to the Secretary of State, July 23, 1947, ibid., 473-74; Memorandum by Counselor of the Department to Under Secretary of State, August 12, 1947, ibid., 487; Memorandum of Conversation with Tsarapkin and Thompson, ibid., 491-92.

through negotiation with the Nationalists in China. In addition, Manchuria and North Korea were under Soviet control. Nonetheless, Washington realized that "the Soviet Union's cards, whether there is a peace treaty with Japan or not, are strong ones."[14] The issue now was to prevent further Soviet expansion into Japan rather than the Japanese peace treaty. Before proceeding to a peace treaty with Japan, Washington felt that it was imperative to reevaluate the strategic role of Japan in American security interests in the Pacific. Japanese security became the core issue regarding the Japanese peace treaty.

Reevaluation of Occupation Policy

When the Soviet Union rejected American proposals for a Japanese peace settlement in the summer of 1947, Washington also faced internal opposition to the Borton draft.[15] To contain the Soviet Union in Asia, where the United States did not expect to play a major role in the future, Japan was a key in the region. It could not be a negotiable issue whether the United States would include Japan as an American sphere of influence. According to George Kennan, architect of the containment policy, Japan was one of the five most vital places in the world - the United States, the Soviet Union, the United Kingdom, the Rhine Valley, and Japan. Under containment strategy, Japan surfaced as the most important place for the United States in Asia.[16] At that time, China

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[14]Memorandum from Butterworth to the secretary, December 31, 1947, Records of the Bureau of Far Eastern Affairs: Office of Northeast Asian Affairs, Box 2, RG 59, National Archives, Washington, D.C.

[15]Memorandum by Davies, August 11, 1947, Foreign Relations: 1947, vol. 6, 486-7; Notation by Lovett, ibid.

[16]George Kennan, Memoirs 1925-1950 (Boston: Little, Brown and Company, 1967), 359.

was listed as thirteenth on a list of countries whose defense was considered vital to American security.[17] In September of 1947, the State Department stated that "US interests lie in at least denying Japan to the USSR and at most in developing Japan into a willing and active partner of the US in bringing peace and stability to the Far East."[18] It was out of the question that the United States would allow Japan to slip under Soviet influence. The problem was how to keep Japan under American influence after the end of the occupation.

As long as the occupation continued, Japan would remain under American influence. According to the State Department, "the United States can strip Japan of all defenses and turn Japanese society upside down without running the risk of losing Japan to the USSR--so long as US forces remain there in great strength."[19] Would it be possible for the United States to maintain military forces in Japan after a Japanese peace settlement? If the United States could not keep military forces in Japan, the military leaders believed that it would be a disaster for any United States military strategy in the Pacific. The military leaders strongly argued that the United States maintain its forces in the post-occupation period.

The Joint Chiefs of Staff, in a recommendation about the strategic value of the

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[17]United States Assistance to Other Countries from the Standpoint of National Security, April 29, 1947, Foreign Relations: 1947, vol. 1, 746.

[18]State Department, "Draft paper, U.S. Policy toward a Peace Settlement with Japan," September 17, 1947, Records of the Bureau of Far Eastern Affairs: Office of Northeast Asian Affairs, Box 1, RG 59, National Archives, Washington, D.C.

[19]Ibid.

Japanese islands on October 27, 1947, stated that to control the Pacific, it was necessary to maintain an effective base system in the region. According to the Joint Chiefs of Staff, the strategic control of the Pacific had a two-fold purpose:

> to provide for the establishment there of the military bases that are necessary for the future security of the United States and to prevent military utilization of that area by any potential enemy. Thus, a base held by the United States can be used for our security not only defensively but by counter-offensive operations, while its possession by an enemy would not only forestall such use but give him the offensive advantage. In short, abandonment by us of a peripheral base will, in the vent of war, penalize us one advance move while presenting to a potential enemy an advance move in our own direction.[20]

The Joint Chiefs of Staff assumed that the base line anchored in Japan would work as a defensive and offensive line for American forces in the Pacific. Supported by the technological development in aircraft and the atomic bomb, a small strategic bomber, if operating from Okinawa (one of the Ryukyus), could not only deter and retaliate against any Soviet aggression, but also hit deep inside Soviet territory.[21] The Joint Chiefs of Staff contended that the Ryukyus were strategically critical in the offshore islands defense chain which United States military leaders believed was the major feature of the ultimate security of the United States in the Pacific.[22]

The significance of the Ryukyus in American strategy was recognized already

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[20]Ibid.

[21]Schaller, American Occupation, 56.

[22]The State Department accepted this base line later as the defense perimeter in the Pacific; For a more detailed view, see John L. Gaddis, "Drawing the Lines: The Defensive perimeter Strategy in East Asia, 1947-1951," in The Long Peace: Inquiries into the History of the Cold War, ed. John L. Gaddis (New York: Oxford University Press, 1987), 72-103.

during the Second World War. When the Second World War ended in the Pacific, United States military leaders decided to retain the former mandated islands which Japan had gained after the First World War. According to the Joint Chiefs of Staff recommendation on October 21, 1946, the United States needed to keep bases on the Nansei Sofu(Ryukyu) south of latitude 29 degrees north, Nanpo Shoto south of Sofu Gan, and Marcus Island.[23] The Ryukyus were considered as of special strategic importance in relation to the whole Pacific base system because Okinawa dominated the northwest Pacific area. Okinawa would provide the only base area from which American forces could intervene in the Asian territories (might include even the Japanese main islands). The Okinawa bases made it possible for American forces to control the entire northwest Pacific area including the Eastern Sea, the Yellow Sea, and the Sea of Japan. To keep the Ryukyus, in 1947, the Joint Chiefs of Staff recommended a United Nations trusteeship administrated by the United States over the Nansei Shoto (Ryukyus) south of latitude 29 degree north, Nanpo Shoto south of Sofu Gan, and Marcus Island.[24] The military leaders of the United States believed that an American military presence in the Ryukyus and on the Japanese main islands in the post-occupation period was a minimum requirement for American security interests in the Pacific. The military leaders hoped to conclude the Japanese peace treaty with provision of an American proposal through an international agreement including the Soviet Union. It was an unrealistic expectation.

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[23]"Joint Chiefs of Staff Review of United States Control Needed Over the Japanese Islands," October 27, 1947, Records of the Bureau of Far Eastern Affairs: Office of Northeast Asian Affairs, Box 1, RG 59, National Archives, Washington, D.C.

[24]Ibid.

The State Department also agreed with military leaders about the strategic significance of Okinawa within the American defense system in the Pacific. According to Kennan,

> Okinawa would be made the center of our offensive striking power in the western Pacific area. It would constitute the central and most advanced point of a U-shaped U.S. security zone embracing the Aleutians, the Ryukyus, the former Japanese mandated islands, and of course Guam. We would then rely on Okinawa-based air power, plus our advance naval power, to prevent the assembling and launching [of] any amphibious force from any mainland port in ...east-central of northeast Asia.[25]

The importance of Japan in American security interests caused a dilemma for the Truman administration regarding a Japanese peace settlement. If the United States proceeded with the Japanese peace treaty, it could lose its military bases in Japan. If the United States continued its occupation, it would lose Japan because Japan wanted independence. To get more detailed information about the American occupation and its alternatives, the State Department decided to send Kennan, director of the Policy Planning Staff, to Tokyo in the spring of 1948. In Tokyo, he met General MacArthur and discussed the broad issues of the occupation. After beginning their discussions, they quickly found that they held fundamentally different views on the Japanese peace settlement. General MacArthur expressed his opinion that "the only acceptable permanent solution to the problem of Japanese security is complete demilitarization under an effective international guarantee." General MacArthur believed that Japanese demilitarization could be guaranteed by all Allied Powers including the Soviet Union. "When the Russians put their signature to something clear and explicit," according to the general, "they will

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[25]Kennan to Marshall, March 14, 1948, Foreign Relations : 1948, vol. 1, 531-38.

remain faithful to their word." General MacArthur did not fear indirect aggression through internal insurgency. He believed that the Japanese people would strongly refuse Communism.[26]

Kennan disagreed with MacArthur. He could not trust the Soviet Union to observe any treaty demilitarizing Japan unless the Soviet Union became more restrained in its political aims. In addition, Kennan did not believe that the Japanese people would resist Communism as strongly as General MacArthur argued. The Communists could seize Japan through internal insurgency, penetrating a vulnerable Japanese society. Because of Japanese vulnerability in the changing world situation, Kennan contended, "we are not going to have a treaty, or even proceed to the negotiation of a treaty, for some time."[27] Kennan recommended that the United States needed to relax occupation control over the Japanese government and encourage economic development instead of making a peace treaty with Japan. The occupation policy should focus on economic rehabilitation. America should not proceed toward a peace treaty until a more opportune time and the future treaty, Kennan insisted, should be brief, general and nonpunitive. By rebuilding Japanese industrial capacity under American influence, Kennan wanted to restore the balance of power in Asia. Because "it would be unwise for us to continue to exert such an effort of containment alone or largely alone" in Asia, according to Kennan, the United

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[26]PPS 28/2: "Recommendations with respect to U.S. Policy toward Japan," May 26, 1948, in The State Department Policy Planning Staff Papers 1948, with an Introduction by Anna Kasten Nelson and a Foreword by George Kennan, vol. 2 (New York: Garland Publishing, Inc., 1983), 175-203.

[27]Ibid.

States should restore a balance of power by "strengthening local forces of independence and getting them to assume a greater part of the burden."[28] The National Security Council considered Kennan's proposal during the summer of 1948 and with a few minor modifications and Truman's approval it became NSC 13/2 on October 7, 1948.[29]

The United States focused on the political and economic rehabilitation of Japan instead of a full restoration of Japanese sovereignty through a peace conference. Evaluating Japanese economic recovery as "second only to U.S. security interests," NSC 13/2 emphasized that economic rehabilitation would be "the primary objective of United States policy in Japan for the coming period."[30] The occupation policy was reversed from disarmament to economic rehabilitation. The Japanese peace treaty was put on hold.

Security Guarantee for Japan

The Truman administration reversed its occupation policy in 1948, hoping that the economic rehabilitation of Japan would restore the balance of power in Asia. But one question remained unanswered: would economic rehabilitation without military

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[28]Kennan, Memoirs, 378.

[29]It was perhaps one of Kennan's most influential periods as director of the State Department's Policy Planning Staff. Later Kennan noted his contribution to the change of American occupation policy; "Nevertheless, my own visit, the talk with General MacArthur, and the directives that finally emanated from Washington represented in their entirety a major contribution to the change in occupational policy that was carried out late 1948 and 1949; and I consider my part in bringing about this change to have been, after the Marshall Plan, the most significant constructive contribution I was ever able to make in government. On no other occasion, with that one exception, did I ever make recommendations of such scope and importance; and on no other occasion did my recommendations meet with such wide, indeed almost complete, acceptance," Ibid.

[30]NSC 13/2, "Recommendations With Respect to U.S. Policy toward Japan," October 7, 1948, National Security Council Papers, RG 273, National Archives, Washington, D.C.

rearmament adequately protect Japan from Soviet aggression? When George Kennan drafted PPS 28, he focused on the economic rehabilitation of Japan. About the security issue, Kennan noted briefly that "either we must not have the treaty at all and retain allied troops in Japan or we must permit Japan to re-arm." If the United States left Japan, Kennan seemed to believe that Japan should rearm itself in the future, but he did not make any concrete proposals about that issue. He wanted to postpone the decision on Japanese rearmament until the Japanese economic rehabilitation became reality; "this decision will have to be taken later, in the light of prevailing circumstances."[31] Other State Department official raised no question about Japanese rearmament during the discussion of PPS 28. Economic restoration of Japan was a more urgent issue for the State Department than the security issue in 1948. As long as the occupation continued, State officials could rely on United States forces for Japanese security.

Military leaders however were more concerned about the issue of Japanese security after the end of occupation. Two weeks after PPS 28 was proved as NSC 13/2 in October 1948, Secretary of Defense James Forrestal asked the Joint Chiefs of Staff to study Japanese security including Japanese rearmament. In response to the Secretary of Defense, the Joint Chiefs of Staff suggested two alternatives for Japanese security: allowing limited rearmament and stationing American forces. In a memorandum to the Secretary of Defense, the Joint Chiefs of Staff argued that full scale rearmament "is not practicable and advisable at this time." The Joint Chiefs of Staff believed that "such action would require amendment by the Japanese of their new constitution and our abrogation of

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[31]PPS 28/2.

the Postdam Declaration."[32] The Joint Chiefs of Staff also feared rearmament would slow the economic recovery of Japan. Instead, the Joint Chiefs of Staff recommended the creation of "limited Japanese armed forces for the purpose of maintaining internal security and for local defense against external aggression."[33]

Opposing full scale rearmament for Japan, the military leaders wanted to keep American bases during the post-occupation period. They believed that American military bases in Japan would also guarantee American defense strategy during the region of the Pacific. On June 14, 1949, the Secretary of Defense submitted a report prepared by the Joint Chiefs of Staff to the National Security Council. In the report, the Joint Chiefs of Staff contended that "the ultimate minimum United States position in the Far East vis-a-vis the USSR, one to which we are rapidly being forced, requires at least our present degree of control of the Asian offshore island chain." In case of war, the Joint Chiefs of Staff argued that "this island chain should constitute in effect a system of strong outposts for our strategic position." If America could not control Japan, the Joint Chiefs of Staff contended, the whole offshore island defense system would have limited value only.[34]

Because of its geographical location, the Joint Chiefs of Staff contended, the Soviet Union could use Japan as a base to attack American territory in the Pacific. If America controlled Japan, the Soviet Union would be unable to use it as a strategic

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[32]Memorandum by the Joint Chiefs of Staff to the Secretary of Defense, March 1, 1949, Foreign Relations: 1949, Vol. 7, 671.

[33]Ibid.

[34]NSC 49, "Current Strategic Evaluation of the U.S. Security Needs in Japan," June 15, 1949, National Security Council Papers, RG 273, National Archives, Washington, D.C.

outpost for the Sea of Japan and the Yellow and East China Seas. Conclusively, Washington considered American bases on the Japanese main islands indispensable for the American defense system in the Pacific. Evaluating Okinawa was not enough for a year-around naval operation because of its "unfavorable meteorological and hydrographic features," the Navy Department wanted to continue to keep the bases on the main islands including Yokosuka on Honshu.[35] If America could not obtain bases on the Japanese main islands, the Joint Chiefs of Staff emphasized, "bases on Okinawa or other islands of the Ryukyus along with other U.S. bases in or near the Pacific would not meet our essential needs."[36]

The State Department opposed both limited rearmament and American bases on the Japanese main islands to prevent external aggression against Japan. The department was more concerned about the internal Communist threat. In September 1949, the State Department stated that "the threat to Japan ...comes from agitation, subversion and coup d'etat." Although the Kremlin would inspire the Communist threat, the conspiracy would be conducted by the Japanese. The success of the conspiracy would depend on "the political, economic and social health of Japan itself."[37] Before the Senate Foreign Relations Committee in 1949, Secretary of State Acheson testified that Japanese security

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[35]Ibid.

[36]Ibid.

[37]NSC 49/1, "Current Strategic Evaluation of U.S. Security needs in Japan," October 4, 1949, National Security Council Papers, RG 273, National Archives, Washington, D.C.

depended far more on its "political, economic, and social health" than armed might.[38] From this perspective, the State Department also opposed retaining American forces in Japan following the peace treaty. The department argued that "the continued dispersal of American forces in many Japanese cities and towns would constitute an irritating and not a stabilizing influence on the Japanese population."[39] The department believed that the future role of Japan in American containment strategy was an economic not a military contribution. The State Department prevailed over the Defense Department about the future role of Japan. In December 1949, the Truman administration clarified in NSC 48/1 that Japan would play "the most important part by reason of its industrious, aggressive population, providing a large pool of trained manpower, its integrated internal communication system with a demonstrated potential for an efficient merchant marine, its already developed industrial bases and its strategic position."[40] Washington confidently believed that Japanese industrial power would play a crucial role in American containment strategy. Without Japanese industrial power, the Soviet Union could not build an effective self-sufficient war-making complex in Asia.[41] Secretary Dean Acheson stated in his memoirs that "To me, one conclusion seemed plain beyond doubt. Western Europe and

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[38]U.S. Congress, Senate Committee on Foreign relations, Reviews of the World Situation: 1949-1950, Hearing held in Executive Session on the world Situation, 81st Congress, 1st and 2nd sess. (Washington,D.C.: Government Printing Office, 1974), 102.

[39]NSC 49/1.

[40]NSC 48/1, "The Position of the United States With respect to Asia," December 23, 1949, National Security Council Papers, RG 273, National Archives, Washington, D.C.

[41]Ibid.

the United States could not contain the Soviet Union and suppress Germany and Japan at the same time. Our best hope was to make these former enemies well and strong supporters of a free-world structure."[42] In November of 1949, after the Chinese Communists established their government, the State Department cited Pentagon authorities that "our position is not directly jeopardized by the loss of China so long as the security of the islands [Japanese] continues to be maintained."[43] By the end of 1949, Japan became an undeniable key in America's security scheme in the Pacific. But Washington could not reach internal agreement on how to keep the key under American control until the Korean War broke out.

The State Department believed that the United States needed to restore Japanese sovereignty through an early conclusion of the peace treaty while encouraging continued economic growth. In December of 1949, the State Department expressed strong intentions for proceeding with treaty negotiations. In contrast, the Joint Chiefs of Staff repeated their earlier argument that American forces and bases in the main islands of Japan were the minimum requirements for protecting American security interests in the Pacific. The Joint Chiefs of Staff also asserted that the United States should maintain army and air force bases in the four main islands of Japan along with bases on Okinawa and at Yokosuka. Therefore, the Joint Chiefs of Staff opposed an early peace treaty because "it is apparent that the minimum military requirements and the requirement that the USSR be

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[42]Dean Acheson, Present at the Creation: My Years in the State Department (New York: W.W. Norton & Company, 1969), 338.

[43]Outline of Far Eastern and Asian Policy for Review with the President, Enclosed in Philip C. Jessup to Acheson, November 16, 1949, Foreign Relations: 1949, vol. 7, 1211-12.

a party signatory to the document are probably mutually exclusive."[44] Again, the Truman administration faced internal stalemate in preparing the Japanese peace treaty.

To break internal stalemate between the State Department and the Defense Department, the top officials of the two departments met on April 24, 1950. Secretary of State Acheson, who suggested the joint meeting, stated that "in view of the mutually exclusive character of the two requirements insisted upon by the joint chiefs for a peace treaty, viz., that U.S. forces remain in Japan and that the USSR and the de facto government of China be parties to the peace treaty, he regards the joint chiefs' statement that a peace treaty was 'premature' as a masterpiece of understatement, since these requirements would make the conclusion of a peace treaty impossible." Secretary of Defense Louis Johnson quickly responded that "the only propaganda for a peace treaty was that which came out of the Department of State." Referring to the Sino-Soviet treaty, Acheson contended that an early peace treaty was essential. Johnson and other military leaders at the meeting countered that a treaty would undermine United States rights in Japan and might provoke the Soviet Union to try to activate its rights to military occupation there. They asserted that "a peace treaty under present conditions was premature for at least the next six months."[45]

The difference between the State Department and the Defense Department on the Japanese security issue prevented any solution to the problems confronted by a Japanese

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[44]NSC 60, "Japanese Peace Treaty," December 27, 1949, National Security Council Papers, RG 273, National Archives., Washington, D.C.

[45]Memorandum of Conversation, April 24, 1950, Foreign Relations: 1950, vol. 6, 1175-1182.

peace treaty before the Korean War erased the internal division between the two departments. Although the State Department tried to prepare for the treaty in 1950, appointing John Foster Dulles exclusively for the preparation of the Japanese peace treaty, there was no sign that the two departments would agree on the issue.

CHAPTER III

JAPANESE CHOICES BEFORE THE KOREAN WAR

Under allied occupation, the Japanese government accepted reform programs without choices but it wanted to restore its independence quickly. Assuming the United States and the Soviet Union would cooperate on the issue of Japan, the Japanese government had tried to be neutral between the two giants until the Soviet Union rejected the American proposal for a peace conference. The unexpected Soviet rejection of the American proposal for a peace conference rapidly led the Japanese to the American side, although the Socialists and the Communists maintained their positions on a neutral and disarmed Japan. Japanese policy toward its security prior to the Korean War is the subject of this chapter.

Neutral and Disarmed Japan

In the immediate postwar period, Japanese leaders could not but follow the occupation policy of demilitarization and democratization.[46] Foreign Minister Yoshida summarized the Japanese attitudes toward the occupation in a book written years later:

> When I was appointed foreign minister in the Higashikuni cabinet, one month after the termination of the Pacific war, I met Admiral Kantaro Suzuki, who had been Japan's prime minister when the conflict ended. On that occasion, he remarked to me: "it is important to be a good winner in a war, but it is equally important to be a good loser." These words of Admiral Suzuki were to become

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[46]Nishimura Kumao, Nihon gaiko shi, vol. 27: San Franshisuko heiwa joyaku (Tokyo: Kajima kenkyujo shuppankaie, 1971), 38.

> the guiding principle in my negotiations, when I became prime minister, with the occupation authorities. It occurred to me, on reflection, that the same attitude was also generally shared by the Japanese people.[47]

Cooperating with the occupation authority, the Japanese government aimed to avoid a punitive peace settlement which might surface in the near future. In November 1945, Foreign Minister Yoshida established a Peace Treaty Study Committee in the Foreign Ministry to prepare for a peace settlement. The committee consisted of the heads of the political affairs division, the economic section, the treaty bureau, general administration, and the central liaison office's general affairs division. Toru Hagiwara, treaty bureau director, headed the special committee.[48] After a series of official meetings to consider a treaty, on January 26, 1946, the Study Committee submitted a document which was designed for internal use in the foreign ministry.[49] In the military part of the document, the Japanese government stated that Japan should have a minimum self-defense constabulary for its internal security but showed little interest about external security. In a similar document on January 31, 1946, the Japanese government revealed the expectation that the occupation forces would stay for a while to supervise the implementation of the peace treaty. The Japanese government believed that withdrawal of the occupation force

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[47]Shigeru Yoshida, Japan's Decisive Century, 1867-1967 (New York: Frederick A. Praeger, Publishers, 1967), 48-49.

[48]Michael Yoshitsu, Japan and the San Francisco Peace Settlement (New York: Columbia University Press, 1983), 1.

[49]Otake Hideo, ed. Sengo nihon bouei mondai siriyushiu, vol. 1, Bigunjihwha kara saigunbie (Tokyo: San nichi show bou, 1991), 289-290.

should be determined in conjunction with Japanese external security and domestic order.[50] According to the document, Japan's primary concern was to restore sovereignty, to preserve national security, and to return to its rightful place in international society.[51]

By May 1946, the committee established five principles for a peace treaty: (1)a clear-cut timetable for restoration of Japanese sovereignty, (2)non-interference in Japanese national and imperial issues, (3)provision for minimum economic conditions sufficient to sustain democratic polity, (4) guarantee of territory under international justice, and (5) recognition of equality among races.[52] Japan aimed at these principles immediately after Secretary of State James Byrnes revealed the text of a draft treaty proposing a twenty-five year disarmament of Japan in June 1946.[53] Although Japanese officials did not believe that Byrnes could actualize his plan, Byrnes's idea left a strong impression on Japanese leaders about their future. Because the United States seemed to want a punitive treaty with Japan, Hagiwara and his assistants worried about the possible severance of areas historically belonging to Japan. They wanted Japan to keep the Kuriles, Bonin, and Ryukyu islands.

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[50]Ibid., 290; Watanabe Akio, "Kowa mondai to nihon no sentaku," in San Furanshisuko kowa, ed. Watanabe Akio and Seikan Miyasato (Tokyo: Tokyo daigaku shuppankai, 1986), 26.

[51]Marie D. Strazar, "Japanese Efforts to Influence a Peace Settlement, 1945-1951," in The Occupation of Japan: The International Context: The Proceeding of the Fifth Symposium Sponsored by the MacArthur Memorial Old Dominion University, The MacArthur Memorial Foundation, October 21-22, 1982, ed. Thomas W. Burkman (Norfolk, Virginia, 1984),196-97; Watanabe, "Kowa mondai to nihon no sentaku," 26.

[52]Otake, ed. Sengo nihon bouei mondai siriyushiu, vol. 1, 286-289.

[53]Memorandum by the Secretary of State to the President, Feb. 27, 1946, Foreign Relations: 1946, vol. 8, 151; See also Draft Treaty on the Disarmament and Demilitarization of Japan, ibid., 151-55; Yoshitsu, Japan and the San Francisco Peace Settlement, 2.

When the Hagiwara group prepared Japanese policy for a peace settlement, they were influenced by punitive ideas revealed in the Morgenthau Plan. The Morgenthau Plan proposed the transformation of Germany into an agricultural economy, the removal of war-related industries from Germany, elimination of central political authority, and a division of the country into occupation zones. The Plan was made when President Franklin D. Roosevelt asked Treasury Secretary Henry Morgenthau to take charge of planning for postwar Germany in 1944. In 1945, there wererumors that Morgenthau wanted to apply these ideas to Japan.[54] The Hagiwara group concluded that Japan could not survive under a severe economic plan like that proposed by Morgenthau. Only revitalization of trade, the Hagiwara group believed, could prevent economic disaster for Japan.[55]

The Japanese perception of the postwar world influenced the Japanese policy toward a peace settlement. The Hagiwara group believed that the United States and the Soviet Union would eventually cooperate on the Japanese issue. According to Hagiwara, "we expected the Americans and Soviets to work together on a peace settlement for Japan." Although "the prevailing international mood was characterized by a great power tension" in 1946 and 1947, Hagiwara perceived that it was not by a bipolar estrangement.[56] From this perception, the Japanese government tried to avoid an overly severe punitive treaty through possible cooperation between the United States and the

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[54]Schaller, American Occupation of Japan, 7-8.

[55]Yoshitsu, Japan and San Francisco Peace Settlement, 6.

[56]Ibid., 2.

Soviet Union; the Japanese government paid special attention to such issues as reparations, purges, and the northern territories issue.[57] In regard to defense, the Japanese government supported the military disarmament of Japan, but opposed the disarmament of Japanese police and the police decentralization policy. The Japanese government wanted to have a minimal constabulary.

After deciding the principal goals for a peace settlement, the Japanese government planned to influence Washington before a peace conference was held. To reflect Japanese interest in formulating a peace treaty, Foreign Minister Yoshida emphasized informal daily contacts with American officials because Japan was not in a position to suggest any formal peace settlement to the Allied powers.[58] Yoshida stated in a meeting:

> the demand for unconditional surrender...implied that what the Allied Powers would do would be to build up--during the Occupation--the kind of conditions in the vanquished country that would be demanded at the peace conference, and then present such conditions as an accomplished fact at the conference itself. This interpretation of the situation meant, further, that, in effect, the terms of peace were gradually being made clear throughout the duration of the Occupation, so that our daily negotiations with GHQ were so many negotiations for peace.[59]

In March 1947, Yoshida sent Koichiro Asakai, assistant chief of the Tokyo branch of the central liaison office, to give the prepared documents to George Atcheson, political affairs advisor for the Supreme Commander for the Allied Powers. On March 12, 1947, Asakai handed an English translation of the Kurile Islands reference documents to

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[57]Ibid., 17.

[58]In fact, the United States never discussed with Japan about a peace settlement in process before it was revealed to the reporters; Strazar, "Japanese Efforts to Influence a Peace Settlement," 211.

[59]Quoted in ibid, 198.

Atcheson. The documents consisted of a historical background of Japan's possession of the islands and Japan's wish to keep the islands. Atcheson accepted it because he considered it a statement of territorial wishes and not as a peace treaty proposal.[60]

Yoshida's efforts to influence Washington ended suddenly on May 24, 1947, when Testu Katayama and Hitoshi Ashida agreed to form a coalition government after the 1947 election in which Katayama's Socialist Party won 143 seats in the Diet and 26.23 percent of the national vote; Yoshida's Liberal Party won 131 seats, Ashida's Democratic Party (former Progressive Party) had 126, and the National Co-operative Party had 31.[61] Katayama and Ashida agreed that Katayama would be prime minister and Ashida would be foreign minister although they were very different in political ideology. Katayama was Japan's first and only socialist prime minister. During his long political career, Katayama opposed the Sino-Japanese war and supported the anti-militarist stand of well-known socialist Saito Takeo in 1940. Deeply suspicious of the military, he strongly supported the occupation reform, especially MacArthur's idea of a disarmed neutral Japan.[62] In contrast, Foreign Minister Ashida was a conservative politician. He was a nationalist, anti-Communist, and supporter of Japanese rearmament. When Ashida agreed to form the coalition government with Katayama, he insisted that he be allowed exclusive power in

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[60]Yoshitsu, Japan and the San Francisco Peace Settlement, 8.

[61]John Welfield, An Empire in Eclipse: Japan in the Postwar American Alliance System (Atlantic Highlands, N.J.: The Athlone Press, 1988), 43

[62]Katayama Tetsu, Kaigan to tenbo (Tokyo: Fukumura shuppan kan, 1967), 195.

foreign policy.[63] Katayama agreed.

As foreign minister, Ashida wanted to encourage the United States to withdraw the occupation force and support Japanese rearmament. To achieve his goal he launched an active campaign for a peace treaty. Besides the Peace Treaty Study Committee established by Yoshida in 1945, Ashida established an inter-ministerial committee to prepare a treaty, which was called International Borad. It was under direction of Vice Foreign Minister of consisting of officials of higher rank than board director from each ministry. To avoid leaking the information that Japan was preparing a treaty, the Japanese government gave the board a vague title. Despite the innocuous name, the status of the International Board was much higher than the Peace Treaty Study Committee because the latter was an internal organization of the Foreign Ministry only.[64]

When Ashida led the Foreign Ministry in the Testu Katayama cabinet in the spring of 1947, the Japanese government revealed interest in external security for the first time. For defense of Japan, the Japanese government considered three alternatives: total disarmament with permanent neutrality, a bilateral or multilateral security treaty, or a security guarantee by the United Nations. Among the three alternatives, the Katayama government chose the third alternative, a security guarantee by the United Nations. Emphasizing special relations between the Peace Constitution and the United Nations, the Japanese government stated that Japan would not have declared "the principle of non-militarization in the Constitution if there had not been the United Nations." This policy

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[63]Koyama Koken and Shimizu Shizu, Nihon sakaito shi (Tokyo: Hoga Shorten, 1965), 50.

[64]Watanabe, "Kowa mondai to nihon no sentaku," 29.

also reflected General MacArthur's view that Japanese security would be guaranteed by the United Nations after a peace treaty.[65] The United Nations' guarantee of security made it possible that Japan could remain neutral between the United States and the Soviet Union.

From this perspective, the Japanese government tried to be neutral between the United States and the Soviet Union. The Japanese government knew that it would need economic cooperation with countries like China, Korea, and Manchuria where the Soviet Union would play an important role. The region historically provided resources and markets for Japanese industries. The Japanese government expressed its position in a paper, "Basic Problems of Japanese Economy," prepared by the Foreign Ministry on June 5, 1946, as follows:

> The Soviet Union increased substantially its role in the Japanese occupation by participating in creation of the Far Eastern Commission. Even if the Soviet Union had not participated in the FEC, it is still natural that the Soviet Union has deep interest in Japan because of its geographical closeness to Japan. Nevertheless, the Soviet Union would give indirect influence on Japanese economy and politics through China, depending on the result of the Chinese conflict between the Nationalists and the Communists.[66]

Despite the consensus on neutrality, the Japanese government thought that the world would be led by the economic power of the United States. Although the Soviet Union was a strong military power, it had not yet recovered from the wartime destruction.

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[65]Supreme Commander for the Allied Powers, Report of Government Section, Political Reorientation of Japan: September 1945 to September 1948, 2 vols. (Washington, D.C.: Government Printing Office, 1959), 765.

[66]Watanebe Akio, "Sengo nihon subasden," in Sengo nihon no taikai seisaku, ed. Watanabe Akio (Tokyo: Yubikan, 1985), 14.

American economic power, the Japanese government believed, would unite the world regardless of ideological differences between communism and capitalism.[67] Therefore, Japan was in a delicate position. Geographically and historically Japan belonged to Asia, but economically Japan needed American support for reconstruction.

In addition, Japanese leaders knew that they relied heavily on the American military presence for their security. Although James Byrnes's "Draft Treaty on the Disarmament and Demilitarization of Japan" left a deep impression on the Japanese leaders, they knew that the Soviet Union could not invade Japan as long as American forces remained. Although Japan hoped to have approval from both the United States and the Soviet Union by taking advantage of neutrality, Japanese political circumstances began to look a little better for the pro-American policy when the State Department invited all Far Eastern Commission members to a preparatory treaty conference for Japan in July 1947. When American proposal came out, Japanese leaders initially believed that the conference would come in two or three months. To influence the coming peace conference, Ashida submitted a memorandum to George Atcheson, political affairs adviser, and Courtney Whitney, chief of the government section, on July 26 and 28, 1947. The main concerns of the Ashida memorandum involved the fear of a punitive settlement. Ashida clearly wanted to reduce any harsh treaty restrictions. The memorandum emphasized nine points; (1) the process of making the Peace Treaty, (2)the writing of a peace treaty, (3) voluntary execution of a peace treaty, (4) admission into the United Nations, (5) domestic order and security, (6) judicial rights, (7) territorial issues, (8)

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[67]Ibid.

reparations, and (9) economic restrictions.[68] Atcheson and Whitney refused to accept the memorandum because the Japanese initiative would suggest Japanese influence on the treaty.[69] It was a disappointing result for the Japanese government. However, more disappointing news came from Moscow when the Kremlin rejected Washington's two invitations for a Japanese peace conference in July and August, 1947. Moscow could not anticipate that its rejection of the American proposal would turn Japan's neutral policy into a pro-American policy.

American Security Guarantee

The Soviet rejection of the American proposals for a peace conference in the summer of 1947 stunned Japanese leaders because they had based their strategy for a peace settlement on the assumption of American-Soviet cooperation on the Japanese peace treaty. If the two giants could not cooperate, Japan would need to choose one or the other. At this moment, the issue of American military withdrawal from Japan in the post-occupation period raised Japanese anxiety about their future security especially when Kyuman Suzuki, director of the Central Liaison Bureau Yokohama office, and General Robert Eichelberger, commander of the Eighth Army, informally met on September 5, 1947.[70] Prior to meeting Suzuki, Eichelberger had been ordered to return to Washington for a review of United States security policy in Asia. Washington was engaged in a

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[68]Otake, ed., Sengo nihon bouei mondai siriyushiu, vol. 1, 298-299.

[69]Yoshitsu, Japan and San Francisco Peace Settlement, 11.

[70]Nishimura, Nihon gaiko shi, 37.

redefinition of American strategy toward the Japanese peace settlement after the Soviet rejection of a peace conference. Eichelberger informed Suzuki that the United States would withdraw its forces from Japan after the Japanese peace treaty.[71] Eichelbeger did not approve this policy and wanted United States forces to remain in Japan after the occupation. He asked Suzuki about Japanese opinion on the issue in the hope that a brief statement from Japan would strengthen his argument in Washington against the Eighth Army withdrawal. In addition, Eichelberger emphasized the short distance from Soviet airbases in South Sakhalin and the Kuriles to Japanese air fields on Hokkaido. Shocked by the information, Suzuki reported to the Ashida government.[72]

Immediately Foreign Minister Ashida decided to write a new security policy and convened Katsu Okazaki (Vice Minister of Foreign Ministry), Toru Hagiwara (Treaty Bureau Director), Ichiro Ota (General Affairs Director), Seiijiro Yoshizawa (General Liaison Office Deputy Director), and Kyuman Suzuki. Under Ashida's direction, they produced a memorandum, later called the Ashida memorandum, on Japan's defense needs. Suzuki presented, as his personal opinion, the Ashida memorandum to Eichelberger on September 13, 1947, who took it to Washington.[73] The Ashida memorandum, pointing

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[71]Eichelberger later became a powerful member of the Japan Lobby and strongly called for Japanese rearmament. His brother, Frank Eichelbeger, won a tungsten mining contract with the South Korean government in September 1952. The contract was notoriously unfavorable to South Korea; see Cumings, Origins of the Korean War, vol. 2, 149 and 464.

[72]Nishimura, Nihon gaiko shi, 37-39.

[73]Although evidently the Ashida memorandum circulated in Washington, there is no record that any senior officials saw it. Basically Washington was not interested in Japanese views at that time; Richard Finn, Winners in Peace: MacArthur, Yoshida, and Postwar Japan (Berkeley: University of California Press, 1992), 250.

out that the United Nations could not guarantee Japanese security during a severe conflict between the Soviet Union and the United States, suggested two different scenarios for Japan's security depending on relations between the United States and the Soviet Union in the future; (1) in case relations between the United States and the Soviet Union would improve; (2) in case relations between the two countries deteriorated.[74] In the first case, the Japanese government would seek a United Nations guarantee for its security. If relations between the United States and the Soviet Union would deteriorate, Japan's security could be protected either by prolonged stationing of American forces or by a special arrangement between Japan and the United States in which Japan would rely on American forces for its security. In the case of a special arrangement, the Japanese government argued that continued stationing of American forces in Japan would not be necessary. The United States could keep forces in Okinawa or other islands with the exception of the four main islands. The Japanese government could construct air and naval bases in Japan for use by these forces in times of emergency. According to Kumao Nishimura, who succeeded later Hagiwara as Treaty Bureau director, a security treaty with the United States should be designed to provide security for Japan in an increasingly polarized and unstable world. The Japanese government nevertheless desired to avoid Japan's total incorporation into the emerging American global security system.[75] The Ashida memorandum did not mention the rearmament issue. The Japanese government

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[74]Otake, ed. Sengo nihon bouci mondai siriyushiu, vol. 1, 305-306; Nishimura, Nohon gaiko shi, 37-38.

[75]Welfield, An Empire in Eclipse, 45.

believed that neighboring countries would not allow Japanese rearmament and that non-militarization would be the essential foundation for Japan's reconstruction. Through this memorandum the Japanese government for the first time reached a political decision to suggest a United States-Japan security arrangement after a peace treaty. Ashida's idea directly influenced Yoshida when he resumed office as prime minister in October 1948:

> Its purport was that, while Japan was in a position to deal with internal disturbances without outside aid, the best means of safeguarding her independence in the present condition of international stress was for Japan to enter into a special pact with the United States against external aggression by a third country, while at the same time reinforcing her own land and sea forces, and that, further, it was thought that, so long as the United Nations was not yet capable of fully enforcing the terms of its haracter, the Japanese people desired the security of their country to be guaranteed by the United States. This statement did not specifically request the continued stationing of U.S. forces in Japan, but its conception was the same as that on which the U.S.-Japan Security Treaty was later to be based. There did not seem to me to be any other possible policy, and after I had resumed the position of Prime Minister again in October 1948 it was adopted by my Cabinet without change, although actually there were no further developments in that direction until the coming of Mr. Dulles to Japan in January 1951.[76]

Yoshida was convinced that Japan needed a temporary alliance with the United States in the post-occupation period.[77] When an American correspondent interviewed Yoshida on May 7, 1949, the prime minister said that an American occupation force should stay in Japan after a peace treaty.[78] Allowing American forces to provide Japan's security, Yoshida wanted to avoid remilitarization of Japan.

Although Yoshida hoped to maintain American military forces after the end of

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[76]Yoshida, Memoirs, 265.

[77]Welfield, Empire in Eclipse, 45.

[78]Asahi Shimbun, May 11, 1949

occupation, he could not announce his policy on the issue officially because the political parties were deeply divided on the security issue. The liberals and progressives, dominating Japanese politics in the postwar era, leaned toward an American military guarantee for Japanese security after a peace treaty.[79] In contrast, the Communist Party and the Socialist Party supported perpetual neutrality. Although the two latter parties were a minority in politics, they had public support on the security issue. The Japanese public opposed Japanese reliance on American protection or rearmament. According to a public opinion poll in August 1949, 72 percent of the Japanese population wanted permanent neutrality as a way to ensure Japan's security.[80] Pressed by political circumstances, Yoshida said to the Diet on December 6, 1949, that the only way to guarantee Japanese security would be to demilitarize forever.[81] That was not the real opinion of Yoshida on the issue of security.

From October 1949 to January 1950, the Japanese Communist Party attacked Prime Minister Yoshida regarding the peace treaty policy. The Communist Party contended that Yoshida would place Japan in the status of a slave to Western powers while it made a peace treaty with them. Especially Sekai (The World) led some pro-

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[79]Baron Shidehara, a progressive, served as prime minister from October 1945 to May 1946. Hatoyama Ichiro led the Liberal Party until he was purged in May 1946. Succeeding Hatoyama, Yoshida Shigeru controlled the Liberal Party during the late 1940's and early 1950's. Yoshida served as foreign minister in the Shidehara cabinet, prime minister from May 1946 to April 1954 except from May 1947 to 1948 when Katayama and Ashida made a Socialist-Progressive coalition government.

[80]Shinobu, "The Korean War as an Epoch Contemporary History," 34.

[81]Otake, ed., Sengo nihon bouei mondai siriyushiu, vol. 1, 331.

communists among intellectuals in opposition to the peace settlement by arguing that Japanese national interests would be best secured by a total settlement, diplomatic neutrality, and United Nations membership. The Socialist Party also advocated permanent peace, neutrality, and withdrawal of foreign forces from Japan. Asahi Shimbun, one of the most influential newspapers in Japan, endorsed total peace, neutrality guaranteed by the United Nations, and withdrawal of foreign forces.[82]

Given the political circumstances, Yoshida had to find a way to solve two issues: the early conclusion of the peace treaty and security guarantee by the United States. Although he wanted to rely on American military forces, it was clear that American military bases on the main islands would irritate the public. To decide the issue, Yoshida, serving as both prime minister and foreign minister, arranged a special meeting in the Foreign Ministry at the end of 1949. As Yoshida had expected, there was strong oppostition among officials toward stationing of American forces on the main islands. Japanese officials feared domestic attacks from opposition parties if Japan allowed foreign forces on the main islands. They nevertheless thought that stationing foreign forces in the peripheral islands would not irritate the public.[83] If Japan asked the United States to remove all bases from the main islands to the peripheral islands, Yoshida knew, Washington would not agree to a peace treaty. It was a political dilemma for Yoshida.

Without broad options left, Yoshida decided to take a political risk allowing American bases on the main islands. In return, Yoshida wanted to push the United States

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[82]Yoshitsu, Japan and San Francisco Peace Settlement, 31.

[83]Watanabe, "Sengo nihon subasden," 41.

to proceed with an early conclusion of the peace treaty. The final decision about stationing American forces on the main islands was made when he sent a secret mission to Washington in the spring of 1950. He hoped the mission could avoid publicity about his plan. In early May 1950, Yoshida sent Hayato Ikeda, minister for finance and Yoshida's most senior disciple and trusted cabinet associate, Kiichi Miyajawa and Jiro Shirasu to Washington without revealing his decision until the time that they boarded the aircraft bound for Washington. Reportedly they were to visit the United States to discuss economic problems with Joseph Dodge, but secretly they delivered Yoshida's message on a peace treaty to Washington officials.[84] Through the messengers to Washington, Yoshida emphasized that Japan wanted to restore its sovereignty as quickly as possible. Yoshida pressed Washington officials to clarify the American position on a peace treaty and mentioned the possibility of negotiating with the Soviet Union if the United States did not proceed fast enough. At that time the Yoshida government was strongly supported by the public about an early peace treaty. According to a public poll run by Mainichi Shimbun on November 17-19, 1949, 49.2 percent supported negotiation of a peace treaty as early as possible, even if some countries would not participate. A smaller number, 33.8 percent, believed that Japan should conclude a peace treaty with all countries concerned even if it would be delayed.[85] Through his representatives to Washington, most

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[84]John W. Dower, Empire and Aftermath: Yoshida Shigeru and the Japanese Experience, 1878-1954 (Cambridge, Massachusetts: Council on East Asian Studies, Harvard University, 1979), 374.

[85]Allan B. Cole and Naomichi Nakanishi, eds., Japanese Opinion Polls with Socio-Political Significance, 1947-1957, vol. 3 (An Arbor, Michigan: University Microfilms, Inc, 1966), 650.

importantly, Yoshida suggested that Japan would ask the United States to station its forces in the main islands:

> The Japanese Government desires to conclude a peace treat at the earliest possible opportunity. Even after such a treaty is made, however, it will probably be necessary to allow U.S. forces to remain stationed in Japan in rder to guaranteed the future security of Japan and the Asian region. If it is difficult for this desire to be tendered from the American side, the Japanese Government is willing to study the manner in which it might be offered from the Japanese side. Concerning this point, we are consulting the studies of various constitutional scholars, and these scholars indicate that there would be few constitutional problems if an article pertaining to the stationing of American forces were included within the peace treaty itself. Even if the Japanese side tenders a request for the stationing of troops in forms, however, that also will not violate the Japanese constitution.[86]

Yoshida believed that if Japan temporarily became a "colony of the United States, it [would] also eventually become the stronger."[87] Yoshida contended that a perpetually neutral Japan would be useless if a war between the Soviet Union and the United States would break out.[88] It remained a question whether Yoshida's offer would influence the Truman administration. Yoshida did not have a chance to prove it because the Korean War brought new direction to United States-Japan relations.

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[86]Dower, Empire and Aftermath, 375.

[87]Schaller, American Occupation, 298.

[88]Asahi Shimbun, May 6, 1950.

CHAPTER IV

KOREA, JAPAN, AND AMERICAN SECURITY

The outbreak of the Korean War brought Japanese security to top priority in Washington. Perceiving that the ultimate goal of the Communist invasion into South Korea was Japan, Washington officials dramatically reevaluated South Korea as vital to Japanese defense. The Korean War integrated the security of three countries - South Korea, the United States, and Japan- into one security unit. Japanese security was the decisive factor tying those three countries together under America's containment policy.[1] This chapter is divided into three parts; first, American policy toward Korea in relation to Japan before the outbreak of the war; second, Japanese security factors in American military intervention in the Korean War; third, Japanese military involvement in Korea during the war.

Japan and Korea in American Postwar Policy

Without any idea about the future tragedy in Korea, the Twenty-fourth Corps, led by General John Hodge, entered the Korean peninsula following Japan's unconditional surrender. Americans arrived one month later than the troops of the Soviet Union who

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[1]The Japanese factor in American intervention has not received fair treatment from historians. Bruce Cumings is probably the first American historian who referred to Japanese factors in the decision of the North to attack the South, but he did not mention Japanese factors in the American decision to intervene in the Korean War; Cumings, The Origins of the Korean War, vol. 2, 453-465 and 556.

moved into North Korea in August 1945.[2] The Americans were jubilant in the welcoming mood in South Korea until they found it an uneasy job to control South Korea. General John Hodge and his staff, knowing little about Korea, sought to "maintain order by retaining and working through existing local officials" as the allied occupation government in Japan did. South Korea was not Japan. There were furious protests against Hodge's decision.[3] There were strong local efforts to establish an independent Korean government. The Preparatory Association for Establishing the Nation, led by Yo Un-hyong, proclaimed the Korean People's Republic on September 6, 1945 and proceeded to assume governmental authority. Declaring the Korean People's Republic unlawful, nevertheless, Hodge set up the United States Army Military Government in the South by December 1945.[4] The military government was filled with Japanese collaborators, Japanese holdovers, and returned right-wing exiles, such as Syngman Rhee, who were ideologically compatible with American policy.[5] U. Alexis Johnson, deputy director of the Office of Northeast Asian Affairs of the State Department, mentioned in his memoirs that American

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[2]According to the New York Times, May 29, 1949, the number of American troops in Korea in October 1945, was 77,643.

[3]U. Alexis Johnson with Jef Olivarius McAllister, The Right Hand of Power: The Memoirs of an American Diplomat (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1984), 73; Johnson began his first foreign service post as Vice-Consul in Seoul, Korea in 1937, and was Deputy Director of the Office of Northeast Asian Affairs on June 25, 1950. He was one of few high officials who remained in the State Department throughout the Korean War period.

[4]Cornelius Osgood, The Koreans and Their Culture (Tokyo: Charles E. Tuttle Company, 1951), 301.

[5]Schaller, American Occupation of Japan, 75.

policy in Korea started off "on the wrong foot."[6]

Korea immediately gave Washington trouble and became a "Humpty-Dumpty" in Asia. Washington officials faced frustration when they tried to unite the divided country. The United States had no strategy to solve political problems in Korea. Initially Secretary of State James Byrnes and Soviet Foreign Minister Vyacheslav Molotov agreed on December 27, 1945, to establish a four-power trusteeship of Korea for a period of up to five years and a joint United States and Soviet Union commission to assist in the formation of a provisional Korean government. When the news of this agreement reached Seoul the following day, the Korean people began a work stoppage and a mass demonstration against the four-power trusteeship.[7] Facing unceasingly stubborn local resistance by the spring of 1946, American officials lost their confidence in creating a unified Korean government through the four power trusteeship. Uncertain about the future of Korea, Hodge continued to support conservative factions to move in the direction of creating a pro-American government, while the Soviets assisted the leftists to control the North.

While the Korean peninsula proceeded in the direction of permanent division, the United States, under a rapidly shrinking defense budget following the end of the Second World War, had to decide the issue of an American military presence in Korea.[8] In light of these circumstances, no one in policy making circles considered Korea vital to the

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[6]Johnson, The Right Hand of Power, 73.

[7]Osgood, The Koreans, 302.

[8]The defense budget of 1947 was 13.1 billion dollars, compared with 81.6 billion dollars in 1945.

United States.[9] The army particularly was anxious to withdraw from Korea. In April 1947, Secretary of War Robert Patterson recommended an American withdrawal from Korea. He said that the United States should "get out of Korea at an early date."[10] In the same month, the Joint Strategic Survey Committee ranked Korea fifteenth, second to the last, among states whose security was considered vital to American security interests.[11] The Joint Chiefs of Staff had already reported to the State-War-Navy Coordinating Committee that "The United States had little strategic interest in maintaining the present troops and bases in Korea."[12] The Joint Chiefs of Staff recommended that the two divisions in Korea be transferred to other more critical places. Supporting the recommendation of the military establishment, George Kennan wrote a memorandum to W. Walton Butterworth, the director of Far Eastern Affairs, on September 27, 1947, that "from the discussions we have had with members of the armed services on this question, we do not get the impression that Korea is regarded as militarily essential to us." "If this is correct," Kennan wrote, "our policy should be [to] cut our losses and get out of there as gracefully but promptly as possible."[13] Kennan was very influential in policy making

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[9]Richard T. Detrio, Strategic Partners: South Korea and the United States (Washington, D.C.: National Defense University Press, 1989), 5.

[10]Patterson to Acheson, April 4, 1947, Foreign Relations: 1947, vol. 6, 625-628.

[11]United States Assistance to Other Countries From the Standpoint of National Security, April 29, 1947, ibid., 737-38.

[12]Joint Chiefs of Staff 1488/44, CCS 383.21 Korea (3-19-45), sec. 13, Enclosure B, p. 372, Modern Military Records Division, R G 218, National Archives, Washington, D.C.

[13]Memorandum by the Director of the Policy Planning Staff to the Director of the Office of Far Eastern Affairs, September 24, 1947, Foreign Relations: 1947, vol. 6, 814.

circles in Washington during this period.

To settle the Korean issue, the State Department arranged a special meeting on September 29, 1947 with George Kennan, Walton Butterworth, Robert A. Lovett (the new undersecretary), and Dean Rusk (director of special political affairs) in attendance. Because they concluded that the United States position in Korea was "untenable even with [the] expenditure of considerable U.S. money and effort," they decided to seek a settlement "which would enable the U.S. to withdraw from Korea as soon as possible with the minimum of bad effects."[14] Two weeks later, the Policy Planning Staff reported that "Since the territory is not of decisive strategic importance to us, our main task is to extricate ourselves without too great a loss of prestige."[15] In April 1948, despite potential damage to American prestige caused by America's withdrawal from Korea, the Truman administration decided to withdraw "as soon as possible with the minimum of bad effects," adopting NSC 8.[16] Although Washington officials decided to withdraw from South Korea, they knew that the Soviet Union desired to dominate the whole Korean peninsula using its puppet provisional North Korean government and that Soviet control of the Korean peninsula would "enhance the political and strategic position of the Soviet Union with respect to both China and Japan, and adversely affect the position of the U.S. in these areas and throughout the Far East."[17] Washington officials also predicted that the

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[14]Butterworth to Lovett, Oct. 1, 1947, ibid., 820-821.

[15]Report by the Policy Planning Staff, Foreign Relations: 1947, vol., 1, 776.

[16]Report by the National Security Council on the Position of the United States With Respect to Korea (NSC 8), April 2, 1948, Foreign Relations: 1948, vol. 6, 1164-69.

economy of the South would collapse "within a matter of weeks after the termination of U.S. aid to that area."[18] Contemplating withdrawal from Korea, therefore, the Truman administration feared that "US withdrawal could be interpreted as a betrayal by the US of its friends and allies in the Far East and might well lead to a fundamental realignment of forces in favor of the Soviet Union throughout that part of the world."[19] The overthrow of the American-created southern government would be a severe blow to the prestige and influence of the United States. American prestige was at stake in Korea. Nonetheless, the budget limited American involvement in Korea and forced the Truman administration to choose American capability over American prestige.[20] Recommending economic assistance to the South and extension of the Korean constabulary as a minimum requirement to avoid the immediate collapse of the South after American withdrawal, the National Security Council concluded that "the United States should not become so irrevocably involved in the Korean situation that action taken by any faction in Korea or by any other power in Korea could be considered as casus belli for the US."[21]

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[17]Report by the National Security Council on the Position of the United States With Respect to Korea (NSC 8), April 2, 1948, ibid., 1164-69.

[18]Ibid.

[19]Ibid.

[20]John Lewis Gaddis, "Korea in American Politics, Strategy, and Diplomacy, 1945-1950," in The Origins of the Cold War in Asia, ed. Yonosuke Nagai and Akira (New York: Columbia University Press, 1977), 283.

[21]NSC 8, Foreign Relations: 1948, vol. 6, 69; On June 8, 1949, President Truman proposed 150 million dollars for continuing economic assistance to Korea. The aid bill was rejected by the Congress on January 19, 1950. On February 9, 1950, the House of Representatives reversed itself by authorizing 60 million dollars for Korean aid.

Consequently, when the United Nations adopted a resolution on December 12, 1948, requiring withdrawal of all foreign troops from Korea, American officials did nothing to change the decision. American military forces would complete their withdrawal by June 1949.

When the Truman administration discussed American withdrawal from Korea, however, some officials of the State Department opposed the move. The main reason for their opposition was Korea's strategic importance to Japan. Max Bishop, chief of the Division of Northeast Asian Affairs, insisted that American policy recommended by the NSC 8 should be reviewed. Bishop said that the deteriorating situation in China and the imperatives of United States - Japan policy necessitated a thoughtful reevaluation of the idea of leaving Korea. "Should communist domination of the entire Korean peninsula become an accomplished fact," Bishop declared, "the islands of Japan would be surrounded on three sides by an unbroken arc of communist territories with the extremities of the Japanese archipelago virtually within gunshot range of Soviet military posts in Sakhalin and the Kuriles in the Northeast and Communist positions in southern Korea in the southwest."[22]

Besides its strategic value to Japanese security, Korea held potential value for the Japanese economy, which had suffered economic depression since surrender. Losing former colonies in Asia, Japan faced a particularly difficult economic problem with the "underpinnings of its industrial society shattered."[23] Because war destruction and

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[22]Memorandum by the Chief of the Division of Northeast Asian Affairs to the Director of the Office of Far Eastern Affairs, December 17, 1948, Foreign Relations: 1948, vol. 6, 1337-1340.

technological obsolescence added even more economic problems for Japanese industries, Japan had a large trade deficit. From the surrender to the end of 1946, Japan imported $300 million in goods and exported $120 million. In 1947, Japanese imports totaled $526 million, while exports reached only $174 million. The large deficit was financed by American appropriations for government and relief in occupied areas (GARIOA).[24] American aid for nonmilitary expenses reached nearly $1 billion during the period from September 1945 to June 1948.[25] The loss of Japan's traditional markets- China, Manchuria, and North Korea - was the main cause of the trade deficit.[26] Without rebuilding Japan's economic connection with traditional markets in Asia, America would continuously drain its resources. As a result, Korea surfaced as a crucial trading country for Japanese economic rehabilitation because of its traditional role as a market and as a supplier of raw materials for Japan.[27] On February 25, 1947, Colonel Raymond Harrison,

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[23]Schaller, American Occupation of Japan, 80.

[24]Jerome B. Cohen, Japan's Economy in War and Reconstruction (Minneapolis: University of Minnesota Press, 1949), 495.

[25]On May 8, 1947, Acheson pointed out at Cleveland, Mississippi that to maintain economic prosperity, America needed to "push ahead with the reconstruction of the two great workshops of Europe and Asia--Germany and Japan--upon which the ultimate recovery of the two continents so largely depends."; Dean Acheson, "The Requirements of Reconstruction," Department of State Bulletin, vol. 16, no. 409 (May 18, 1947): 991-992.

[26]Between 1930 and 1934, Japan obtained 24 percent of its imports from the United States and 53 percent from Asia, and 23 percent of its exports to the United States and 60 percent to Asia. But in 1947 92 percent of the Japanese imports came from the United States and only 6 percent from Asia, while 12 percent of the Japanese exports went to the United States and 66 percent to Asia; Cohen, Japan's Economy in War and Reconstruction, 494.

[27]Ronald McGlothlen, "Acheson, Economics, and the American Commitment in Korea, 1947-1950," Pacific Historical Review 58 (1989): 29.

who headed a mission on food to Korea and Japan, contended before a subcommittee of the House Appropriation Committee that "You are not going to get industrial recovery in the Orient unless Japan is permitted to resume, in part at least, its prewar role of an industrial supplier of Korea and that area."[28] Because of its population and lack of natural resources, Japan needed foreign resources and markets to survive. Testifying before the Senate Foreign Relations Committee, Acheson emphasized that Japan's rehabilitation would depend on whether Japan could find raw materials and a market. Acheson, who had played a crucial role in American economic sanctions against Japan before the Second World War, understood the circumstances clearly. Philip C. Jessup also pointed out that Japan's economic troubles were even worse because Japan was cut off from her "previous food sources--Korea, Manchuria, Formosa, and some of the islands."[29] American officials wanted to reopen all the Japanese trade links in the region but there were problems. By 1949 Manchuria and China were under Communist control and Taiwan [Formosa] was overly crowded with the newly entered Nationalists from China proper. South Korea remained as the only potential trading partner for Japan in the Far East.

Historically Japan had considered Korea as its rice basket.[30] Before the Second

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[28]United States Congress, House Subcommittee of the Committee on Appropriations, Hearings on the First Deficiency Appropriation Bill, H.R. 2849, 80 Cong., 1 sess. (1947), 855.

[29]United States Congress, Senate Committee on Foreign Relations, Hearings on the Reviews of the World Situation: 1949-1950, 81 Cong., 1 and 2 sess. (1949-1950), 135, 152, and 256; United States Congress, House Committee on International Relations, Hearing on Korean Aid, 81 Cong., 1 sess. (1949), 116; House Subcommittee of the Committee on Appropriations, Hearings on the First Deficiency Appropriation Bill, H.R. 2849, 80 Cong., 1 sess. (1947), 845.

[30]Edward S. Marson, Mahn Je Kim, Dwight H. Perkins, Kwang Suk Kim, David Cole with Leroy Jones, Il Sakong, Donald R. Snodgrass, and Noel F. Mcginn, The Economic and Social Modernization of the Republic of Korea (Cambridge, Mass.: Council on East Asian Studies,

World War (1938), Japan imported 1,865,000 tons of rice annually from Korea.[31] That was about two-thirds of Japan's prewar rice imports and 98.6 percent of the total food imports provided by the United States in 1947.[32] Despite large imports of rice from Korea, Japan did not have enough rice in the 1930s and 1940s.[33] During the postwar period, the Japanese food situation grew worse. In 1946, Douglas MacArthur was able to provide a daily ration of only 900 calories per person. Eleven million Japanese relied on MacArthur's rations, and tens of thousands of people tried to substitute roots and grass for food. In addition, the rapid population growth of Japan in the postwar years increased the food problem. Between 1945 and 1950, Japan's population showed an unprecedented increase of 11,500,000 including new births and war repatriations. The Japanese population was expected to reach 82 million by 1950; however, the actual figure was reported as 84 million in August 1950.[34] The Population Problem Research Institute of the Japanese Welfare Ministry reportedly predicted the Japanese population would exceed 100 million by 1962.[35] In order to feed its rapidly increasing population, American

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Harvard University, 1980), 74-83.

[31]Cohen, Japan's Economy in War and Reconstruction, 369.

[32]McGlothlen, "Acheson, Economic, and the American Commitment in Korea," 30.

[33]As a result of exports to Japan, Korea suffered a serious shortage of rice. The per capita consumption of rice in Korea dropped almost 50 percent between 1915 and 1938; Osgood, The Koreans, 295.

[34]Mainichi, August 11, 1950, 1.

[35]Ibid.

occupation officials calculated, Japan had to import 1,891,000 tons of food in 1947.[36] According to Dean Rusk, "Japan was floundering during this period . . . and we were scouring the earth to find just the elementary food stuffs that Japan needed."[37]

Under these circumstances, American planners expected that South Korea, which produced 77 percent of the rice of the entire Korean peninsula, could provide nearly all of the rice surplus for export to Japan. To make South Korea a better rice exporter to Japan, American officials concentrated American aid on the development of Korean agriculture, emphasizing fertilizing plants.[38] The American aid for additional fertilizer was expected to improve South Korea's rice production and, consequently, increase trade with Japan.[39]

Besides the rice trade, the economies of Korea and Japan were well integrated during the Japanese colonial period. During the Second World War about 80 percent of Korean foreign trade was with Japan. In the postwar period, the trade pattern did not change. In 1949, for instance, Korea shipped about 65 percent of its exports to Japan.[40] American officials knew that Korea's and Japan's trading connections had to be restored.[41] Accordingly, American officials pushed the economic integration of Korea with Japan on

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[36]McGlothlen, "Acheson, Economic, and American Commitment," 29-30.

[37]Quoted in ibid., 47.

[38]Ibid., 30.

[39]Ibid., 41.

[40]U.S. Congress, Senate Committee on Foreign Relations, Economic Assistance to China and Korea: 1945-1950 (Washington, D.C.: Government Printing Office, 1974), 162.

[41]Russell D. Buhite, "'Major Interest': American Policy toward China, Taiwan, and Korea, 1945-1950," Pacific Historical Review 47 (August, 1978): 444.

the grounds that Korea and Japan were economically complementary. During a senate committee hearing on economic assistance to Korea on June 28, 1949, Paul G. Hoffman, administrator of the Economic Cooperation Administration, emphasized these close economic relations. Because the Japanese economy needed to import raw materials from other countries and Korea was "one of the natural complementary trading areas," Hoffman predicted that trade volume between the two countries would easily reach 30 to 50 million dollars a year. Hoffman argued that helping Korea would eventually help Japan. In the same hearing, Edgar A. J. Johnson, director of the Korean division of the Economic Cooperation Administration, said that Korea would import $49 million from Japan in 1950.[42] In 1950, Korea was expected to export approximately 200,000 metric tons of food stuffs and about $10 million in marine products, both fish and edible seaweed, to Japan. Korea also exported low-value minerals, such as graphite, and supplied the Japanese market with talc, pyrophylite, ceramic clays, and kaolin. Tungsten was reserved for the American stock pile program.[43] In February 1950, South Korea expanded its economic ties with Japan, signing a contract to export rice.[44] In the spring of 1950, when Japanese trade with Korea increased, American officials, particularly Tracy S. Voorhees, undersecretary of the Army, tried to integrate Korea into the Japanese economic system. Voorhees insisted that American aid to other East Asian nations should be explicitly tied

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[42]Senate Committee on Foreign Relations, Economic Assistance to China and Korea, 134.

[43]Ibid., 160.

[44]McGlothlen, "Acheson, Economics, and American Commitment," 48.

to Japan.[45]

Although Korea was never recognized as strategically vital to American security interests until the Korean War broke out, the potential economic value of Korea for Japan attracted Washington officials. When Acheson placed Korea outside the American defense perimeter in January 1950 and statements of the Foreign Ministers Conference in London and Paris during the spring of 1950 did not mention Korea at all, Dean Rusk, assistant secretary of state for Far Eastern Affairs, said that no comment on Korea in several official statements did not indicate that "this Government holds a diminished interest in the Korean problem."[46] Rusk's view seemed to reflect the State Department's view on the potential economic value of Korea for the Japanese economy. To restore Japanese economic power, the United States needed to integrate Korea into the traditional Japanese economic system and Korea suddenly appeared to be an indispensable part of the Japanese economic system. As historian Bruce Cumings pointed out, "Korea's primary significance for the United States was not its proximity to the Soviet Union, but its proximity to Japan."[47] It was true especially for economic reasons. On June 23, 1950, two days before the Korean War, John F. Dulles, consultant to the Secretary of State, confirmed the political and economic value of Korea by visiting South Korea where no

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[45]Andrew J. Rotter, The Path to Vietnam: Origins of the American Commitment to Southeast Asia (Ithaca: Cornell University Press, 1987), 132.

[46]Dean Rusk to John Muccio, June 15, 1950, Foreign Relations: 1950, vol. 7, 106.

[47]Bruce Cumings, "The Wicked Witch of the West is Dead. Long Live the Wicked Witch of the East," in Michael J. Hogan, ed. The End of the Cold War: Its Meaning and Implications (Cambridge: Cambridge University Press, 1992), 98.

military leaders had visited since the American military withdrawal in June 1949.[48] Although the United States had not reversed its military decision toward Korea yet, Korea had surfaced as an American special interest because the country was vital to Japanese economic restoration.

American Intervention and Japanese Security

After the withdrawal of United States forces in 1949, American military leaders repeatedly described Korea as insignificant to American security interests in the Far East. At a Senate hearing on July 12, 1949, when Senator Henry Cabot Lodge asked General W. E. Todd, director of the Joint Intelligence Group, Joint Chiefs of Staff, about the strategic significance of Korea, General Todd answered that "from my own standpoint, it[Korea] had practically no strategic significance." Even if the Soviet Union took the complete Korean peninsula, General Todd estimated that "the gain for the Soviet Union would be small, we feel-very small indeed."[49]

In addition, no officials in Washington believed that North Korea, which was under Soviet influence, could invade the South. During the period from 1949 to 1950, Washington officials, both military and civilian, assumed that the probability of war with the Soviet Union in the near future was low and that the Far East was at the bottom of the

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[48]The military leaders did not change their view about the strategic value of Korea. After the American forces withdrew from South Korea, no high military leaders visited South Korea, although General Lawton Collins, Chief of Staff of US Army, in April 1950 and Secretary of Defense Louis Johnson and Chairman of the Joint Chiefs of Staff Omar Bradley in June 1950 visited Japan.

[49]Senate Committee on Foreign Relations, Economic Assistance to China and Korea: 1945-1950, 179.

regional security priorities of the United States.[50] They believed that the Soviet Union had no intentions of fighting a major war in the Far East. On May 18, 1950, General Douglas MacArthur told C. L. Sulzberger, a foreign correspondent for the New York Times, that Soviet troop dispositions in the Far East could only be described as defensive. Although the Soviet Union had about 750,000 armed men in its Far East command, it did not have the industrial foundation to support a war in Asia. Without a single base on the Asian side of Lake Baikal, the Soviet Union had only a single railway for the transportation of supplies from Lake Baikal to the Pacific. This was the critical weak point for the Soviet Union in fighting a major war in Asia. General MacArthur emphasized that, above all, the Soviet Union did not possess sufficient forces to launch and support a large overseas amphibious operation against such targets as "Alaska, Japan, the Philippines or Honolulu, even if the Soviet Union could launch air and submarine attacks."[51]

American officials understood that a North Korean attack was out of the question as long as the North remained under Soviet control. If war were to come in Korea, American officials in Korea believed, it would come from the South instead. John Muccio, American ambassador to Seoul, reported on May 4, 1950, that the South Korean army was better equipped and superior to the North Korean army although Secretary of State Acheson received the report with reservations. Acheson disagreed with Ambassador

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[50]Roger Dingman, "Strategic Planning and the Policy Process: American Plans for War in East Asia, 1945-1950," Naval War College Review 32(Feb.-Dec. 1979): 15-16.

[51]Cyrus L. Schulzberger, A Long Row of Candles: Memoirs and Diaries (Toronto, Canada: The Macmillan Company,1969), 56; James Schnabel, Policy and Direction: The First Year (Washington, D.C.: Government Printing Office, 1972), 62.

Muccio and replied that "Intelligence available here as well as [the] most recent KMAG [Korean Military Advisory Group] semi-annual report indicate that North Korean airpower and heavier artillery made North Korean armed forces superior and capable of successful operations against the South."[52] In fact, the CIA reported on June 19, 1950 that the North Korean Army was being deployed southward in the area of the thirty-eighth parallel, and that North Korean tanks and heavy artillery had been moved close to the parallel.[53] Washington seemed to sense the possibility of a North Korean attack on South Korea before the outbreak of the war. Nonetheless, the Americans did not consider such an attack imminent because they believed that North Korea could not attack the South without Soviet support and the Soviet Union had no intention of supporting a war which could provoke American intervention in the Far East.[54] Paul Nitze stated in his memoirs:

> I suspected - and had so warned repeatedly during the preparation of NSC 68 - that the Soviets might be planning some kind of action, but where it would take place was difficult to foresee. Yugoslavia or Berlin were likely targets and Southeast Asia seemed a possibility also. Korea, although obviously a potential trouble spot, had not provoked the same degree of concern.[55]

On June 22, 1950, the Chief of the United States Military Advisory Group in Korea, Carl H. Struies, proposed a reduction plan for the Korean Military Advisory Group (KMAG), which would become effective on January 1, 1951. According to the proposed plan,

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[52]Dean Acheson to John Muccio, June 13, 1950, Foreign Relations: 1950, vol. 7, 104.

[53]Memorandum by the Central Intelligence Agency, June 19, 1950, ibid., 109-121.

[54]Ibid.

[55]Paul Nitze with Ann M. Smith and Steven L. Rearden, From Hiroshima to Glasnot: At the Center of Decision (New York: Grove Weidenfield, 1989), 101.

KMAG personnel would be decreased from a total 472 to 242.[56]

When the North Korean army attacked the South on June 25, 1950, therefore, it was a strategic surprise to American officials.[57] The news of the Korean War stirred Washington "like a stone thrown into a beehive." Washington officials went "buzzing and milling around," each with his own idea of what the United States needed to do.[58] Puzzled by North Korea's attack, they changed their strategic views of Korea immediately because they thought the North Korean attack reflected the hidden strategic scheme of the Soviet Union in the Far East. No American official thought the Korean War was a Korean civil war. From the beginning, Washington officials contended that the war represented Soviet aggression by a puppet regime. The State Department argued that "there is no possibility that the North Koreans acted without prior instruction from Moscow."[59] An important question, however, was why the Soviet Union allowed North Korea to invade South Korea despite Moscow's strategic handicap in the Far East?[60]

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[56]The Chief of the United States Military Advisory Group to the Republic of Korea to the Ambassador in Korea, June 22, 1950, Foreign Relations: 1950, vol. 7, 121-122.

[57]H. A. DeWeerd, "Strategic Surprise in the Korean War," Orbis 6 (Fall, 1962): 435.

[58]Kennan, Memoirs, 500.

[59]Intelligence Estimate Prepared by the Estimate Group, Office of Intelligence Research, Department of State, June 25, 1950, Foreign Relations: 1950, vol. 7, 148-154.

[60]According to recent works based on lately unclassified Soviet documents, Moscow calculated that the United States would not intervene in the Korean War when it permitted North Korea to invade South Korea; See, Sergei N. Goncharov, John W. Lewis, and Xue Litai, Uncertain Partners: Stalin, Mao and the Korean War(Stanford: Stanford University Press, 1993), 130-154; See also, Kathryn Weathersby, "Soviet Aims in Korea and the Origins of the Korean War, 1945-1950: New Evidence From Russian Archives," Cold War International History Project, Woodrow Wilson International Center for Scholars, Working Paper no. 8(November 1993): 24.

The State Department analyzed possible reasons for the Soviet's move in Korea in an intelligence report presented to State Department officials including Dean Rusk, George Kennan, and officials in the Bureau of Public Affairs on June 25, 1950.[61] The State Department perceived, according to the report, that if the South fell into Communist control, (1) the Soviet Union would have favorable military ground for encouraging "Chinese moves in support of Ho Chi Minh, Burmese Communists, or Malayan Communists; possibly, a satellite attack on Yugoslavia; and possible Soviet moves in Germany or Iran;" (2) the United States would suffer a severe blow to its prestige throughout Asia; (3) Soviet Control of the Korean peninsula would be "an important step in securing approaches to the USSR;" and (4) Soviet control of Korea "would give Moscow an important weapon for the intimidation of the Japanese in connection with Japan's future alignment with the US."[62]

Initially Washington officials were concerned about the aspect of American prestige involved in the Korean War because they perceived the war as a Soviet challenge to American credibility in the Far East; Washington officials had been deeply concerned about the prestige issue when they discussed American withdrawal from Korea in 1949. American credibility toward American allies was at stake. According to historian Robert McMahon, American response to the North Korean invasion "cannot be understood without an appreciation for the Truman administration's preoccupation with American

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[61]Intelligence Estimate Prepared by the Estimate Group, Office of Intelligence Research, Department of State, June 25, 1950, Foreign Relations: 1950, vol. 7, 148.

[62]State Department Intelligence Estimate, June 25, 1950, ibid., 150-151.

credibility."[63] Burton I. Kaufman made the point more clearly: "Korea became the only symbol left of America's willingness to contain Communist expansion in Asia. Washing its hands of Korea would be a signal to other Asians that the United States had abandoned them as well."[64] It is undeniable that American credibility at stake in Korea brought American military intervention in the Korean War. However, equally important, but less often considered by historians, was the American national view regarding the economic and strategic value of Korea to Japanese defense. The North Korean invasion was a direct threat to American interests in Japan. The outbreak of the Korean War brought American interests involved in Korea and Japan to the surface.

When Washington officials discussed the North Korean invasion at Blair House on June 25, 1950, Admiral Forrest P. Sherman, Chief of Naval Operations, pointed out that "Korea is [a] strategic threat to Japan."[65] With the outbreak of the war in Korea, Washington officials associated Japanese security with the Korean issue. "Thrusting out of the Asian mainland like a dagger aimed toward Japan," U. A. Johnson, deputy director of the Office of Northeast Asian Affairs, argued Korea would provide an "excellent springboard for projecting Russian power elsewhere in Asia."[66] Therefore, some

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[63]Robert J. McMahon, "Credibility and World Power," Diplomatic History 15 (Fall 1991): 459.

[64]Kaufman, The Korean War, 23-24; For the more views on credibility issue involved in American military intervention in Korea, see also Charles M. Dobbs, The Unwanted Symbol: American Foreign Policy, the Cold War, and Korea, 1945-50 (Kent: Ohio State University Press, 1981), 160-92.

[65]Memorandum of Conversation by the Ambassador at Large, June 25, 1950, Foreign Relations: 1950, vol. 7, 158-9.

[66]Johnson, Right Hand of Power, 95.

Washington officials contended that the real target of the Communist aggression was Japan.[67] John Allison, director of the Far Eastern Affairs section of the State Department, insisted that "Soviet support of the North Korean invasion of South Korea was inspired by the hope that an encirclement of Japan by Communist power would make impossible American plans to bring Japan as an ally into the non-Communist world."[68] Dulles also emphasized in a CBS radio interview on July 1, 1950, that the real objective of the Communist attack in Korea was Japan. The Communists attacked the South, according to Dulles, because they wanted "to embarrass our plans for putting Japan more and more onto a peace basis, with increasing self-government in the Japanese people themselves." By unifying the Korean peninsula under Communist rule, Dulles argued, the Communists wanted to "throw a roadblock in the path of Japan's future development."[69] State Secretary Acheson recognized, at least later, the Japanese factor in considering American intervention in the Korean War:

> Plainly, this attack did not amount to a casus belli against the Soviet Union. Equally plainly, it was an open, undisguised challenge to our internationally accepted position as the protector of South Korea, an area of great importance to the security of American-occupied Japan.[70]

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[67]In his comprehensive work on the origins of the Korean War, Bruce Cumings suggested that the North Koreans launched the war on June 25, 1950 because the United States provoked the North by trying to integrate South Korea into a Japan-US oriented alliance system which would perpetuate the division of the South and the North; Cumings, The Origins of the Korean War, vol. 2, 461-465.

[68]John M. Allison, Ambassador from the Prairie; or Allison Wonderland (Boston: Houghton Mifflin Company, 1973), 169.

[69]John Foster Dulles, "Militaristic Experiment," Department of State Bulletin 23 (July 3, 1950): 49-50.

[70]Acheson, Present at Creation, 405.

Whatever the strategic value of Korea to Japan was, American officials undoubtedly perceived the Korean War as a threat to Japanese security. The State Department contended that "possession of Korea would be of great strategic value in neutralizing the usefulness of Japan as an American base."[71] In particular, Dulles argued that if the Communists dominated South Korea, "Japan would be between the upper and lower jaws of the Russian Bear."[72] Based on this point of view, American officials could not allow the Communists to control the whole Korean peninsula. Accordingly, Washington officials emphasized the Soviets' offensive capability to invade Japan. The CIA reported that the Soviet Union had the military capability of "mounting, transporting, and logistically supporting a waterborne attack on Japan with ten to eleven divisions (11,000 men per division)."[73] It was imperative, then, that American officials show their determination to protect Japan by intervening in the Korean War before the Soviet Union attacked Japan.

In considering military intervention in Korea, Washington officials were also concerned about the reaction of the Japanese to the possible consequences of the Korean War. The State Department feared that "with [Communist] control of Korea, [the] element in Japan favoring a neutral course would be greatly strengthened."[74] The

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[71]Intelligence Estimate Report, June 25, 1950, Foreign Relations: 1950, vol. 7, 151.

[72]Dulles, "Militaristic Experiment," 50.

[73]Memorandum by the Central Intelligence Agency to the President, July 7, 1950, NSC-CIA File, Box 1, Harry S. Truman Library, Independence, Missouri.

[74]State Department Intelligence Estimate, June 25, 1950, Foreign Relations: 1950, vol. 7, 151.

department knew that depending on American reaction to North Korean aggression, the Japanese would decide whether to stay under American military influence or not:

> The Japanese will unhesitatingly assume that the invasion is Soviet-directed and forms part of an over-all strategy which, at some point, includes Japan. Japanese reaction to the invasion will depend almost entirely upon the course of action pursued by the United States since they will regard the position taken by the United States as presaging US action should Japan be threatened with invasion.[75]

The State Department warned that "failure of the United States to take any action in Korea would strengthen the existing widespread desire for neutrality."[76] The failure of the United States to intervene in the Korean War would bring serious doubt about American protection of Japan against such aggression. The State Department believed that such a doubt about American intentions would reduce Japan's utility and reliability as an ally.

Conversely, a rapid and unhesitating military intervention by the United States in the Korean War would enhance the Japanese willingness "to accept US protection and its implications, though not the indefinite continuance of US direction of internal affairs."[77] As political scientist Mike M. Mochizuki pointed out, American policy toward Japan during the Korean War evolved from the nature of a "double containment."[78] By

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[75]Ibid.

[76]Ibid.

[77]Ibid.

[78]Mike M. Mochizuki, "U.S.-Japan Security Relations in a New Era," in The United States and Japan: Changing Relations, ed. Chae-Jin Lee (Claremont: Keck Center for International and Strategic Studies, 1992), 19.

intervening in the Korean War, the Truman administration wanted not only to contain the Communist aggression in Korea but also to keep Japan under American military influence. The Truman administration hurriedly decided to intervene in the Korean War on June 27, 1950, believing that helping Korea would eventually mean helping Japan.

Japanese Military Involvement

When the United States entered into the conflict on the Korean peninsula, military officials expected a short war. General Douglas MacArthur told John Allison that the North Korean attack was "probably only a reconnaissance." "If Washington only will not hobble me," MacArthur said, "I can handle it with one arm tied behind my back."[79] Despite MacArthur's confidence, American officials faced unexpected military problems in Korea. The North Korean army was much stronger than Washington anticipated. The North Korean forces were well-trained and well-equipped with modern weapons including Soviet tanks. Many North Korean soldiers, who had fighting experience in the Chinese civil war, were transferred from the Chinese revolutionary army immediately before the outbreak of the Korean War. As a result, the Twenty-fourth Infantry Division, the first American ground force sent to the Korean battlefield, was clearly inadequate for arresting the powerful North Korean forces.[80] The Twenty-fourth Division was beaten badly by the

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[79]Allison, Ambassador from Prairie, 129.

[80]Despite optimistic statements from Washington, the American military readiness for war in the summer of 1950 was very low. The Army had a total of ten combat divisions which were all understrength with the exception of one. The Marines, the Navy, and the Air Force were all in the same condition of understrength. In particular, the Twenty-fourth Division, commanded by Maj. Gen. William F. Dean, was an unfortunate choice because it had the lowest aggregate strength (12,197 men on June 30) and the lowest combat effectiveness rating (65 percent on May 30) among the four divisions in Japan; Jamese A. Field, Jr. History of United States Naval Operations: Korea

North Korean army and retreated southward during July.[81] At the Kum River line, the North Korean Army finally outflanked the Twenty-fourth Division. After two days of hard fighting, the Twenty-fourth Division lost Taejon on July 20 and the division commander, General William Dean was captured by the North Korean Army during the withdrawal from Taejon. Division casualties mounted to 30 percent. The Twenty-fourth Division accordingly pulled back almost 100 miles southward, leaving more than 2,400 men missing in action and enough supplies to equip a full division.[82] Until General MacArthur made a military turning point in the Korean War with the Incheon landing in the middle of September, 1950, the United States forces suffered great casualties.[83] The need for front-line soldiers during the summer was so urgent that General MacArthur shortened the intensive training course at Camp Drake which was set up on July 14 for training replacements.[84] MacArthur ordered that soldiers would stay at Drake only long enough to receive their individual equipment. According to James Schnabel, many soldiers were poured into the Korean battlefield "without having determined the

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(Washington: Government Printing Office, 1962), 42-43; William G. Robertson, Counterattack on the Naktong, 1950, Leavenworth Papers, no. 13 (Fort Leavenworth, Kansas: Combat Studies Institute, 1985), 6.

[81]The Twenty-fourth Division was fighting against nine North Korean divisions numbering 80,000 men and equipped with a total of from 100 to 150 modern tanks; Schnabel, Policy and Direction, 105.

[82]Schnabel, Policy and Direction, 111-113.

[83]By August 5, 1950, the United States forces had lost a total of 7,859 soldiers; Schnabel, Policy and Direction, 125.

[84]Schnabel, Policy and Direction, 128.

characteristics and proper setting of their rifles or carbines."[85]

Under these gloomy battle conditions in Korea during the summer of 1950, the question of the Japanese military role in the Korean War surfaced in Washington. On July 10, 1950, Senator Homer Capehart (Rep. Ind.) asked President Truman to permit voluntary enlistment of Japanese nationals for military service in the Korean operations. In a letter to the president, Capehart insisted that the Japanese be permitted to serve in Korea under a command established by the United Nations Security Council.[86] President Truman did not respond to the letter because he believed the Korean War would end in several months at most.

Prime Minister of Japan Yoshida strongly opposed Japanese military involvement in the Korean War although he publicized his support for American military actions in Korea. On July 11, Yoshida contended that Japan would cooperate with the United Nations forces unsparingly.[87] Yoshida again announced Japan's support for the United Nations on July 15, 1950, emphasizing that Japan would "extend all possible cooperation to the United Nations." Yoshida emphasized that the Korean War was a threat to Japan's security:

> The hostilities on the Korean peninsula will tend to directly jeopardize Japan. To us the battle of Korea is not "fire across the river." It demonstrates how real and imminent is the menace of communism. We see before our own eyes the sinister arm of red aggression reaching out for its helpless victim. Our country

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[85]Ibid., 130.

[86]Mainichi, July 10, 1950, 1.

[87]Mainichi, July 12, 1950, 1.

itself is by no means free from danger.[88]

While Yoshida publicized his supportive position on United States actions in Korea, he contradictorily tried to avoid military entanglement in the Korean War. Yoshida insisted that aid to the United Nations did not include Japanese participation or involvement in the Korean hostilities and he pointed out that "Japan is not in a position to extend positive cooperation to the United Nations because it is still an occupied nation."[89] On July 21, Yoshida affirmed, when he answered questions raised by a member of the Diet's lower house, that he had no "intention of allowing a volunteer army" for Korea. According to Yoshida, a Japanese volunteer army for the Korean hostilities was politically undesirable.[90]

There were dissidents in the Japanese government, however, who supported Japanese military involvement in the Korean War. In particular, Supreme Court Chief Justice Kotaro Tanaka expressed his personal opinion to the press on July 23, 1950, that Japanese citizens could individually join the United Nations forces if the United Nations asked Japan for volunteers.[91] Responding to Tanaka's personal interpretation of the legality of Japanese volunteers for the Korean War, the Secretary-General of the Yoshida government Katsuo Okajaki pointed out in the Diet on July 24, 1950, that the Japanese

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[88]Mainichi, July 15, 1950, 1.

[89]Mainichi, July 12, 1950, 1.

[90]Telegram from Sebald to Acheson, July 22, 1950, 794.00/7-2250, Records of the U.S. Department of State Relating to the International Affairs of Japan, 1950-1954, Decimal Files (Wilmington, Delaware: Scholarly Resources, Inc., 1987), microfilm, reel no. 1 (hereafter cited as Internal Affairs of Japan, 1950-1954, microfilm with proper reel number).

[91]Japan political summary, July 1950, from Embassy in Japan to Department of State, August 14, 1950, 794.00/8-1450, ibid.

government opposed the presence of Japanese volunteers in the Korean War on political grounds, regardless of the legal or constitutional considerations involved. He argued that "many things are politically impossible although they may be legally possible."[92] On July 26, Attorney General Takeo Ohashi told the Foreign Affairs Committee of the lower house that a Japanese volunteer army for defense purposes could be created under international law. He cautiously implied that the issue of Japanese military involvement in the Korean War was different from a volunteer force for the defense of Japan.[93] A few days later, Yoshida revealed that the government had not been approached with any proposals for a volunteer force and he emphasized that such a force would arouse suspicion in neighboring countries. He worried that the issue of a Japanese volunteer army might become an obstacle to the conclusion of a peace treaty or lead to the imposition of more severe terms than might otherwise be imposed.[94]

More active debate about Japanese military involvement in the Korean War was ignited when Senator Warren Magnuson (D-Washington) proposed a bill for the use of Japanese military personnel in Korea. Magnuson's bill would authorize the voluntary enlistment of Japanese nationals in the American Army, Navy, and Air Force. Magnuson suggested that Japanese volunteers be enlisted to serve only outside the United States or its possessions and be paid half the salary of United States servicemen of the same rank. The Japanese term of service would be limited to a maximum of three year and the

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[92]Ibid.

[93]Ibid.

[94]Ibid.

volunteers would receive benefits under the GI Bill of Rights. Magnuson believed his proposal would allow the United States to have a "great reservoir of experienced Japanese fighters who have an even greater desire for peace in the Orient than the United States troops fighting in Korea." He emphasized that the Japanese were good fighters and were familiar with the terrain and the type of fighting in Korea. In addition, Japanese volunteers would reduce the military expense, both in salaries and in transportation costs.[95] He thought that his proposal would not violate the Japanese constitution because it would allow only individual voluntary enlistments. Senator Magnuson publicly asked General MacArthur's opinion on the issue of Japanese volunteers.

By coincidence and independent of the Magnuson Bill, the Japanese upper house president Naotake Sato declared on August 5 that he saw no objection to the participation of Japanese volunteers in a United Nations police force even before the conclusion of a peace treaty.[96] On the same day, Japan's Supreme Court Chief Justice, Kotaro Tanaka, again stated that there was "nothing wrong" with Japanese volunteers serving in the international police force.[97] In addition, Hitoshi Ashida, former foreign minister in the Katayama Cabinet from 1947 to 1948 and leader of the Democratic Party, told William Sebald that the Korean War was an excellent opportunity for Japan to participate in

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[95]U. S. Congress, Congressional Record Proceedings and Debates of the 81st Congress, 2nd session, vol. 96, pt. 9 (Washington, D.C.: Government Printing Office, 1950), 11776; In an interview, Magnuson stated that his bill would allow the United States to "tap a great pool of trained expert fighters," Mainichi, August 6, 1950, 1.

[96]Mission Despatch to Department of State, September 18, 1950, 794.00/9-1850, Internal Affairs of Japan, 1950-54, microfilm, reel no. 1.

[97]Ibid.

international politics. Ashida stressed that "the present Yoshida Government should take advantage of the opportunities presented by the Korean War to place Japan squarely in line with the United Nations."[98] According to Ashida, positive participation in the Korean War would be a great benefit to Japan's future. He suggested that the Yoshida government immediately establish a coordinating agency in the government to assist with the service of supplies to United Nations efforts in Korea. He also suggested the establishment of a coalition "war cabinet" instead of the current government dominated by the Liberal Party. He wanted to use a Japanese volunteer army in Korea as a stepping stone for the fast conclusion of the Japanese peace treaty. "Unless Japan pursues an active part on the side of the United Nations in the present crisis," Ashida warned, Japan "may find itself in complete isolation when the Korean conflict is eventually settled."[99] On August 7, 1950, an American foreign service officer in Tokyo, Glen Bruner, asked Tetsuya Kamekawa, a member of the Socialist Party about the question of a Japanese volunteer army. Surprisingly, Kamekawa said that the socialists would look with favor upon Japanese serving in the armed forces of the United States. He particularly emphasized "the extent to which such service would improve Japanese morale and at the same time materially assist in maintaining peace and order in Japan."[100] Kamekawa's idea about the voluntary army was suspicious because he was one of the party's left-wing

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[98]William Sebald to Department of State, August 14, 1950, 794.00/8-1450, ibid.

[99]Ibid.

[100]Memorandum of Conversation by Glen Bruner, August 7, 1950, enclosure to Mission Despatch 261, August 16, 1950, 794.00/8-1650, ibid.

leaders and was close to the party's former Secretary-General Mosaburo Suzuki and probably did not represent the general opinion of the party. Throughout the Korean War the Socialist Party officially advocated Japanese neutrality although conservative political parties generally supported the participation of Japanese volunteers in the Korean War.[101]

All speculation about Japanese volunteers quickly diminished when General MacArthur publicly opposed using the Japanese volunteer forces in the Korean War. In response to a question raised by Senator Magnuson about the Japanese volunteer forces, General MacArthur said that Japanese volunteers could not legally be accepted into United States forces before the peace treaty was signed.[102] MacArthur was concerned about a military vacuum which mgiht be created by Japanese military involvement in Korea. In addition, MacArthur was preparing an amphibious landing in Incheon that he believed would turn the tide of the battle in Korea.[103] He was also probably concerned about his image as a creator of a peaceful Japan. If he allowed Japanese volunteers to participate in the Korean War, his image as a creator of a peaceful Japan would be fundamentally flawed.[104] An editorial in The New York Times on August 12, 1950, opposed Japanese volunteers in the Korean War and suggested many reasons for the

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[101]Ibid.

[102]Mainichi, Aug. 10, 1950, 1.

[103]Although General MacArthur officially suggested an Incheon landing in late July 1950, to Washington, he had conceived an amphibious landing on the westcoast in the enemy's rear from the very beginning of the Korean War. He had set a tentative date for an amphibious landing as early as July 22, 1950; Douglas MacArthur, Reminiscences (New York: McGraw-Hill Book Company, 1964), 334; See also J. Lawton Collins, War in Peacetime: The History and Lessons of Korea (Boston: Houghton Mifflin, 1969), 114-5.

[104]Drifte, "Japan's Involvement in Korean War," 128.

opposition. First, the Koreans remembering their colonial experience under Japan's control, would probably resist the return of former imperial troops; second, Japanese volunteers would automatically be American mercenaries because Japan was not a member of the United Nations; and third, the Japanese constitution prohibited rearmament.[105] Japanese public opinion was not favorable toward sending Japanese volunteer forces into the Korean War. According to a public opinion survey conducted by Yomiuri Shimbun between August 3 and 6, "the number of those who felt the effect on Japan would be favorable was only half that of the number who replied that they believed the effect would be unfavorable."[106] The issue of military involvement was unpopular in Japan.

The Japanese volunteer issue rapidly faded when United States forces landed successfully at Incheon on September 15, 1950. Superior American techniques and firepower overwhelmed the North Korean forces. To push the North Korean army back over the thirty-eighth parallel, United States forces utilized South Koreans rather than the controversial Japanese volunteers. According to William Sebald, almost half of the Seventh Division, which was part of the Tenth Corps, was composed of Koreans who

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[105]New York Times, August 12, 1950.

[106]Mission Despatch, Tokyo 427, September 18, 1950, 794.00/9-1850, Internal Affairs of Japan, 1950-54, microfilm, reel no. 1; During the Korean War, the Supreme Commander for the Allied Powers controlled Japanese publications concerning war development in Korea. The censorship policy of the Supreme Commander for the Allied Powers did not allow editorial commentary or speculation about the fighting in Korea. No Japanese correspondents or photographers were allowed in Korea, and most news was produced by American sources. Therefore, the Japanese were informed only about the American side of the war; See,
Finn, Winners in Peace, 261.

were brought from South Korea to Japan and integrated with American soldiers.[107] When United States forces suffered serious shortages of manpower following the Chinese Communist intervention, Washington permitted the Far East Command to increase up to 2,500 Korean infantrymen in each American division.[108]

Officially, Japanese military forces did not participate in the Korean War. However, several thousand Japanese were secretly involved. Japanese shipping and railroad experts worked in Korea with their own well-trained crews under American and United Nations commands. Without assistance from the Japanese specialists who were familiar with Korea, according to Robert Murphy, American ambassador to Japan, the United States could not have remained in Korea.[109] From the beginning of the war, the United States employed Japanese technicians and their equipment for the war operation in Korea because there were not enough Korean technicians or Korean equipment available to operate lighters in the harbors, power plants and other essential industries related to war operations. During the colonial period from 1910 to 1945, Japan built most of the industry, the railroads, ports, refrigeration plants, and public utilities in Korea. Japan did not allow Koreans to become technicians or administrators in any industrial field. Japan tried to make Korea totally dependent. Although the United Nations Command could have imported American or other foreign technicians and equipment, the United States

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[107]Sebald, With MacArthur in Japan, 199.

[108]Clark, From the Danube to the Yalu, 197.

[109]Robert Murphy, Diplomat among Warriors (Garden City, New York: Doubleday & Company, Inc., 1964), 347-8.

opted for convenience and hired experienced Japanese technicians. According to General Mark Clark, Commander of the United Nations forces in Korea, the Japanese were "more quickly available, could be transported and maintained at far less cost, and were better suited to do the job because they would be working with their own equipment."[110] General Clark stated in his memoirs that 300,000 or 400,000 Japanese were employed by the United States in and around Korea on various essential war industry jobs.

The use of Japanese technicians raised serious difficulties between the United States forces in Korea and the South Korean government because the Korean government did not want the reentry of the Japanese to its land. In particular, South Korean President Syngman Rhee strongly opposed Japanese involvement in the Korean War and he asked General Clark to withdraw the Japanese technicians and workers. On several occasions, President Rhee ordered his police to arrest Japanese transportation experts who were working under the United Nations Command.[111] To assist diplomatic normalization between Japan and Korea, American officials tried to mediate between the two countries.[112] Although Robert Murphy, American ambassador to Japan, visited President Rhee several times to reduce Rhee's antipathy toward Japanese workers, Murphy could

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[110]Clark, From the Danube to the Yalu, 149.

[111]Murphy, Diplomat among Warriors, 349.

[112]Sung-Hwa Cheong, "Japanese-South Korean Relations under American Occupations, 1945-1952: The Politics of Anti-Japanese Sentiment in Korea and the Failure of Diplomacy," (Ph.D. diss., University of Iowa, 1988), 213-249.

not overcome Rhee's antagonism. Rhee did not want harmony with the Japanese.[113] Therefore, the United States forces had to keep the Japanese in the United States military facilities to protect them and had to escort them when they needed to work out of the facilities.[114]

American forces in Korea also used Japanese specialists for close front-line support. A large number of Japanese boats were mobilized to transport men and supplies to Korea. When the United States made a decisive amphibious landing at Incheon on September 15, 1950, a third of the 120 vessels carrying the Tenth Corps from Japan to Incheon were controlled by the Japanese.[115] In addition, more direct Japanese military involvement was made when the Japanese participated in minesweeping.[116]

When United States forces planned another major landing at Wonsan in October 1950, they had to consider the intensively mined approach to the harbor. According to historian James Schnabel, Soviet technicians and advisors had assembled the mines, planned the minefield, and directed their laying.[117] At least 2,000 mines of all types--contact inertia, contact chemical, pressure, and electronic--lay in the path of any invasion

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[113]Rhee's attitude toward Japanese technicians during the Korean War was contradictory with his previous economic policy toward Japan before the war broke out. He tried to establish good economic relations with Japan. He sent Park Houng-shik, Japanese collaborator during the Japanese colonial period, to Japan to widen trade with Japan; Cumings, Origins of the Korean War, vol. 2, 465.

[114]Clark, From Danube to Yalu, 148-9; Murphy, Diplomat among Warriors, 349.

[115]Sebald, With MacArthur in Japan, 199.

[116]Schnabel, Policy and Direction, 208.

[117]Schnabel, Policy and Direction, 208; Field, History of United States Naval Operations: Korea, 237.

fleet. The United States Navy had only ten minesweeping vessels in the Far East at that time: four 180-foot steel vessels, three of which were being repaired, and six wooden auxiliary minesweepers.[118] After MacArthur decided to land at Wonsan, Vice Admiral C. Turner Joy suggested that the Navy utilize Japanese minesweepers.[119] Following MacArthur's permission to use these Japanese ships in Korea, Rear Admiral Arleigh Burke, deputy chief of staff under Vice Admiral Joy, asked Okubo Takeo, director general of the Maritime Safety Agency, to help in the minesweeping. Acknowledging the importance of Burke's request, Okubo immediately reported to Prime Minister Yoshida and the minister of the transportation-communication ministry. Without any alternative, the Japanese government reluctantly permitted Okubo to send Japanese minesweepers to Korea.[120] Twenty Japanese minesweepers were contracted for the sweeping operation in Korea which began on October 10, 1950.[121] Besides minesweeping at Wonsan harbor, forty-six Japanese vessels with twelve hundred former Imperial Navy personnel were assigned to combat duty under the control of United States forces between October 2 and December 12, 1950 in Wonsan, Kunsan, Incheon, Haeju, and Chinampo until they were

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[118]The Navy opposed MacArthur's Wonsan Landing at its initial stage because of limited amphibious and support shipping; Jamese E. Auer, The Postwar Rearmament of Japanese Maritime Forces, 1945-71 (New York: Praeger Publishers, 1973), 64.

[119]Field, History of United States Naval Operations: Korea, 232.

[120]Otake, ed. Sengo nihon bouei mondai siriyushiu, vol. 1, 524-528; Auer, Postwar Rearmament of Japanese Maritime Forces, 64.

[121]According to Sebald, some twenty Japanese minesweepers were contracted during the Korean War; Sebald, With MacArthur, 199; A Japanese historian, Hujiwara Akira, also stated that twenty-one minesweepers participated in the Korean War; Hugiwara, Nihon gunji shi, vol. 2, 36; However, according to James Field, only eight minesweepers were contracted by the Navy for the minesweeping task; Field, History of United States Naval Operations: Korea, 232.

ordered to return to Japan on December 15, 1950.[122] The State Department and the Far Eastern Command concealed Japanese participation in the Korean War from the public. When one Japanese vessel struck a mine and sank during minesweeping duty at Wonsan on October 17, 1950, the State Department hurriedly cabled General MacArthur not to release any information about the sinking.[123] The State Department feared that knowledge of Japanese military participation in the Korean War would cause serious political damage to American occupation policy in Japan. Japanese military participation in the Korean War remained a secret throughout the war.

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[122]Fujiwara, Nihon gunji shi, 36.

[123]Schnabel, Policy and Direction, 209; With the accident of mine explosion on October 17, 1950, one Japanese seaman was killed and eighteen others were injured. After the accident, the Japanese commander of the minesweeping task forces refused to sweep mines and returned to Japan with his units, resigning immediately. The killed and injured Japanese were not recorded officially by the Japanese government until 1978; Fujiwara, Nihon gunji shi, 36.

CHAPTER V

PEACE WITH REARMAMENT

The outbreak of the Korean War brought new attention to the Japanese peace treaty issue and made Japanese security a major priority in Washington. Believing the final goal of the Communist attack in Korea was Japan, Washington proceeded quickly to sign the Japanese peace treaty and push Japan to rearm. Japanese independence and rearmament were interconnected. In contrast, the Japanese government was reluctant to rearm. It hoped to stay under American military protection secured by the outbreak of the Korean War. To the Japanese government, economic restoration was the most urgent issue but the Korean War brought Japanese rearmament to the surface. This chapter focuses on the impact of the Korean War on Japanese rearmament.

The Korean War and the Japanese Peace Treaty

About a month before the war broke out in Korea, the Truman administration had assigned John Foster Dulles to negotiate a Japanese peace settlement. Dulles, a staunch Republican who had served briefly as an appointed United States Senator from New York, had joined the Truman administration in April to improve bipartisanship on foreign policy issues.[1] He was a leading advocate for Democratic and Republican cooperation on foreign policy issues, especially on the Far Eastern issues after the Chinese Communists took over

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[1]Ronald W. Pruessen, John Foster Dulles: the Road to Power (New York: the Free Press, 1982), 432-436.

the mainland of China.[2] Although Dulles had very limited experience in Asia, short term service on the United States delegation to the United Nations dealing with Korean independence in 1948, was beneficial; he also had able assistants such as John Allison, a career diplomat with extensive service in Asia, Robert Feary, former private secretary to Ambassador Joseph Grew in Tokyo before the Second World War, and Colonel C. Stanton Babcock, who graduated from West Point and had worked on General MacArthur's staff during the occupation.[3]

Dulles soon drafted a paper defining Washington's goals in a Japanese peace settlement. He emphasized that the United States needed to make Japan "be part of the free world; be friendly to the United States; be capable of developing their own well-being and self-respect without dependence on outside charity; be able by their conduct and example to exhibit to the peoples of Asia and the Pacific Islands the advantages of the free way of life and thereby help in the effort to resist and throw back communism in this part of the world."[4] To achieve those goals, Dulles thought that a Japanese peace treaty would "a)provide for a progressive reduction or ending of military occupation; b)provide full opportunity for peaceful economic development, without reparation and with a minimum

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[2]Acheson in his memoirs emphasized the bipartisan background for appointment of Dulles: "The task remaining was essentially one of negotiation both within and without the Government. For this Foster Dulles[John Foster Dulles] was well qualified. He was competent, ambitious-particularly to succeed me-close to Vandenberg, and in good standing with both the Dewey and Taft wings of the Republican Party. These qualities would lead him to do a good job and to get the treaty through the Senate, if this was possible at all, with the necessary bipartisan support," Acheson, Present at the Creation, 432.

[3]Finn, Winners in Peace, 252.

[4]Memorandum by the Consultant to the Secretary to the Secretary of State, June 7, 1950, Foreign Relations: 1950, vol. 6, 1207.

of, or no special economic restrictions." He also believed that Japan "should be encouraged now to develop a police force, constabulary and coast guard adequate to detect and repress indirect aggression." He thought that both the Nationalist and Communist Chinese regimes should be invited and should have one vote each when they disagree and a single vote when they agree. Dulles hoped to have a preliminary conference in Hawaii in the late summer or fall of 1950.[5] Winning the support of Acheson and other senior officials of the State Department for his plans, Dulles decided to go Tokyo to get detailed information for a peace treaty.[6]

Dulles, accompanied by John Allison, director of the Division of Northeast Asian Affairs, stopped briefly in Tokyo on June 17, 1950, and flew on to Seoul to assure South Korea of United States support. Returning to Tokyo, Dulles had meetings with Japanese and American officials including General MacArthur and Prime Minister Shigeru Yoshida whom Dulles thought were the most important figures in a peace negotiation. At the meeting with the general on June 22, Dulles and General MacArthur generally agreed on the Japanese peace treaty. Both wanted an early peace treaty with Japan. After their first meeting, MacArthur submitted a memorandum to Dulles on Japanese security, which stated that "the entire area of Japan must be regarded as a potential base for defensive maneuver, with unrestricted freedom reserved to the United States as the protecting power through her local commander, acting in the normal chain of command to the Department of Defense, to take such strategic dispositions as may be necessary to adjust

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[5]Ibid., 1210-1211.

[6]Dunn, Peace-Making, 103.

defense planning adequately to cope with any change in the potentiality of external threat and in the event of hostilities to take such tactical dispositions as the military situation may from time to time require."[7] MacArthur also believed that "the Japanese police forces would of course be increased to a size and character for internal security." "Despite Japan's constitutional renunciation of war," MacArthur believed "its right to self defense in case of predatory attack is implicit and inalienable."[8] MacArthur's point was that Japan should be treated as a military base and Japan should be allowed self-defense rights.

Dulles talked also with Yoshida on June 22, 1950. When they met, Yoshida got the impression that Dulles "must have come simply to acquaint himself with conditions in Japan, and to hear the views of GHQ and the Japanese government before beginning his task of framing a draft peace treaty" because the talks were "confined to general topics." In addition, Yoshida believed that "at that time, the United States Government still appeared undecided regarding which solution was to be found for the defence of Japan after the coming into effect of a peace treaty, and Mr. Dulles himself sounded us on the possibility of Japan's agreeing to a measure of rearmament."[9] Before Dulles and Yoshida could discuss any detailed proposal regarding Japanese peace treaty, however, the outbreak of the Korean War abruptly stopped the peace negotiation.

Washington immediately ordered Dulles to return. He flew back to Washington on

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[7]Memorandum by the Supreme Commander for the Allied Powers, June 23, 1950, Foreign Relations: 1950, vol. 6, 1227.

[8]Ibid., 1228.

[9]Yoshida, Memoirs, 249.

June 27, 1950, two days after the Korean War broke out. While Washington was involved in fighting in Korea, it seemed unwise to engage in peace negotiation with Japan. Japanese Prime Minister Yoshida also predicted that the Korean War "was likely to add to the difficulties of arranging the signing of an early peace treaty."[10] However, Dulles had a different opinion on the Japanese peace treaty. After he came back to Washington, he asserted that "the Korean attack makes it more important, rather than less important, to act" for the Japanese peace treaty. Because the war in the Korean peninsula, only thirty miles away from the closest Japanese island, awoke the Japanese people from their "postwar stupor," Dulles believed that Japan would concede to American requests in peace negotiation.[11] In addition, Dulles knew that American military intervention in Korea erased internal differences between the State Department and the Defense Department on a Japanese peace treaty. He was right. The question of the Japanese peace settlement quickly resurfaced in Washington with the Korean War.

On July 24, 1950, Secretary of State Acheson discussed with President Truman "the desirability of proceeding at once to work out with the Pentagon a plan for a Japanese peace treaty." Agreeing with Acheson, Truman approved Acheson's suggestion to proceed with the treaty.[12] By July 25, 1950, Dulles had drafted a peace treaty entitled "International Peace and Security" and submitted it to Acheson on July 27. Acheson

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[10]Ibid.

[11]Memorandum by the Consultant to the Secretary to the Secretary of State, July 19, 1950, Foreign Relations: 1950, vol. 6, 1243-44.

[12]Memorandum of Conversation by the Secretary of State, July 24, 1950, ibid., 1255.

transmitted it to the Department of Defense for its study on August 1.[13] The draft was short, simple, and favorable to Japan. Japan would regain its sovereignty by accepting "the obligation to act in accordance with the principles of Article 2 of the Charter of the United Nations for the maintenance of international peace and security." For Japanese security, the United States would provide armed forces and Japan "shall provide such assistance and facilities, including rights of passage, as may be determined by the United States in consultation with the Japanese government." The draft also included a provision which prohibited other countries besides the United States from stationing their military forces in Japan.[14] Although it was an international peace treaty draft between Japan and its former enemies in the Second World War, Dulles's draft was more about security guarantee for Japan rather than security guarantee for other countries against Japan. Dulles's main focus was American military bases after the end of the occupation which he hoped would please military leaders in Washington. State Department officials had not agreed on the issue before the Korean War.

By taking advantage of the war in Korea, Dulles did not face any opposition to his draft on American bases in Japan. Because of the Korean War, which confirmed the strategic importance of Japan in American security interest, no American officials could

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[13]Attached to Memorandum by the Consultant to the Secretary to the Secretary of State, Foreign Relations: 1950, vol. 6, 1259-61; Walter S. Poole, The History of the Joint Chiefs of Staff: The Joint Chiefs of Staff and National Policy, vol. 4, 1950-52, RG 218, Washington, D.C.: Historical Division of Joint Secretaries, Joint Chiefs of Staff, December 1979; National Archives, Washington D.C., microfilm, 445.

[14]Ibid.

deny the necessity of the American bases there. Marshall Green, an official of the Division of the Northeast Asian Affairs in the State Department, noted that "the war in Korea has pointed up the need for US bases in Japan. Just as US bases made it possible for the US to go to the defense of South Korea, so it is clear that US bases in Japan will prove a critical factor in protecting the whole US position in the Far East."[15] According to George Kennan, Washington officials made a total agreement on necessity of the military bases in Japan:

> Shortly thereafter the Korean War broke out. The shock thrown into SCAP by this development and the extent to which, in the course of the ensuing hostilities, we were obliged to draw on our military, naval, and air facilities in Japan as bases for the conduct of hostilities in Korea converted everyone who had not yet been converted to the view that the American military presence in Japan was wholly essential to any future security of the area.[16]

When Dulles had a telephone conversation with Secretary of Defense Louis Johnson on the Japanese peace treaty on August 3, he emphasized that the State Department draft guaranteed the United States "the right to maintain in Japan as many forces as we wanted, anywhere we wanted, for as long as we wanted."[17] Dulles was confident that his draft would gain approval from the Department of Defense. Dulles could see no reason why the military leaders would refuse the draft because the

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[15]Memorandum by the Officer in Charge of Japanese Affairs, August 2, 1950, Foreign Relations: 1950, vol. 6, 1262-64.

[16]Kennan, Memoirs, 396; But Kennan opposed stationing American forces in Japan. He argued that "if the Japanese are given adequate police forces and if they achieved sufficient domestic stability and economic security to enable them to cope successfully with the efforts of their own Communists, the islands could safely be left demilitarized and neutralized by international agreement," Ibid.

[17]Memorandum of Telephone Conversation, by the Consultant to the Secretary of State, August 3, 1950, Foreign Relations: 1950, vol. 6, 1264-65.

Department of State withdrew its opposition to American bases in Japan after the occupation finished. As Dulles predicted, Secretary of Defense Johnson concluded that he could "get together and go places" with the State Department for the Japanese peace settlement and sent the draft to the Joint Chiefs of Staff for official study.[18] General Douglas MacArthur also expressed agreement with the proposed peace treaty draft when Averrel Harriman informed him of it in early August 1950. Harriman was in Tokyo to discuss with MacArthur the Taiwan issue on which the general and Washington disagreed.[19]

When the Joint Chiefs of Staff finished their study of Dulles's draft, surprisingly they still opposed an early Japanese peace treaty on the basis that the Japanese peace treaty would bring unfavorable impact on United States military action in Korea. According to the Joint Chiefs of Staff, any peace treaty with Japan "must not become effective until after favorable resolution of the present United States military situation in Korea."[20] The Joint Chiefs of Staff worried about the probability of a military vacuum in Japan if the Japanese peace treaty became effective while the United States was fighting in Korea. In addition, the Joint Chiefs of Staff believed that Japan should be fully rearmed

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[18]Ibid.

[19]Unsigned Memorandum Prepared in the Department of State, August 14, 1950, Foreign Relations: 1950, vol. 6, 1273; MacArthur wanted an active participation of the Nationalist in the Korean War. Chang Kai-shek wanted to send 40,000 Nationalists to the Korean War. However, the Truman administration opposed any involvement of the Nationalists in the Korean War. I will discuss American policy toward Taiwan more in the fifth chapter.

[20]Memorandum for the Secretary of Defense, Attachment to Memorandum by the Secretary of state to the Ambassador at Large, August 22, 1950, Foreign Relations: 1950, vol. 6, 1278-1282.

before the conclusion of the peace treaty. They believed that "all measures undertaken by the United States toward Japan should be interim steps leading to a rearmed and friendly sovereign Japan."[21] Despite their objection to an early treaty, the military leaders withdrew their objection to a peace treaty without Soviet and Chinese participation.

Although the Joint Chiefs of Staff opposed an early peace treaty with Japan during the war in Korea, the Defense Department could not refuse totally the proposal of the State Department because the State Department already accepted American military bases in Japan after the end of the occupation. Secretary of Defense Louis Johnson arranged for Major General Carter Magruder, a special assistant to the secretary of the army, to have meetings with John Allison, director of the Northeast Asian Affairs, to discuss the peace settlement. When the two representatives met on August 29, they reached "general agreement in almost every case" because Allison accepted the Defense Department's idea that a Japanese peace treaty should be effective after the war situation in Korea turned in favor of the United States.[22] Believing that it would take over a year before a treaty could be negotiated and ratified, the State Department could accept the Defense Department's request without reservation. The Korean War was expected to end within a year.[23] After

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[21]Ibid.

[22]Memorandum by the Director of the Office of Northeast Asian Affairs to the Secretary of State, August 29, 1950, ibid., 1288-1290.

[23]The Deputy Director of the Office of Northeast Asian Affairs to the Acting United States Political Adviser for Japan, September 14, 1950, ibid., 1303; In July, 1950, according to Gullup Poll, 67 percent of American public opinion believed that the Korean War would finish in a year and in October of the same year, the number increased to 70 percent, Quoted by Ernest R. May, ed. American Cold War Strategy: Interpreting NSC 68 (Boston: St. Martin's Press, 1993), 207-208.

Major General Magruder and Allison met again on September 1, Allison wrote a joint memorandum about a Japanese peace treaty for the president. On September 8, 1950, President Truman approved the joint memorandum [which became NSC 60/1] part of which stated:

> a. The Treaty shall not become effective until such time as the interests of the United States dictate and in no event until after favorable resolution of the present United States military situation in Korea;
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> b. In so far as possible in a treaty there must be assurance that access to the natural, industrial and manpower resources of Japan shall be denied to the USSR;
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> c. It must be provided that initially Japan will begarrisoned by forces acceptable to the United States under a United States military command;
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> d. It must be provided that foreign forces unacceptable to the United States not to be permitted in any of the Japanese islands to the southward of Sakhalin and the Kuril islands;
>
> e. The security arrangements, while protecting the United States from being forced out of Japan without its consent, should also make it possible for the United States to withdraw its forces whenever satisfactory alternative security arrangements are concluded;
>
> f. It must not contain any prohibition, direct or implicit, now or in the future, of Japan's inalienable right to self-defense in case of external attack, and to possess the means to exercise that right.[24]

In a press conference on September 14, 1950, President Truman announced that he had authorized the State Department to initiate further discussions with the Far Eastern Commission member countries about a Japanese peace treaty. Recalling that the United States had first tried to open such a Japanese peace conference in 1947, Truman stated that his decision was "in accord with the general effort of the United States to bring an end to all war situations."[25] On the next day, Dulles declared in a press conference that the

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[24]Memorandum for the President, Enclosure to the Secretary of State to the Secretary of Defense, September 7, 1950, ibid., 1293-1296.

[25]New York Times, September 15, 1950, 1.

United States did not intend to place restrictions on Japanese rearmament. He commented that the treaty might be negotiated in a series of bilateral discussions rather than at a general peace conference. Before his press conference, Dulles had composed a short statement of seven principles for his informal discussions for a Japanese peace settlement with other countries. According to the statement which Dulles did not intend to publish at that time, all countries who had fought with Japan could be parties to the treaty. Japan would seek membership in the United Nations. Japan would recognize the independence of Korea, Japan would agree to a United Nations trusteeship for the Ryukyus and Bonin Islands, and Japan would accept future big power decisions on the status of Formosa, South Sakhalin, and the Kuriles. Dulles emphasized a continuing cooperative arrangement for Japanese facilities and United States forces to maintain peace and security in the Japan area. Provision would also be made in a treaty for Japan to abide by multilateral political and commercial agreements and for settlement of claims and disputes. Dulles did not mention anything about occupation reforms, renunciation of war, or reparations which would ordinarily be an important part of a peace treaty.[26] Dulles's principles were extremely one-sided, selfish and arrogant. He did not consider the interests of other countries involved in the Japanese peace settlement. His unique focus was complete containment of Soviet aggression. His position was greatly strengthened when the Truman administation adopted NSC 68 "as a statement of policy to be followed over the next four or five years and . . . that the implementing programs . . . be put into effect as

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[26]Unsigned Memorandum Prepared in the Department of State, September 11, 1950, Foreign Relations: 1950, vol. 6, 1296-97.

rapidly as feasible."[27] Washington now apprached foreign affairs from a totally new position.

Throughout the autumn of 1950, Dulles and Allison had meetings with representatives from all the Far Eastern Commission member countries who came for the United Nations meeting in New York. All representatives except the Soviet delegation accepted Dulles's seven principles and agreed to an early conclusion of the Japanese peace treaty. These meetings were completed by October.[28] Washington officials were optimistic about the early conclusion of the Korean War and the Japanese peace treaty. General MacArthur predicted the war would end by Thanksgiving.[29] By the middle of November, South Korean forces reached the Yalu, the border of China. The Eighth Army of the United States reached approximately fifteen miles north of the Chongchon River and the Tenth Corps was located at the Chosin Reservoir area. The end of the war was in sight. The favorable situation suddenly changed, however, because Chinese Communist forces launched a massive counterattack on November 26, 1950.[30]

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[27]Report to the National Security Council by the Executive Secretary, September 30, 1950, Foreign Relations: 1950, vol. 1, 400.

[28]Dunn, Peace-Making, 109-110.

[29]The Chinese Communists actually intervened in Korea in October but they did not engage United States forces until the end of November, 1950.

[30]When the Chinese launched a massive drive on November 26, the strength of the Eighth Army along the Chongchon River was about 80,000 and the Tenth Corps was approximately 61,000. South Korean forces totalled about 120,000. Against these United Nations, the Chinese forces had an estimated twenty divisions, about 200,000 troops; Recapitulation of the situation in Korea during the periods of General J. Lawton Collins visits to the Far East Command, third Visit, 1-8 December 1950, Collins Papers, Box 23, Dwight D. Eisenhower Library, Abilene, Kansas.

Overwhelmed by the Chinese Communist intervention, the Eighth Army immediately withdrew southward and the Tenth Corps evacuated to Pusan through Hungnam by December 24, 1950. When the Chinese forces pushed United Nations forces at the Imjin River line toward Seoul on New Year's Eve, the Eighth Army further retreated south of the Han River to a line anchored on Pyongtaek on the west and running northeast and east through Ansong-Yangpyong-Yongwol-Songgye-to the east coast. This line also was abandoned by January 7, 1951. The United States position in Korea was extremely perilous until April 1951 when the Eighth Army recaptured the general line held in late December 1950, [31]

Given the battle situation in Korea, American policy makers were divided on Far Eastern policy. They were terribly confused about the Korean situation. General MacArthur wanted to extend the war into Manchuria while Washington wanted to limit the war.[32] The British government, traditionally a strong ally of the United States, opposed extension of the Korean War and called a summit meeting between President Truman and Prime Minister Clement Attlee.[33] In addition, a majority of the general public wanted the United States to evacuate the Korean peninsula. According to the Gallup Poll in January 1951, 66 percent of Americans wanted to pull out of Korea. Only 25 percent

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[31]Schnabel, Policy and Direction, 331-348.

[32]Reports of General Collins Fourth Visit, 13-18 January 1951, Collins Paper Box 23, Dwight E. Eisenhower Library, Abilene, Kansas.

[33]Rosemary J. Foot, "Anglo-American Relations in the Korean Crisis: The British Effort to Avert an Expanded War, December 1950-January 1951," Diplomatic History 10 (Winter 1986): 44.

wanted to stay in Korea.[34] Division of opinion on the Korean War led to the dismissal of General MacArthur in April 1951. Meantime, Japanese security became a more serious issue in Washington. Although the maintenance of a beachhead in South Korea was a military advantage for the defense of Japan, according to the Central Intelligence Agency, "the continued deployment of the Army forces of the Far East command in Korea would leave Japan more vulnerable to hostile invasion."[35] The Soviet Union was estimated to have "the capability of conducting a major amphibious offensive against Japan - simultaneously assaulting Hokkaido and northern Honshu or invading Hokkaido first, to be followed by an invasion of Honshu."[36] To counter these possibilities, General MacArthur wanted to improve the armed forces of Japan. In his New Year's message to the Japanese people, he emphasized the necessity of Japanese rearmament.[37] MacArthur's message stunned the Japanese audience because he reversed his previous disarmament policy.

The Chinese intervention naturally intensified the discussion of Japanese rearmament and escalated Washington's interest in the Japanese peace settlement. "To

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[34]Gallup Poll, Jan. 22, 1951, Gallup Poll Box 1, Harry S. Truman Library, Independence, Missouri.

[35]Central Intelligence Agency, Special Estimate, International Implications of Maintaining A Beachhead in South Korea, January 11, 1951, Intelligence File Box 258, Harry S. Truman Library, Independence, Missouri.

[36]Estimate of Soviet Probable Intentions toward Japan, February 10, 1951, Enclosure B to the Central Intelligence Agency, Probable Effects on Soviet Intentions and Capabilities of Arming the Japanese National Police Reserve as Four Fully Equipped Divisions, February 21, 1951, Intelligence File Box 258, Harry S. Truman Library, Independence, Missouri.

[37]Mainichi, January 2, 1951, 1.

make Japan a dependable part of the non-communist world," Dulles argued that the United States should immediately resolve the Japanese peace treaty in American favor.[38] Secretary of State Acheson also stated that "recent developments in Asia, and particularly in Korea" showed that "the Soviet Union, the Chinese Communist regime and the North Korean regime are moving to dominate Asia." To prevent Japan from falling under Communist influence, Acheson argued that the necessity of the Japanese peace treaty was "increasingly great."[39] Nonetheless, military leaders remained reluctant to conclude the Japanese peace treaty because of the Chinese intervention. The Joint Chiefs of Staff expressed their opposition in a memorandum to the Defense Department on December 28, 1950, stating that it was "unacceptable to initiate a chain of events which might lead to the independence of Japan prior to the resolution of the situation in Korea since there is a strong probability that this would deprive the United States forces of the use of Japan as the major base of operations in the Korean War." Believing that the Korean War might evolve into a major war between the United States and the Chinese Communists, the Joint Chiefs of Staff worried that a Japanese peace treaty might lead to the loss of Japan to the Communists. In view of these risks, the Joint Chiefs of Staff insisted that "peace treaty negotiations now appear most untimely."[40]

After the members of the Joints Chiefs of Staff including chairman General Omar

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[38]Memorandum by the Consultant to the Secretary to the Secretary of State, December 8, 1950, Foreign Relations: 1950, vol. 6, 1359.

[39]The Secretary of State to the Secretary of Defense, December 13, 1950, ibid., 1365.

[40]Report by the Joint Strategic Survey Committee to the Joint Chiefs of Staff, December 28, 1950, ibid., 1389.

Bradley had a long discussion with Dulles, Allison, and Dean Rusk on January 3, 1951, the military leaders consequently decided to proceed with the Japanese peace treaty.[41] The military leaders agreed that to rearm Japan it was necessary for the United States to conclude the peace treaty as soon as possible. The State and Defense Department sent a joint memorandum with this conclusion to the president. President Truman approved it on January 10, 1951, and, on the same day, Truman appointed Dulles as special representative to conduct "the negotiations necessary to bring a Japanese peace settlement to a satisfactory conclusion."[42] The Japanese peace settlement entered into a new stage. The State Department and the Defense Department agreed to conclude the Japanese peace treaty on the condition that Japan would rearm before the peace treaty was signed. Inseparable from the Japanese peace negotition, rearmament became the key issue in United States-Japan relations.

Creation of A New Japanese Force

The Korean War suddenly shifted the focus of Japanese security from American bases to Japanese rearmament. Japanese rearmament began in July when General MacArthur authorized the Japanese government to create a National Police Reserve of 75,000 men and to increase the Maritime Safety Force by 8,000 men. Washington welcomed MacArthur's order. It hoped to rearm Japan rapidly. John Allison, director of the Division of Northeast Asian Affairs, desired a stronger measure to improve the

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[41]The Secretary of State to the United States Political Advisor to SCAP, January 3, 1951, Foreign Relations: 1951, vol. 6, 778-779.

[42]Draft Letter to Mr. Dulles, Enclosure 2 to Memoranda by the Acting Director of the Office of Northeast Asian Affairs, January 6, 1951, ibid., 787.

Japanese police force and suggested that the Japanese police should be centralized for better performance. Allison argued that "a mere increase in numbers such as has been proposed by General MacArthur will not suffice."[43] John Foster Dulles also proposed a rapid rearmament. Contending that the United States should recruit Japanese manpower to match the communists in Asia, Dulles drafted a more advanced plan to rearm Japan in a memorandum to Paul Nitze, director of the Policy Planning Staff. To rearm Japan before the conclusion of the Japanese peace treaty, Dulles devised technical methods to establish Japanese armed forces under the occupation regulations and especially the "Peace Constitution" of Japan. According to Dulles, the United States could rearm Japan by "a combination of (1) recreating a strong federal police force and coastal patrol, and (2) recruiting Japanese individually as part of an international force."[44] Dulles thought that the United States could easily avoid the Soviet veto against Japanese rearmament when the United States tried to establish Japanese contingents under Article 43 of the United Nations Charter. Dulles believed that Article 43 "could presumably include individual Japanese (even though Japan is not a member of the United Nations) and make these recruits subject to the direction of a command chosen by the Security Council rather than subject to political direction from the Japanese government."[45]

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[43]Enclosure to Memorandum of Conversation by the Director of the Office of Northeast Asian Affairs, July 24, 1950, Foreign Relations: 1950, vol. 6, 1251; Memorandum from John Allison to Dean Rusk, July 12, 1950, 794.5/7-1250, Internal Affairs of Japan, 1950-54, microfilm, reel no. 16.

[44]Memorandum by the Consultant to the Secretary to the Director of the Policy Planning Staff, July 20, 1950, Foreign Relations: 1950, vol. 6, 1246-1248.

[45]Ibid.

Dulles's interpretation was based on the erroneous view that the United Nations Charter was binding on every country in a legal sense and could be made to override national constitutional law. Furthermore, Japan was not even a member of the United Nations at that time. Dulles's suggestion of referring to the United Nations Charter was no more than cosmetic surgery to conceal the rearmament of Japan from public critics.

Dulles was not alone in advocating rapid Japanese rearmament. The Policy Planning Staff also supported Japanese rearmament. The Korean conflict and the deep uncertainties in the Far East, according to the Policy Planning Staff, made it imperative that the United States create Japanese armed forces. The Policy Planning Staff suggested improvement of the police force rather than creation of new Japanese military contingents under Article 43 of the United Nations Charter.[46] From the beginning, the Policy Planning Staff clearly supported the National Police Reserve.[47]

In contrast to opinion in Washington, Tokyo did not believe that the outbreak of the Korean War necessitated Japanese rearmament. When General MacArthur ordered the Japanese government to establish a new police reserve, the Japanese government was confused about his intention. For clarification the Japanese government sent Okazaki Katsuo, chief cabinet secretary, to General Headquarters to meet Lieutenant-General Courtney Whitney, head of the Government Section, who gave the impression that the United States did not want a simple increase in police strength but an embryonic army to

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[46]Unsigned Memorandum by the Policy Planning Staff, July 26, 1950, ibid., 1255-57.

[47]Dower, Empire and Aftermath, 384.

be equipped with tanks and heavy artillery.[48]

Immediately the Yoshida government held an emergency cabinet meeting to discuss the issue. Yoshida emphasized that Japan could not rearm because of Article 9 of the constitution, weak economic conditions, and possible criticism of other countries.[49] There were additional, pragmatic reasons for Yoshida's opposition. First, Yoshida believed that rearmament would revive militarism in Japanese politics. Second, Yoshida never believed that Japan was in danger of imminent attack from the Communist world. He did not accept the thesis that the Korean War was the first step in a Soviet-directed campaign for world conquest focusing on Japan.[50] Although Yoshida believed that American military withdrawal in 1949 from South Korea provided the green light for the Communist aggression, he did not feel that Japan needed to rearm. Allowing United States forces to stay in Japan would be enough for Japanese security.[51] He did not have any reason to rearm Japan. Even if Japan rearmed itself, the Prime Minister believed that Japanese military forces would make no difference for Japanese security in a war between the United States and the Soviet Union. What the Japanese government really feared was Japan's excessive involvement in the United States' security system in the Far East.[52]

Without choices under the occupation, the Japanese government decided to

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[48]Hata Ikuhiko, Shiroku nihon saigunbi (Tokyo: Bungei Shunju, 1976), 142.

[49]Dower, Empire and Aftermath, 387.

[50]Ibid., 388-389.

[51]Shigeru Yoshida, "Japan and the Crisis in Asia," Foreign Affairs 29(Jan. 1951): 174.

[52]Welfield, Empire in Eclipse, 48.

establish the National Police Force in a limited manner.[53] To avoid critism on revival of Japanese military force from neighboring countries, the Japanese government emphasized that the decision to establish the National Police Reserve was not its own. On July 26, 1950, the minister for justice, Ohashi Takeo, told the Diet that "I consider that the establishment [of the Police Reserve Force] should be viewed in the same light as other orders previously issued to the Japanese government by the Supreme Command for the Allied Powers."[54] In addition, the Japanese government desired to avoid large-scale rearmament and involvement in an American-centered regional security system while, at the same time, seeking its military security from the United States.

From this point of view, on July 29, 1950, Prime Minister Yoshida publicly withdrew his offer of American military bases, announcing in the Diet that "I am against leasing military bases to any foreign country." Yoshida even said that "Allied powers do not intend to make such a demand, as it is the desire of the Allied powers to keep Japan out of war."[55] Three days later the Vice Minister of the Foreign Ministry Ichiro Ohta repeated Yoshida's statement. He informed William Sebald that Prime Minister Yoshida opposed "any foreign troops remaining in Japan upon the conclusion of a peace treaty."

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[53]With the Korean War, in part, Yoshida needed a greater police force to maintain domestic order as United States forces moved to the Korean front. Before the Korean War broke out, about 40,000 American troops cooperated with the decentralized Japanese police force to maintain Japanese internal order.

[54]Hata, Shi rokui nihon sai gunbi, 142-3.

[55]Memorandum by the Office in Charge of Japanese Affairs to the Director of the Office of Northeast Asian Affairs, August 2, 1950, Foreign Relations: 1950, vol. 6, 1262-1264.

Concerning Japanese security expectations, the vice minister stated that "Japan would rely upon UN protection as in the case of the Republic of Korea."[56]

Despite Yoshida's statements, American officials did not believe that he really opposed American military bases in Japan. When William Sebald sent his assessment of the Yoshida statement to Washington, he speculated that the prime minister seemed "to be laying the groundwork for future bargaining" by changing his previous positions on military bases. Sebald believed that Yoshida was "probably prepared to accept them at least for a defined short period of time, provided the other treaty terms and supplementary concessions (such as economic aid) are adequate."[57] He concluded that Japan wanted to use the issue of American bases as a bargaining chip in the peace negotiations. Accordingly, Sebald in Tokyo believed that the United States could push Japan beyond the issue of American bases and toward rearmament. On August 25, 1950, Sebald and Charles N. Spinks, first secretary of the mission, reported to the State Department that the Korean War provided a good chance to rearm Japan. They contended that "notwithstanding officials and public confusion on the issue, there exists in Japan a large body of opinion which, in the light of the Korean conflict, would be in favor of establishing a Japanese defense force." Sebald and Spinks contended that "Japan must be partially rearmed" and that the National Police Reserve should be expanded into a highly

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[56]Ibid.

[57]Memorandum by the Office in Charge of Japanese Affairs to the Director of the Office of Northeast Asian Affairs, Foreign Relations: 1950, vol. 6, 1263-4.

mobile ground force trained specially to meet amphibious and air assaults.[58] To defend Japan from amphibious invasion, in particular, those two officials believed that Japan needed to create an armed coast guard to supplement the Maritime Safety Force and eventually establish a limited air force of fighter units.[59]

American officials' assessment about Japanese rearmament was close to the public opinion in Japan. From the beginning of the Korean War, a majority of the Japanese public supported Japanese rearmament, although a substantial minority opposed it. Two of the three major daily newspapers in Tokyo- the Mainichi and the Yomiuri- supported rearmament from the beginning of the war. In August 1950, a Yomiuri Shimbun public opinion poll showed 39 percent of respondents supporting rearmament, 33 percent opposing, and 28 percent answering "Don't Know."[60] The Korean War strengthened especially the conservatives to escalate their efforts for rearmament. The former military officers, expecting better opportunities for themselves, worked hard for a full scale rearmament and military participation in the Korean War.[61] In a letter to the chief of the American mission in Tokyo in July 1950, Koichi Seiko, a member of the Diet, suggested

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[58]Memorandum by Douglas W. Overtone of the Office of Northeast Asian Affairs to the Deputy Director, September 15, 1950, ibid., 1305-6.

[59]Ibid.

[60]Sub-Enclosure no 3 to despatch 1097 from Tokyo, January 13, 1951, 794.5/2-1351, Internal Affairs of Japan, 1950-54, microfilm, reel no. 16.

[61]Frank Kowalski, Jr. Nihon sai gunbi (Tokyo: Simul Press, 1969), 76; Memorandum by Mr. Douglas W. Overton of the Office of Northeast Asian Affairs to the Deputy Director, September 15, 1950, Foreign Relations: 1950, vol. 6, 1305-6.

that Japan needed to create an international Volunteer Defense Force and insisted upon the immediate formation of a force capable of protecting Japan from "another totalitarian menace."[62] Because the outbreak of hostilities in Korea spurred the Japanese Communists toward an intensification of underground activities, according to Seiko, the present Japanese forces were inadequate even for protecting domestic peace. Former Major-General Takeo Matsuda, an out-spoken advocate for Japanese rearmament, insisted that a new Japanese army should be about twice as big as that of South Korea.[63]

Facing the increasing demand for Japanese rearmament in connection with the Korean War, the Yoshida government decided to contain the demand by publishing its official position on the war. Two months after the Korean War broke out, the Japanese government made a public statement, entitled "Our Position in the Korean Conflict." Assuming that "in case of unprovoked aggression against Japan, like the one in Korea, we may rest assured that the democracies of the world would join in stretching forth a helping hand," the Japanese government pledged to "give the United Nations the strongest possible cooperation and, thereby, build peaceful and democratic Japan under the United Nations guaranteed security."[64] The Japanese government declared that "the only thing capable of defending us from the brute force of communism is the strength which comes

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[62]Mission's telegram 245, July 29, 1950, 794.5/7-2950, Internal Affairs of Japan, 1950-1954, microfilm, reel no. 16.

[63]Japan News, July 26, 1950.

[64]Mainichi, August 19, 1950, 2.

from the unity of democracies."[65] It denied the possibility of rearmament, emphasizing that "to cooperate with the democracies and assist for strengthening their unity should be considered as nothing less than a measure for our own self-defense." With the statement, it became clear that Japan would seek a security guarantee through the United Nations. Nevertheless, Tokyo's official statement was more wishful thinking than a reflection of reality. It was even "sophistry."[66]

Before the official statement came out, the Japanese government had already begun a nation-wide recruitment for the National Police Reserve on August 13, 1950. The establishment of the National Police Reserve rapidly proceeded during the summer of 1950. MacArthur pushed the Japanese government to establish the National Police Reserve by the beginning of September because the United States Seventh Division in Hokkaido was scheduled to leave Hokkaido for Korea on September 10, 1950.[67] On August 10, 1950, the Japanese government issued the Police Reserve Force Order, which proclaimed that a National Police Reserve would be established outside of the framework of the existing police forces. The Japanese government designed the National Police Reserve as a highly centralized force administered by a specially established headquarters under direction of an official responsible to the prime minister.[68] Before the appointments

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[65]Ibid.

[66]Dower, Empire and Aftermath, 384.

[67]There was a rumor in Japan that the Japanese prisoners of war retained by the Soviet Union in Sakhalin might attack Hokkaido after the 7th Division left for Korea, Kowalski, Nihon sai gunbi, 121-122.

[68]Otake, ed. Seno nihon boehi mondai siriyu shiu, vol. 1, 446-447.

of high ranking officials to the Police Reserve Headquarters in October, 1950, recruitment and training of officers and men began. A great number of former officers and the general public applied for the National Police Reserve. On August 23, the first group of 7,000 men began training.[69] By the end of October 1950, after an intensive nation-wide recruitment, some 75,000 men joined the National Police Reserve. The police reserves were dressed in American uniforms, armed with American weapons and trained by Japanese commanders under direct supervision of American officers. Japan provided pay, allowances, lodging, and transportation for the police reserves; and the United States supplied American officers as instructors as well as necessary ordnance, ammunition, communication and technical equipment which Japan could not manufacture.[70] In his memoirs, William Sebald wrote his impression about the new Japanese force:

> The new Japanese Army, in fact looked as though it had been made in the United States. On a visit to one of the training camps, I thought at first I had stumbled into an American base, or everything from guns to fatigues was GI. Only when I saw the Japanese soldiers eating with chopsticks did I fully realized that these were, indeed, soldiers of another Japanese generation, with a new mission. I was struck by the zest of the drills, their high morals, and the energy demonstrated by officers and men. Even so, it seemed somewhat anomalous that Americans should be teaching the Japanese how to be soldiers.[71]

The Korean War created a new Japanese military force. Although the National Police Reserve lacked military capacity to be a regular army, it was an undeniable forerunner of

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[69]Fujiwara, Nihon gunji shi, 28.

[70]Memorandum by Mr. Douglas W. Overton of the Office of Northeast Asian Affairs to the Acting Director of That Office, Jan. 19, 1951, Foreign Relations: 1951, vol. 6, 808.

[71]Sebald, With MacArthur in Japan, 198.

future Japanese armed forces. The National Police Reserve evolved gradually into a regular military force during the Korean War.

Rearmament during Peace Negotiations

When the Korean War brought dramatic changes in United States-Japan relations, Japan needed to redefine its policy toward a peace settlement. Japanese leaders realized that they could not refuse American military bases in the main islands because American bases in Japan already had proved indispensable for United States military efforts in Korea. Resolution of the security issue in a peace treaty seemed within easy reach if the United States limited its request to bases. Prime Minister Yoshida nevertheless knew that Washington would ask larger scale Japanese rearmament than the National Police Reserve. To avoid American pressure for rearmament, Yoshida felt that he needed to propose a security treaty between the United States and Japan which included American military bases in Japan. If the United States accepted a security treaty with Japan, Yoshida believed that the United States would press other countries to sign the peace treaty because most member countries of the Far Eastern Commission except the Soviet Union were under American influence.[72]

From the perspective, in early September 1950, Yoshida asked Kumao Nishimura, director of the Treaty Bureau of the Foreign Ministry, to draft a peace treaty and a security treaty simultaneously. The Treaty Bureau immediately began to work on the drafts and submitted on October 10, 1950, the first draft of a security treaty, entitled "Anjen boshou ni kansuru nichi-bei joyakuan [A Proposal for a Security Treaty between

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[72]Nishimura, Nihon gaiko shi, 81-82.

Japan and the United States]" which was also called B Plan.[73] The security treaty proposed that an unarmed Japan maintain its security through the United Nations, mainly the United States. In case of aggression against Japan, the United States would automatically intervene under the authorization of the United Nations. Worrying about questions from the opposition parties about the future security treaty, the Treaty Bureau devised the technical method of keeping the American military guarantee indirectly.[74] Although Yoshida did not refuse the B Plan, he wanted the rearmament issue clafified.[75] He ordered the Treaty Bureau to prepare another treaty draft on the rearmament question. Yoshida requested the bureau to concentrate on the question of rearmament because he believed that Japan should remain disarmed. In the prime minister's own words, "the peace treaty negotiations must proceed along the premise of unarmed Japan." Yoshida also wanted to "offer some ideal plan calling for demilitarization or military restrictions."[76] Under instructions from Yoshida, Nishimura finished "Boku taieiyo jiki ni okeru heiwa oyobi anjen no kiyouka no tamaeno Daean [A Proposal for the Advancement of Peace and Security in the Northern Pacific Region]," which was called

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[73]Nishimura, Nihon gaiko shi, 80.

[74]Gaimusho, "Anjen boshu ni kansuru nichi-bei joyakuan (B Plan),"in Sengo nihon bouei mondai siriyushiu, vol. 2, gowha to saigunbi no gankakuhwa, ed. Otake Hideo(Tokyo: Sanichi shobo, 1992), 21-22.

[75]Prime Minister Yoshida refused to approve the peace treaty draft, in which the Treaty Bureau surprisingly suggested a total peace including the Soviet Union and Communist China as the signers of the treaty. When Yoshida read the draft, according to Nishimura, "his [the prime minister's] face turned bright red. . . .Yoshida [then] raked me over the coals for supporting the bankrupt position of the opposition parties, and told me to come up with a more realistic draft"; Quoted by Yoshitsu, in Japan and the San Francisco Peace Settlement, 43.

[76]Nishimura Kumao, Anjen hosho joyakuron (Tokyo: JiJi Tsushinsha, 1959), 27.

Plan C. As Yoshida requested, the Treaty Bureau stated that Japan and Korea would be disarmed totally and protected by the four powers--the United States, China, the Soviet Union, and England. The draft suggested a demilitarized zone in the Far East. In addition, there would be reduction of British, Soviet, and Chinese military forces in the Pacific.[77] Yoshida hoped to base a security treaty on Plan B or Plan C.

During the winter of 1950, the Japanese government wanted a peace treaty with a security treaty with the United States while opposing rearmament. Yoshida desired to achieve an immediate restoration of Japanese sovereignty at any price except a massive rearmament. But public opinion influenced by the Chinese intervention in Korea was not in his favor. As the military situation in Korea worsened, advocacy of rearmament became stronger in Japan. Reflecting this trend, a public opinion survey done by the Mainichi in mid-December showed that 65.8 percent of respondents supported rearmament. In November 53.8 percent were in favor of rearmament.[78] Many government officials also supported Japanese rearmament. On December 22, a director of the Repatriation Section in the Foreign Ministry, Y. Takeno, said that Japan should rearm immediately when he had a meeting with Stanley Carpenter, an official of the American mission in Tokyo. "In view of the seriousness of the world situation," Takeno argued, the "U.S. should not hesitate on Japanese rearmament even if it meant disregarding the desires and viewpoints of other democratic countries."[79] Speculating on

[77]Gaimusho, "Boku taieiyo jiki ni okeru heiwa oyobi anjen no kiyoka no tameno daean," in Otake, ed. Sengo nihon bouei mondai siriyusiu, vol. 2, 29-33.

[78]Mission's Despatch from Tokyo 956, January 19, 1951, 794.00/1-1951, Internal Affairs of Japan, 1950-1954, microfilm, reel no. 1.

Yoshida's opposition to rearmament, Takeno suggested that the prime minister's reasons might be "the reverse of his actual feelings and that often the Prime Minister must make contradictory public statements for political or diplomatic reasons."[80] Despite strong pressure on rearmament, Prime Minister Yoshida tried to play down the issue, for he was determined to oppose any military increase.[81] In the words of a Japanese diplomatic historian, Hosoya Chichiro, Yoshida perceived that "rearmament had to be postponed as long as possible so that Japan could have an adequate time to rebuild her war-devastated economy."[82] By the end of 1950, there was little doubt that the question of rearmament was uppermost in the minds of most Japanese but there was also evidence of much confusion on the issue. American pressure, after the Chinese Communists intervened in Korea, compounded the confusion.

While Chinese Communist forces pushed United Nations forces southward in Korea during the winter of 1950-51, the State Department announced on January 11, 1951, that Dulles would confer with General MacArthur and the Japanese leaders on a peace settlement. The news that Dulles would come to Tokyo for a peace negotiation

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[79]Memorandum of Conversation, Tokyo, December 22, 1950, Enclosure to Foreign Service Report from Tokyo to State Department, December 29, 1950, 794.5/12-2950, ibid.

[80]Ibid.

[81]On several occasions in December, for example, Yoshida minimized the possibility of another world war. In his New Year's Day message, while emphasizing "the spirit of patriotism and independence and a firm resolve to stay on the side of peace, freedom and justice", Yoshida did not mention a word about the rearmament; Mainichi, January 1, 1951, 1.

[82]Hosoya Chichiro, "Japan's Response to U.S. Policy on the Japanese Peace Treaty: The Dulles-Yoshida Talks of January-February 1951," Hitotsubashi Journal of Law and Economics 10 (Dec. 1981): 20.

caused a great concern among Japanese leaders. The Japanese government prepared a second draft of a peace treaty, entitled "Dulles komun bounichi ni kansuru kutari [A Study in Preparation for Dulles' Visit]," which was also named Plan D.[83] In the Plan D, the Treaty Bureau recommended opposition to rearmament and suggested a security treaty arrangement with the United States.[84]

Although the polls indicated major support for Japanese rearmament, there was also considerable opposition.[85] The division was reflected in the political parties. On January 20, 1951, the Liberal Party and the Democratic Party had their national conventions. Although the two parties confirmed support for the early conclusion of a peace treaty, the two parties showed differences on rearmament. The Liberals wanted to have Japan's national security guaranteed by the United Nations.[86] In contrast, the Democrats advocated rearmament for self-defense. Opposing the ruling party's reliance on the United Nations for security, Hitoshi Ashida, former foreign minister and Democratic Party leader, commented that Yoshida's view on the national security was "too optimistic and improvising."[87] In an article, entitled "Self Defense for the Sake of

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[83]Nishimura, Nihon gaiko shi, 84-85; The D Plan, after slight modification in January 1951, was submitted to Dulles during the Dulles-Yoshida talks in late January 1951.

[84]Gaimusho, "Dulles Komun bounichi nikansuru kutari (D Plan)," in Otake, ed., Sengo nihon bouei mondai siriyushiu, vol. 2, 29-33.

[85]About the public opinon of Japan, see p.110 in this dissertation. During the fall and winter of 1950-51, Japanese newspapers continuously reported the possibility of the rearmament proposal of the United States.

[86]Mainichi, January 22, 1951, 1.

[87]Ibid.

Peace," published in Mainichi on January 20, 1951, Ashida stated that "our new Constitution aims at the establishment of a peaceful world, and therefore, to have a force for self-defense would be an innate right of a nation."[88] Ashida believed that Japan could rebuild its military strength for self defense without a constitutional revision.

On the other hand, the Communist Party and the Socialist Party stubbornly opposed Japanese rearmament and advocated neutrality. At the beginning of the seventh Socialist national convention on January 19, 1951, the party confirmed its three basic principles for foreign policy -conclusion of an overall peace, opposition to the lease of military bases, and maintenance of neutrality.[89] Mosaburo Suzuki, new chairman of the party, said that he would risk his life in supporting the party's three principles.[90] Criticism from both the right and the left posed a political dilemma for Yoshida on two inseparable issues: rearmament and independence.

In addition, many countries criticized Japan on the rearmament issue. As early as 1946, the Soviet representatives in the Allied Council for Japan and in the Far Eastern Commission charged that in departing from a demilitarization program, American occupation authorities were taking steps to rearm Japan. Soviet and Chinese propaganda asserted that the "revival of militarism" in Japan "would present a serious threat to the cause of peace in the Far East."[91] In November 1950, the Chinese Communist

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[88]Mainichi, January 20, 1951, 1.

[89]Mainichi, Jan. 20, 1951, 1; ibid., January 22, 1951, 1.

[90]Ibid., January 24, 1951, 1.

representative Wu Hsiu-chuan, who came to New York to work for Chinese entrance to the United Nations, proclaimed that the United States "has not only turned Japan into its main Far Eastern base in preparation for aggressive war but it has already begun to use this base as a means of launching aggressive war against a series of Asiatic countries. The headquarters of the US aggression against Korea and Taiwan is in Japan."[92] Australia, New Zealand, the Philippines, Indonesia, and even India strongly opposed Japanese rearmament. Indian Prime Minister Jawaharlal Nehru said on January 21, 1951, that "a rearmed Japan would be a greater menace to world peace than an unarmed Japan."[93] When Yoshida talked about the rearmament of Japan at the Tokyo Correspondents Club on January 11, 1951, he recognized that " there are nations who fear a resurgence of Japanese militarism."[94]

Just before Dulles's arrival in Tokyo on January 25, Jiro Shirasu, a close friend and adviser to Yoshida, told Robert Feary, an official of the Office of the Northeast Asian Affairs, that Yoshida opposed Japanese rearmament as he had publicly announced.[95]

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[91]Soviet-Communist Pronouncements on Japanese Rearmament, February 19, 1951, Enclosure A to Central Intelligence Agency, "Probable Effects on Soviet Intentions and Capabilities of Arming the Japanese National police Reserve as Four Fully Equipped Divisions," February 21, 1951, Intelligence File Box 258, Harry S. Truman Library, Independence, Missouri.

[92]Quoted in the Central Intelligence Agency, Probable Effects on Soviet Intentions and Capabilities of Arming the Japanese National Police Reserve as Four Fully Equipped Divisions, February 21, 1951, Intelligence File Box 258, Harry S. Truman Library, Independence, Missouri.

[93]Mainichi, January 23, 1951, 1.

[94]Mainichi, January 12, 1951, 1.

[95]To prepare the Dulles-Yoshida talks, Feary came to Japan on January 23, two days earlier than Dulles arrived in Tokyo.

Instead of rearmament, Shirasu emphasized that the rebuilding of Japan's economy would be a better way of binding Japan to the Western world.[96] Yoshida also clarified his opposition in his administrative policy speech at the Diet on January 26, 1951; he said that "our discussion on rearmament has already caused needless misgivings at home and abroad." In particular, he emphasized that "actually any adequate rearming is an economic impossibility for a defeated Japan."[97] Although Yoshida pointed out that "economic self-support alone will not suffice" to keep Japan a truly independent nation, he contended the economic rebuilding was the most urgent national objective of Japan.[98] On January 17, 1951, when Yoshida replied to a question on rearmament raised by Yoshio Nakata, Socialist member of the Diet, he emphasized that economic conditions prevented Japanese rearmament. He said that "Japan is not yet fully recovered from the financial and economic scars suffered in the war. Rearmament under such a condition will jeopardize the state setup[foundation], incurring criticism from abroad."[99] In contrast, John Foster Dulles was determined to get agreement on rearmament. Holding these opposite positions on the question, Dulles and Yoshida had their first meeting on January 29, 1951. The American negotiator raised the issue at the very beginning of the conversation. Dulles emphasized that "Japan should be willing to make at least a token contribution and a commitment to the general cause of collective security." Yoshida responded that Japan

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[96]Memorandum by Mr. Robert A. Feary of the Office of Northeast Asian Affairs to the Consultant to the Secretary, January 25, 1951, Foreign Relations: 1951, vol. 6, 810.

[97]Mainichi, January 27, 1951, 1.

[98]Ibid.

[99]Mainichi, January 28, 1951, 1.

would be willing to make some contribution not through military buildup but through Japanese industrial capacity. At the end of the first meeting, there was no evidence of mutual concessions. In dealing with Dulles, Yoshida employed a strategy of contrived stubbornness. Whenever Dulles emphasized the necessity of Japanese rearmament, Yoshida was ambiguous and noncommittal.[100]

On January 30, Dulles and Yoshida had their second meeting. The large-scale Japanese rearmament program again was the key issue. Dulles mentioned creating an armed force of 350,000 men. He also wanted Japan's participation in some kind of regional alliance. Yoshida flatly refused to consider either matter. To press Yoshida, Dulles warned that the United States would decline to undertake any formal obligations to defend Japan, referring to the Vandenberg Resolution which was adopted by the United States Senate in June 1948. The Vandenberg Resolution proclaimed that the United States would join only such regional and other collective arrangements as were based on continuous and effective self-help and mutual aid.[101] Yoshida answered that Japan could contribute to the United States efforts with bases, labor, and industrial power. Again

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[100] According to William Sebald, who had attended the Dulles-Yoshida talks on June 22, 1950, ambiguity was always Yoshida's style in dealing with Dulles: Sebald decried that " Yoshida,as usual, spoke in circles and parables; he refused to commit himself in any way. The most he would say was that security for Japan was possible, providing the United States took care to preserve Japan's proper [sovereignty]. Yoshida said that Japan could have security if she demonstrated to the world that she is democratic, demilitarized, peace-loving. The world opinion would protect her. Now, parenthetically again. These words, incidentally, or much of these words were taken from various policy decisions of the Far Eastern Commission, and I think Yoshida was sort of rubbing it in," Cited by Yoshitsu, Japan and San Francisco Peace Settlement, 42.

[101] When Dulles announced his public statement on February 11, 1951, after he failed to push Yoshida to take the road of rapid rearmament, he mentioned again the Vandenberg Resolution; Mainichi, February 11, 1951.

there was no progress on the rearmament issue in the second meeting.[102] The Yoshida government repeatedly insisted that Japan would "seek other means than rearmament for maintaining the country's security."[103]

After one more futile discussion the last day of January, Yoshida and Dulles stopped meeting. Their subordinates took up the negotiation. On February 1, 1951, the Americans asked Japan to establish a central bureaucracy, equivalent to the Defense Department in the United States, to aid the Japanese armed forces. In addition, the Americans pressed the Japanese to establish a land force because the current National Police Reserve could not convert to a regular military force in an emergency. The Japanese representatives rejected the proposal, saying that the Japanese constitution prohibited any form of military force. Although the subordinates were less inhibited in searching for a compromise than Dulles and Yoshida had been, neither side made any significant concessions until February 3, 1951, when the Japanese proposed a modified rearmament plan.

That concession resulted from Washington's continued pressure. In particular, Dulles appealed to the Japanese public at the American-Japan Society luncheon on February 2. In describing four opportunities regarding the peace settlement -(1) opportunity [for Japan] to protect its full sovereignty, (2) opportunity to share in

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[102]Immediately after the second meeting, Yoshida submitted a paper, written by the Foreign Ministry on Japanese opposition to the rearmament, to Dulles; Gaimusho, "Wake kata kaen kei," in Otake, ed. Seno nihon bouei mondai siriyushiu, vol. 2, 40-41.

[103]Undated Memorandum by the Prime Minister of Japan, Foreign Relations: 1951, vol. 6, 833-4.

collective security against direct aggression, (3) opportunity to raise her standard of living, (4) opportunity to achieve moral stature and respected leadership, Dulles emphasized that Japan should "share collective protection against direct aggression."[104] His speech was pressing and tough-minded. After this strong speech on rearmament, Japanese officials realized that if they were going to get a peace treaty, they would have to agree to definite steps toward rearmament. On February 3, the Japanese government finally submitted a modified rearmament plan, entitled "Sai gunbi keigaku no tameno douha sochi [Initial Steps for Rearmament Program]" to John Allison. This proposal was the most important Japanese document on Japanese rearmament.[105] In the proposal, the Japanese government drastically changed its position by suggesting that Japan would establish an armed force of 50,000 men along with the National Police Reserve and the Maritime Safety Force. The document also revealed that Japan would create a Security Planning Headquarters in the Security Ministry aided by military experts from the United States and the United Kingdom.[106] The Security Planning Headquarters would function like the Joint Chiefs of Staff of the United States. The proposed size of the armed force was much smaller than Dulles expected. Nevertheless, the Americans thought that creation of an armed force of

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[104]Mainichi, February 3, 1951, 1; Yoshida attended the luncheon where Dulles spoke. When Yoshida was asked about Dulles' speech at the House of the Representatives Budget Committee on the same day, he said that it was reasonable. But he did not make any further comments; Mainichi, February 4, 1951, 1.

[105]Neither the United States nor Japan has published this document in full. When the Tokyo Shimbun published many of the details about the document in 1977, Kumao Nishimura, one of Japan's key negotiators, confirmed the accuracy of the story in the newspaper; Otake, ed. Sengo nihon bouei mondai siriyushiu, vol. 2, 41-47.

[106]Gaimusho, "Sai gunbi keigaku no tameno douha sochi [Initial Steps for Rearmament Program]," in Otake, ed. Sengo nihon bouei mondai siriyushiu, vol, 2, 47.

50,000 men would be Yoshida's last offer. The American officials could console themselves that they had won a partial victory, and they could afford to wait for more.

The rearmament proposal of the Yoshida government marked the turning point in the Yoshida-Dulles talks. Negotiations on other peace treaty issues progressed quickly. On February 5, the American officials handed to the Vice Minister of the Foreign Ministry, Sadao Iguchi, a lengthy paraphrase of the peace treaty draft whose major points included no restrictions on Japan's peacetime activity, no demands for reparations, recognition of Japan's right of self-defense, and United States control of the Ryukyu and Bonin Islands until the United Nations approved trusteeship arrangements.[107] The draft paid little attention to traditional peace treaty issues, such as property claims and economic rights. Although several technical issues were discussed, such as fisheries, war damage claims, and dumping of exports, they were treated as of little significance. Rearmament dominated the negotiation process. After Yoshida and Dulles had a third and final meeting on February 7, they finished their talks on February 9, 1951. In the Dulles-Yoshida talks, the United States and Japan had laid out the basic principles of the Japanese peace treaty and the security treaty which would be signed by September 1951. Yoshida in his memoirs stated that the Yoshida-Dulles talks were "in the main incorporated in the final treaty."[108]

After months of preparation over detailed provisions, the United States reached

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[107]Memorandum Prepared by the Dulles Mission, February 3, 1951, Foreign Relations: 1951, vol. 6, 849-855.

[108]Yoshida, Memoirs, 251.

the conclusion of the Japanese peace treaty at the San Francisco conference and simultaneously agreed on a security pact which granted American forces extensive base rights in the post-occupation period. To assure the non-Communist countries that a rebuilt Japan would not be a military threat to them, the United States negotiated mutual security treaties with the Philippines, Australia, and New Zealand.[109] These arrangements led to a series of defense treaties with South Korea (1953), Taiwan (1954), and the Southeast Asia Treaty Organization (SEATO 1954). Throughout the Korean War, Japan became an indispensable military ally for the United States. The Korean War was a catalyst for American security policy toward Japan.[110]

Rearmament under Pressure

After the Korean War broke out, it took more than a year for the United States to have international approval of the Japanese peace treaty at the San Francisco peace conference in September 1951. Confronting military difficulties in Korea, particularly Chinese Communist intervention, the United States could not wait until the time when Japan could legally rearm itself. Facing overwhelming Chinese land forces in Korea, United States military leaders insisted on promoting the National Police Reserve, which had been equipped with only carbines by the end of 1950, into a regular military force. General MacArthur said to the Department of the Army on January 3, 1951, that "the current situation dictates an urgent need for furnishing equipment to NPRJ [National

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[109]Ibid.

[110]Thomas J. McCormick, America's Half-Century: United States Foreign Policy in the Cold War(Baltimore: Johns Hopkins University Press, 1989), 100.

Police Reserve-Japan], priority to be co-equal with Korean requirements, with least practicable delay."[111] The Joint Chiefs of Staff concurred with MacArthur and recommended that Japan needed to increase its armed force from four divisions to ten divisions armed with "heavy equipment".[112] Defense Secretary George C. Marshall agreed with the Joint Chiefs of Staff to ship heavy weapons to Japan.[113] The Department of Defense opened discussion on that issue with the Department of State.

The Department of State opposed providing heavy weapons to Japan. In a memorandum for the Secretary of State on February 22, 1951, Dean Rusk, assistant secretary of state for Far Eastern Affairs, insisted that provision of heavy equipment for Japan would bring strong opposition from the Japanese themselves and the neighboring countries. Even though the United States could equip the Japanese police reserve with heavy weapons, according to Rusk, the Japanese force would not make any difference in defending Japan against a Soviet invasion. Furthermore, it was clear that the Japanese National Police Reserve could not transform itself into a regular military force in limited time. Rusk believed that the premature rearmament of Japan would delay the Japanese

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[111]Quoted in Memorandum for the Secretary of Defense, February 1951, Foreign Relations: 1951, vol. 6, 884.

[112]Ibid., 885; It was not clear what the "heavy equipment" meant at that time. Later the State Department and the Defense Department agreed that "the heavy equipment" meant "tanks, all types; artillery, all types; recoilless rifles; mortars larger than 81 mm; rockets larger than 3.5 inch; and similar heavy weapons." Memorandum by the Joint Chiefs of Staff to the Secretary of Defense, September 14, 1951, ibid., 1350.

[113]The Secretary of Defense to the Secretary of State Feb. 15, 1951, ibid., 884.

peace treaty.[114] The Joint Chiefs of Staff stated that "the current threat to the security of Japan is expected to become particularly acute in early May."[115] Based on Rusk's recommendation, James Webb, acting secretary of state, told the Department of Defense on March 1, 1951, that "if the Japanese are provided heavy weapons prior to a successful conclusion of the present treaty negotiations, it could well seriously jeopardize the international support" for the treaty.[116] Webb strongly opposed the immediate release of heavy weapons to the Japanese government. Instead, the Department of State suggested shipping the heavy weapons to Japan but keeping it on American bases until the peace treaty was finished.[117] The Department of Defense agreed with the Department of State and President Truman officially approved shipping heavy weapons to Japan on May 1, 1951. By September, 1951, the United States had shipped a large supply of 105 mm and 155 mm howitzers and a major portion of the tank requirements for four divisions of the Japanese National Police Reserve.[118]

In Japan there was strong pressure on the Yoshida administration for rearmament

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[114]Memorandum by the Assistant Secretary of State for Far Eastern Affairs to the Acting Secretary of State, Feb. 22, 1951, ibid., 888-895.

[115]Ibid.

[116]The Acting Secretary of State to the Secretary of Defense, Mar. 1, 1951, ibid., 898-899.

[117]Ibid.

[118]Memorandum by the Joint Chiefs of Staff to the Secretary of Defense, September 14, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 1349-50; By the end of the occupation in the spring of 1952,the Japanese National Police Reserve had been incremental equipped with pistols, carbines, M-1 rifles, 30-caliber and 50-caliber machine guns, 60-mm. and 81-mm. mortars, bazookas, flame-throwers, artillery, and tanks (so-called "special vehicles"). In addition, Japan were on the verge of receiving aircraft, Dower, Empire and Aftermath, 384.

while the Chinese Communists were threatening American positions in Korea. The Japanese proposal for rearmament, although it was from non-governmental source, was hardly less ambitious. In March 1951, former vice admiral Takagi Sokichi called for the creation of an air force of five fighter divisions (with 350-370 fighters per division) and four medium-bomber divisions (160-180 bombers per division); a three-flotilla navy (with one cruiser and 32 destroyers per flotilla); and a highly mechanized army of 150,000 to 200,000 men.[119] Hattori Takushiro, a former member of Japanese Imperial Army General Staff, submitted a proposal to the Supreme Commander for the Allied Powers for the immediate organization of twenty infantry divisions.[120] Nevertheless, Prime Minister Yoshida never believed that the Soviet Union or Communist China would attack Japan. Yoshida thought that the Soviet Union could not match the United States because the United States had much superior economic capacity and Chinese armed forces were primitive coolie armies.[121] As long as Japan remained under the protective American umbrella, there would be no reason to rearm Japan.[122] Given the American naval and air power in the Far East, in fact, it was improbable that the Soviet Union would invade Japan from the Korean peninsula, the Kuriles, Sakhalin, Kamchatka, or the Siberian Maritime

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[119]Ibid., 387.

[120]Ibid.

[121]Ibid., 393.

[122]In April, 1951, the Central Intelligence Agency estimated that Japan could build a force of 500,000 men within six months or a year on the ground that Japan had a manpower pool of 15 million men with about 8 million veterans; Memorandum by the Central Intelligence Agency, April 20, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 993-1001.

Province.[123] The Japanese government did not increase the police reserve during 1951. It had placed police reserves intensively in the industrial cities of the Kanto plains, the Kinki region, and northern Kyushu where Communist influence was strong. In contrast, less than a quarter of the force was stationed in Hokkaido and northern Honshu where Soviet territory was close but the Communist influence was weak.[124] Several thousand members of the police reserve were assigned for other non-combat duties like guard duties around occupation installations, storage depots, and munitions dumps.[125]

After the Japanese peace treaty was signed in September 1951, Washington wanted to accelerate Japanese rearmament. In November 1951, the Joint Chiefs of Staff recommended that the Japanese army build ten divisions(about 300,000 persons) including armored calvary regiments, anti-aircraft artillery battalions, gun battalions, other combat field artillery, chemical, tank, and engineer battalions.[126] General Matthew Ridgeway, who had replaced General MacArthur as the Supreme Commander for the Allied Power in April 1951, pressed Prime Minister Yoshida to double the size of the National Police Reserve during the fiscal year of 1951.[127] By early March 1952, after vigorous debates on the nature of the future military forces, the Japanese government announced that the

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[123]Welfield, Empire in Eclipse, 80.

[124]Ibid., 77.

[125]Sebald, With MacArthur in Japan, 198.

[126]The Chief of Staff, United States Army to the Commander in Chief, Far East, December 17, 1951, ibid., 1441.

[127]Memorandum by the Assistant Secretary of State for Far Eastern Affairs to the Secretary of State, April 7, 1952, Foreign Relations: 1952, vol. 14, pt. 2, 1230-1233.

National Police Reserve would change into the National Security Agency after the end of occupation. Like the Police Reserve Headquarters, the new National Security Agency was headed by a minister directly responsible to the prime minister. Unlike the police reserve, however, the National Security Agency unified the two independent organizations-the Police Reserve and Maritime Safety Force-under one command system. Under a director-general, the first chief of staff was to command an enlarged and transformed Police Reserve and the second chief of staff was to control a reorganized, re-equipped, and expanded Maritime Safety Force.[128] It was nothing but administrative change and was a disappointment for United States leaders. Washington felt that it needed to push Japanese rearmament more effectively.

On August 7, 1952, the National Security Council proposed a long-term policy for Japanese rearmament, in which the United States would assist Japan to "develop military forces which will eventually be capable of assuming responsibility for defense of Japan against external aggression." As a first step to achieve that long term goal, the United States would "assist Japan to develop a balanced ten-division ground force and appropriate air and naval arms."[129] Ten divisions became a policy target for the United States to achieve in a short period. In addition, the National Security Council affirmed that the United States would "maintain in and around Japan United States forces in sufficient strength so that, in collaboration with Japanese forces, they can secure Japan

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[128]Welfield, Empire in Eclipse, 80.

[129]NSC 125/2, August 7, 1952, Foreign Relations: 1952-54, vol. 14, pt. 2, 1306-7.

against external aggression."[130] Under pressure from Washington on rearmament, Japan increased the National Security Agency to 90,000 men by September 1952 and increased it to 110,000 by December 1952.[131]

Along with the improvement of the police reserve, the United States pressed the Japanese government to have "appropriate air and naval arms" in NSC 125/2. To promote the Japanese navy, the United States supplied eighteen 1,500 ton frigates and fifty 250 ton landing ships by December 1952.[132] The Japanese navy began to grow. Compared with the navy, however, the Japanese air force grew very slowly. Although the Joint Chiefs of Staff set up a plan in December 1951 to allow Japan to have six fighter interceptor squadrons, twelve fighter-bomber squadrons, three tactical reconnaissance squadrons, six transport squadrons by 1954, the creation of an air force was protracted.[133] Until the end of the occupation in April 1952, there was no movement in the Japanese government to create an air force. The United States continuously pressed the Japanese government to establish an air force on the basis that Soviet air power was a major threat to Japanese security. On October 31, 1952, General Mark Clark, who became Commander in Chief in the Far East after General Matthew Ridgeway left for Europe in May 1952, reported to Washington that "the most immediate and greatest single threat to the security of Japan

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[130]Ibid.

[131]Memorandum from Young to Allison, December 18, 1952, 794.5/12-1852, Internal Affairs of Japan, 1950-54, microfilm, reel no. 16.

[132]Poole, "The History of the Joint Chiefs of Staff," 474.

[133]Memorandum by the Joint Chiefs of Staff to the Secretary of Defense, December 12, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 1432-1436; The Acting Secretary of Defense to the Secretary of State, December 15, 1951, ibid., 1439-40.

lies in the Communist air threat."[134] The Department of State supported the creation of a Japanese air force. Ambassador Robert Murphy and General Mark Clark worked closely to press Prime Minister Yoshida to create a Japanese air force but Yoshida was reluctant.[135] He believed that the build-up of an air force would cause unnecessary fears among neighboring countries like Australia, New Zealand, and the Philippines of the possible renewal of Japanese military aggression.[136]

In addition, Yoshida considered the rearmament question settled when he established the National Security Agency in August 1952. With the National Security Agency, he believed that he had carried out his commitment to Washington. Japan should now concentrate on economic recovery. At some time in the future, a substantial and independent arms build-up might be necessary, but that was a long way off. When Tokutaro Kimura, director of the National Security Agency, urged a more positive attitude to defense at a cabinet meeting on November 14, 1952, Yoshida rebuffed him and claimed that international tension would be relaxed.[137] A week later, Ogata Taketora, chief cabinet secretary, told the press that the time was not ripe for Japan to rearm and three days later the Japanese government turned down American requests for further

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[134]Memorandum by the Assistant Secretary of State for Far Eastern Affairs to the Acting Secretary of State, November 18, 1952, Foreign Relations: 1952-54, vol. 14, pt.2, 1360.

[135]The Acting Secretary of State to the Embassy in Japan, October, 28, 1952, ibid., 1348.

[136]Ibid.

[137]Welfeild, Empire in Eclipse, 81.

increases in the Japanese security force.[138] The Japanese government based its rejection on the Japanese constitution and the newly acquired anti-militaristic mood in Japanese politics. On December 4, 1952, Jiro Shirasu, Yoshida's aid, informed Dulles of Yoshida's position on rearmament that "the Japanese people had been educated throughout the Occupation to the belief that it was wrong to have a military establishment; this was in the Japanese Constitution, and it would not be possible to develop any large armament without first re-educating the Japanese people."[139] Responding to Shirasu, Dulles emphasized that "they [the Japanese] must realize that as a matter of their own self-respect they would have to bear some responsibility and fair share of the common burden of defense of the free world." Facing determined opposition to rapid rearmament, Dulles hoped that "the Japanese people would come to realize this" in the near future.[140] Dulles's wish did not become reality in a short time. Throughout the spring and summer of 1953, the Japanese government continued to oppose further expansion of Japan's military forces.[141] When Ambassador Murphy and General Clark met Yoshida to discuss the rearmament issue regarding creation of air force in May 1953, they found that Yoshida's

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[138]Ibid.

[139]Memorandum of Conversation by John Foster Dulles, December 4, 1952, Foreign Relations: 1952-54, vol. 14, pt. 2, 1364.

[140]Ibid.

[141]In March 1954, the Japanese government submitted the Defense Agency Establishment Bill to the Diet, thus initiating the most sweeping changes in Japan's defence policy since the creation of the Police Reserve Force in 1950. In May 1954, as a result, Japan possessed a de facto Ministry of Defense, National Defence Council, army, navy, air force, and Joint Staff Council; Welfield, Empire in Eclipse, 82.

attitude still was "weak and evasive."[142]

Despite Japanese reluctance in increasing military forces, the total number of both the National Security Agency and the Maritime Patrol Force had reached 180,000 when the Korean War ceased in July 1953. Washington expected the number would be ten divisions (325,000) by 31 December 1955.[143] Although the Japanese government never admitted that Japan had begun rearmament, the facts revealed that Japanese rearmament was under way. Prime Minister Yoshida feared the political impact of rearmament on domestic politics and on foreign relations with neighboring countries. The more difficult problem was that he could not openly reject rearmament proposals completely because Japan relied on Washington both military and economically. He was in a very delicate position. He had to please Washington by establishing limited rearmament while fending off criticism of Japanese rearmament. He could not please either side. Critics accused him of remilitarizing Japan and Washington criticized him of timidity in improving Japanese military forces.[144] Before the Korean War finished, General Mark Clark would set the tone of American criticism on Japanese rearmament which would repeat itself for decades:

> Rearmament became a hot political issue in Japan and Japanese leaders were quick to realize the advantage this gave them in dealing with the United States. The Japanese knew fully well we could not risk the chance of losing the

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[142]Poole, "The History of the Joint Chiefs of Staff," 475.

[143]Untitled Memorandum, March 28, 1953, Office of the Special Assistant for National Security Affairs records, 1952-1961, NSC Series, Policy Papers Subseries, Box 2, Dwight D. Eisenhower Library, Abilene, Kansas.

[144]Dower, Empire and Aftermath, 378.

> Japanese islands, with the best industrial plant in all Asia; therefore until the Japanese appropriated the funds and enlisted the men to defend themselves they were counting on Uncle Sam to keep troops on the islands.
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> This was smart politically and economically from the Japanese viewpoint. As long as we provided for the defense of Japan we paid the bill. Japanese industry and commerce profited by millions of dollars that we spent to maintain our armed forces in the country and by the untold amounts of money our troops spent for entertainment, food and souvenirs.
>
> As a matter of fact, this great outpouring of American defense money, coupled with the gigantic procurement program, spelled the difference between a balanced and unbalanced Japanese national budget.[145]

Japanese rearmament was unappreciated by everyone. It became a symbol of the chronic debate between the United States and Japan for decades.

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[145]Clark, From the Danube to the Yalu, 127-8.

CHAPTER VI

MAKING A NEW ORDER IN ASIA

The Korean War created a new international order in Asia divided into two camps. There was no neutral; there was only enemy or friend. The United States, stiffened by the Chinese intervention in the Korean War, gave up its effort to accommodate Communist China and imposed a trade embargo. Regarding a China policy, the United States and Japan showed conflicting views. The United States prohibited Japanese trade with Communist China and pressed Japan to recognize Taiwan. Japan was reluctant to follow American suggestions, for it wanted to maintain diplomatic relations with Communist China. The issue of Sino-Japanese foreign relations was one of the most controversial issues in United States-Japan relations during the Korean War. This chapter focuses on Sino-Japanese trade issue and Japanese recognition of the Nationalist regime in Taiwan.

Sino-Japanese Trade before the Korean War

Sino-Japanese trade relations began in ancient times, but grew rapidly in the 1930s and 1940s because newly industrialized Japan needed the vast China market. During these two decades, Japanese expansionists believed that Sino-Japanese trade was absolutely necessary for Japanese prosperity. In the 1930s, Japan imported 12.4 percent of its total imports from the mainland of China and an additional 20 percent came from Korea and Taiwan. Japan exported about 21.6 percent of its total exports to China while exporting

about 25 percent to Korea and Taiwan.[1] Among the exports to China, textiles were 25.8 percent of the total, machinery and tools accounted for 18 percent, food and beverages were 12.8 percent and metals and metal products were 12.4 percent. In return, Japan imported the bulk of its soybeans, oilseeds, tung oil, bristles, coal, and pig iron from China. Soybeans ranked first, amounting to 25 percent of the total, followed by coal (10.9 percent) and oilseeds (9.1 percent).[2] Sino-Japanese trade in the 1930s was based on a semi-colonial relationship. It was neither normal nor typical. Nevertheless, China was perceived generally as being indispensable to the Japanese economy.

In the postwar years, the perception remained unchanged that Sino-Japanese trade was decisive for Japan's economic survival. Japanese business circles cried for the China market.[3] When the Communists established their government in 1949, the Japanese, both left and right, were relieved by the impending conclusion of the civil war. The left celebrated the Communist victory as the wave of the future and conservative government and business groups in Tokyo emphasized the prospective economic benefits for Japan.[4] The Communist Party chairman of Japan, Sanzo Nozaka, conceded that close economic relations were equally desirable for Japanese capitalists and Chinese Communists. The

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[1]Saketa Masadoshi, "Gouhwa to gokunai seiji," in San Francisco gouwha, ed. Akio Whatanabe, Seikan Miyasato (Tokyo: Tokyo Daigoku, 1986), 91; Cohen, Japan's Postwar Economy, 171-173.

[2]Cohen, Japan's Postwar Economy, 178.

[3]The trade volume between China and Japan did not grew as fast as expected. In 1949, only 0.9 percent of Japan's export went to China while 2.2 of total import came from China; Saketa, "Gouhwa to gokunai seiji," 91.

[4]Saketa, "gouhwa to gokunai sieji," 89.

left-wing Socialist leader, Mosaburo Suzuki, said that "trade is essential both for the Japanese and the Reds." The chairman of the Japan Trade Association pointed out that "Japanese goods are already being smuggled into Chinese Communist territory through Hong Kong and North Korea."[5] Virtually all Japanese welcomed the establishment of some kind of economic link with China.

At the government level, Japanese Prime Minister Yoshida made no secret of his reaction to the prospects of China trade when he was interviewed by an American journalist in May 1949. Yoshida said that "I hate communism so much I avoid even reading about it, but I don't care whether China is red or green." According to Yoshida, "China is a natural market and it has become necessary for Japan to think about markets."[6] In the Diet's Budget Committee in November 1949, Heitaro Inugaki, minister of Trade and Industry, revealed that "Japan plans to make long-range efforts to promote trade with Communist China amounting to 25 or 30 percent of Japan's import-export business."[7] Although Japan had designated Southeast Asian areas for the future Japanese market in the postwar years, Inugaki stated, "Japan has traditionally looked to China for markets and there are a number of Japanese groups already organized for the resumption of such trading despite the Communist domination of China."[8] Faced with a stagnant economy and the uncertain prospect of American aid under American occupation in the postwar

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[5]William Costello, "Could Japan Go Communist?" Nation, May 14, 1949, 555.

[6]Ibid., 554.

[7]New York Times, November 25, 1949, 19.

[8]Ibid.

period, the Japanese felt keenly the need for the Chinese trade. Both the government and private sectors, regardless of political affiliation, made efforts to restore economic links with China.

In Washington, Sino-Japanese trade surfaced as a dominant issue in 1949 regarding Japanese economic revival. Since the Truman administration had reversed its occupation policy in 1948, Washington focused on Japanese economic revival.[9] Unfortunately, Japanese production and trade revival had been disappointingly slow. Japanese production at the end of 1948 reached only about 64 percent of the levels of 1930-34. Japan's foreign trade hardly improved. The total trade volume was less than 20 percent of the 1937 level. Furthermore, Japan suffered a chronic trade deficit with the United States. In 1948, Japan bought 65 percent of the total imports from the United States while Japan could send only 25 percent of its exports to the United States. As a result, the trade deficit reached $203 million in 1946, $352 million in 1947 and $426 million in 1948.[10] The Japanese government could correct these trade deficits only with American economic aid. Although Japan tried to widen its trade with the Southeast Asian market, which was expected to replace the China market, Japanese trade with Southeast Asia grew very slowly. The region was basically too poor and underdeveloped to become a valuable market for Japan in a short time. In addition the region was extremely anti-Japanese because of experiences during the Second World War. In 1948, Japan brought

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[9]Recommendation with Respect to U.S. Policy toward Japan [PPS/28/2], May 26, 1948, in The State Department Policy Planning Staff Papers, 1947-1949, 175-243.

[10]Warren Hunsberger, Japan and the United States in World Trade (New York: Harper and Row, 1964), 106.

only 10 percent of its imports from that area.[11] Unless Japan found new markets for its products, the United States had to provide economic aid to Japan for the foreseeable future, a prospect not agreeable to the American public as early as 1947.[12] When the War Department requested $725 million for relief in Germany, Japan, and Korea in 1947, the chairman of the House Appropriations Committee, John Taber, asked Herbert Hoover for his advice on the question. Hoover recommended that the United States should quickly conclude a peace treaty with Japan and Germany to relieve America's economic burdens. It was quite unrealistic to believe that a peace treaty would solve Japanese economic problems at that time but Hoover's argument was widely accepted in Congress.[13] The Truman administration needed to promote the Japanese economy and discontinue its aid to Japan.

Under these circumstances, the importance of the China trade for Japan gradually increased in Washington. On February 10, 1949, State Department officials discussed extensively the possibility of reviving the China trade under Communist control. During the discussion, Dallas W. Dort, special assistant to the assistant secretary of state for economic affairs, contended that "the restoration of Sino-Japanese trade was an important

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[11]Howard B. Schonberger, Aftermath of War: Americans and the Remaking of Japan, 1945-1952 (Kent, Ohio: The Kent State University Press, 1989), 201.

[12]Besides huge military expenditures in Japan (463 million dollars in fiscal year 1949), the American economic burden for the support of the Japanese economy had increased annually--108 million dollars in 1945-6, 308 million dollars in fiscal year 1947, 374 million dollars in fiscal year 1948, and 511 million dollars in 1949; Costs of the Japanese Occupation to the United States and to Japan, RG 59, Records of Far Eastern Affairs, Office of Northeast Asia, Alpha-Numeric File on Japan (1948-1955), Box 2, National Archives, Washington, D.C.

[13]Dunn, Peace-Making, 62.

consideration bearing on China trade policy."[14] W. Walton Butterworth, director of the office of Far Eastern Affairs, arguing that American trade with China should be "subject to minimum essential security safeguards," maintained that the barter arrangements between China and Japan could be continued and expanded.[15] Recognizing that the restoration of ordinary trade relations with Communist China would be an effective strategy of tying China with the West, State Department officials agreed to prepare an official policy statement for the China trade.

One month later, the issue of the China trade settled down in Washington when the National Security Council approved NSC 41 on March 3, 1949. The China trade was recognized as indirectly important to the United States because it was significant to the Japanese economy. Sino-Japanese trade would support the achievement of Japanese self-support and, as a result, reduce the American economic burden of the Japanese economic restoration.[16] To reestablish active Sino-Japanese trade, NSC 41 recommended less restrictions on Japanese trade with China. Japan needed Sino-Japanese trade more than any other country.[17] Like an "AMTORG" in America's Soviet trade, Washington planned to utilize the Supreme Commander for the Allied Powers for Sino-Japanese trade.[18]

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[14]Memorandum of Conversation, by the Chief of the Division of Chinese Affairs, February 10, 1949, Foreign Relations: 1949, vol. 9, 823-26.

[15]Ibid.

[16]Note by the Executive Secretary of the National Security Council on United States Policy Regarding Trade with China [NSC 41], February 28, 1949, ibid., 826- 834.

[17]Ibid.

[18]The Amtorg Trading Corporation was the official purchasing and sales agency of the Soviet Union operating at New York, ibid., 831.

When Washington discussed Sino-Japanese trade, it was concerned about the possibility of Japan's preponderant dependence upon China. Washington officials believed that "Japan's natural dependence on China for food and industrial raw materials would provide the Communists with a potentially powerful leverage over Japan" when the United States occupation and financial support for Japan terminated.[19] Despite such a potential problem in Sino-Japanese trade, Washington had no choice but to take "the calculated risk" to avoid indefinite American economic support for Japan.[20] The Supreme Commander for the Allied Powers was authorized to allow Sino-Japanese trade with the one condition of cash reimbursement.[21] The American consular posts, which had remained in Communist-controlled areas, were instructed to certify invoices upon request.[22]

Chinese soybeans and beancakes began to be shipped to Japan via Hong Kong in April 1949.[23] On April 29, 1949, Chang Tsung-ping, who was in charge of fostering foreign trade with Japan, offered an exchange of 100,000 tons of Chinese coal and salt for Japanese machine parts for the textile, steel, newsprint, and medical industries.[24]

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[19]Note by the Executive Secretary of the National Security Council on United States Policy Regarding Trade with China[NSC 41], Feb. 28, 1949, ibid., 831.

[20]Ibid.

[21]General MacArthur supported strongly the allowance of Sino-Japanese trade, saying that Sino-Japanese trade "would be very beneficial to the Japanese economy and would save a substantial outlay of appropriate U.S. dollars."; Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs to the Secretary of State, November 16, 1949, ibid., 997.

[22]Memorandum by the Secretary of State to the Executive Secretary of the National Security Council, April 14, 1949, ibid., 844.

[23]The Commercial Attache in China to the Chief of the Division of Chinese Affairs, April 12, 1949, ibid., 973-4.

Exporting salt, coal, soy beans, and soy cake in large quantities, local authorities in Tientin desired to import machine parts, radio and telecommunications equipment, paper, railroad materials such as frogs, switches, locomotive parts, ties, copper wire from Japan.[25] In May 1949, the China Mutual Trading Company offered to barter 15,000 metric tons of soybeans (priced at $126.50 per ton) for about 3,000 metric tons of copper wire. The total value of the deal would reach about $1,900,000.[26] Responding to the Chinese suggestion, the Supreme Commander for the Allied Power immediately approved the sale of 1300 metric tons of 4 mm copper wire to Communist China.[27] For several months, the China trade improved impressively.[28]

Throughout 1949, Secretary of State Acheson, arch advocate for accommodation with China, was satisfied with the China export policy. He probably hoped to nurture Titoism in China by increasing Sino-Japanese trade. O. Edmund Clubb, consul general at Peiping, raised that possibility in July 1949, when he wrote to the State Department that Western trade with China would feed Titoism in China against the Soviet Union. Clubb stated that Manchuria already showed dissatisfaction with Soviet products. The Chinese

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[24]The Consul General at Peiping to the Secretary of State, April 30, 1949, ibid., 976-977.

[25]The Consul General at Peiping to the Secretary of State April 30, 1949, ibid., 974-976.

[26]The Acting Secretary of State to the Consul General at Peiping, May 31, 1949, ibid., 986.

[27]The Secretary of State to the Consul General at Tientsin, July 6, 1949, ibid., 991.

[28]Memorandum by the Department of State, Subenclosure to The Secretary of State to the Executive Secretary of the National Security Council, November 4, 1949, ibid., 889-896.

Communists, according to Clubb, realized the limitation of Sino-Soviet trade.[29] There is no clear record about Acheson's intention to use the Sino-Japanese trade for promoting Sino-Soviet split but Acheson continued to oppose any change in the China trade policy during 1949. When President Truman asked the State Department to review NSC 41 in August 1949 in relation with the Chinese Communist victory over the Chinese Nationalists, Acheson answered that "since NSC 41 is sufficiently broad in scope to cover a wide range of tactics, its revision at this time is believed to be unnecessary."[30] Even when Chinese Communists arrested Americans in Tientsin, Secretary Acheson opposed any new restrictions on the China trade. He argued that the unilateral American actions of more strict restriction on the China trade would be useless strategically and economically because the Chinese Communists would find a substitute in the other Western markets. The State Department also knew that export controls could not influence the Chinese economy. The Chinese Communists themselves closed most of their ports to foreigners for security reasons during the civil war. The effectiveness of unilateral American restrictions on China trade, according to the State Department, would be "only marginal at best."[31]

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[29]The Consul General at Peiping to the Secretary of State, July 9, 1949, ibid., 992.

[30]Memorandum by Mr. Livingston T. Merchant of the Office of Far Eastern Affairs to the Chief of the Division of Chinese Affairs August 24, 1949, ibid., 870; The Secretary of State to the Executive Secretary of the National Security Council, November 4, 1949, ibid., 890.

[31]Memorandum by Mr. Livingston T. Merchant of the Office of Far Eastern Affairs to the Chief of the Division of Chinese Affairs August 24, 1949, ibid., 870; Memorandum by the Department of State, Subenclosure to The Secretary of State to the Executive Secretary of the National Security Council, November 4, 1949, ibid., 889-896.

Sino-Japanese trade continued to improve late into 1949. From June 1949 to November 1949, for example, Japanese shipments of commodities to China reached a total of $1,599,863.02. Japanese imports from China were $13,634,060 as of November 30, 1949, which marked an increase of $4,728,110, equal to 54 percent more than that of October 1, 1949. During that period from October 1 to November 30, 1949, Japan signed new contracts for soy beans, greasy raw wool, rapeseed, green or white ramie fiber, and steamed bone meal. In November alone, Japan received from China nearly 5,000 metric tons of soy beans at a value of approximately $500,000. In return, Japan exported $389,230 worth of products such as galvanized sheets and plate. China wanted to import a large number of industrial products like railway supplies and equipment, copper products, heavy machinery especially for public utilities, boiler tubes, merchant, and fishing vessels.[32]

Encouraged by the increasing demand for Japanese products from China, the Supreme Commander for the Allied Powers asked Washington to loosen restrictions on non-strategic goods listed as 1- B.[33] In a report to Washington on December 6, 1949, the

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[32]The Acting Political Adviser in Japan to the Secretary of State, December 9, 1949, ibid., 1000.

[33]In March 1948, the Commerce Department established two categories of countries, R and O. R category included all East and West European countries and O comprised all other countries. The United States required export licenses for all exports to R group countries, which became the "R" procedure. In "R" procedure, there were two categories of strategic goods, 1-A items and 1-B items. 1-A items were those usually considered to be of direct military utility such as broaching machine, bismuth metal, tanker vessels, and
strategic grades of asbestos. I-A items were totally embargoed. 1-B items generally consisted of capital goods of multipurpose character which might be of military or strategic value such as steel, locomotives and locomotive parts, merchant vessels, and railway freight cars; Footnote in Foreign Relations: 1950, vol 6, 619.

Supreme Commander for the Allied Powers stated that processing requirements for 1-B items were great obstacles to increasing Japan's trade with China. The Supreme Commander for the Allied Powers asked broader discretionary authority for these goods.[34] On December 13, 1949, Robert W. Barnett, officer in charge of economic affairs, Office of Chinese Affairs in the State Department, agreed that General MacArthur should be given wider discretion in handling all trade with China except 1-A items.[35] The State Department supported broader Sino-Japanese trade in a position paper (NSC 48/1) submitted to the National Security Council in December 1949:

> Japan's economy cannot possibly be restored to a self- sustaining basis without a considerable volume of trade with China, the burden of Japan on the United States economy cannot be removed unless Japan's economy is restored to a self-sustaining basis, and U.S. interference with natural Japanese trade relations with China would produce profound Japanese hostility.[36]

The State Department subsequently maintained that the Supreme Commander for the Allied Powers should not place more restrictive control on Sino-Japanese trade than other Western European countries practiced in their China trade.[37] NSC 48/1 revealed the basic position of American officials toward the China trade. NSC 48/1 became NSC 48/2 after President Truman approved it on December 30. In NSC 48/2, the Truman administration

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[34]The Acting Political Adviser in Japan to the Secretary of State, Foreign Relations: 1949, vol. 9, 1001.

[35]Footnote in ibid., 1001.

[36]A Report to the National Security Council by the Executive Secretary on the Position of the United States With Respect to Asia[NSC 48/1], December 23, 1949, RG 273, NSC File, NSC 48/1, National Archives, Washington, D.C.

[37]Ibid.

reaffirmed the basic policy of NSC 41 on the China trade. It prohibited exports of 1-A items to China, but permitted exports of 1-B items "within quantitative limits of normal civilian use and under controls."[38] Although the words in NSC 48/2 were more militant and tougher than in NSC 41 regarding the China trade policy of the United States, the new guide lines did not set any new barriers.[39]

The State Department however had to face opposition from the Defense Department regarding broader exports to China. To prevent the Soviet Union from getting strategic materials either directly or indirectly from the non-Communist world, the Defense Department argued, the United States needed to place strict restrictions on Japanese exports to China. Interpreting the range of 1-B items narrowly, the Defense Department opposed the export of steel rails and transportation equipment to China. In a letter to Secretary of Commerce Charles Sawyer on February 7, 1950, the Defense Department strongly recommended that steel rail and transportation equipment be upgraded from the 1-B to the 1-A list.[40] The Defense Department position revealed a more rigid attitude on Sino-Japanese trade than on East-West European trade.[41] Despite the Pentagon's opposition, the State Department supported continued export to China of

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[38]The Position of the United States with Respect to Asia [NSC 48/2], December 30, 1949, in Containment: Documents on American Policy and Strategy, 1945-1950, ed. Thomas H. Etzold and John Lewis Gaddis (New York: Columbia University Press, 1978), 274.

[39]The Department of the Army to the Supreme Commander, Allied Powers in Japan, January 13, 1950, Foreign Relations: 1950, vol 6, 619-620.

[40]The Secretary of Defense to the Secretary of State, March 24, 1950, ibid., 625-6.

[41]Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs to the Secretary of State, April 20, 1950, ibid., 629.

1-B items, including steel rails and other transportation equipment, from the United States, Japan, and Western Germany.[42] In his memorandum to Secretary of Defense Louis Johnson, Secretary of State Acheson insisted that unilateral denial of 1-B items like railway equipment would result in surrendering the Chinese market to the British or other European suppliers.[43] The State Department prevailed.

During the spring of 1950, the State Department continued to support a flexible policy on the China trade. On June 8, 1950, the Secretary of State repeated his early argument that "the denial of licenses to American exporters for export of 1-B materials to Communist China would merely divert the trade to alternative suppliers in the United Kingdom or Western Europe."[44] As long as there were alternative suppliers for the Chinese Communists, the United States needed to allow American trade and Japanese trade to China including Japanese exports of 1-B items to China. In 1950, Japan's export to China reached 2.4 per cent of its total export. Although this amount was small, it was a great increase compared with 0.6 per cent in 1949. Japan's imports from China also increased from 2.2 per cent in 1949 to 4.1 per cent in 1950.[45]

The Impact of the War on Sino-Japanese Trade

The outbreak of war on the Korean peninsula did not influence the State

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[42]Ibid., 631.

[43]The Secretary of State to the Secretary of Defense, April 28, 1950, ibid., 632-636.

[44]Secretary of State to the Secretary of Commerce, June 8, 1950, ibid., 638-639.

[45]Sakeda, "Gouhwa to gokunai seiji," 91; Cohen, Japan's Postwar Economy, 171-73.

Department's position on export policy toward China until the Chinese Communists confronted American forces in late November 1950.[46] On November 22, 1950, just several days before the Chinese massive intervention in Korea, the State Department opposed adding more restrictions on the China trade.[47] The Chinese intervention in Korea brought fundamental changes to American policy toward China. Giving up the traditional open door policy, Washington decided to impose economic sanctions against Communist China. William M. Martin, assistant secretary of the treasury, and Max W. Bishop, assistant to Ambassador Philip C. Jessup, recommended on November 29, that the United States should block Chinese accounts and financial transactions and impose a trade embargo.[48] Furthermore, Secretary of Commerce Sawyer strongly argued for a naval blockade of China.[49] When State Department and Treasury Department officials discussed a China embargo, they easily reached agreement to impose economic sanctions.[50] While the Commerce Department promulgated a regulation that required all merchants who

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[46]However, the United States, by way of the implementation of the United Nations Security Council resolution of June 25, 1950, requesting United Nations member states to refrain from aiding North Korea, imposed an embargo of all ports to North Korea. On June 28, in addition, Washington embargoed all shipments to North Korea.

[47]In a memorandum to the National Security Council, the State Department opposed reviewing NSC 48/2 "because of the flexible character of the policies in that document," Memorandum by the Ambassador at large to the Executive Secretary of the National Security Council, November 22, 1950, Foreign Relations: 1950, vol. 6, 663.

[48]Memorandum by Mr. Max W. Bishop to the ambassador at large, November 29, 1950, ibid., 666.

[49]Memorandum of Telephone Conversation, by Miss Barbara Evans, secretary to the secretary of state, November 29, 1950, ibid., 666-667.

[50]Memorandum by the Deputy Assistant Secretaries of State for Far Eastern Affairs and Economic Affairs to the Ambassador at Large, November 30, 1950, ibid., 668-669.

wanted to trade with China to apply for an export license, Secretary of Treasury John Snyder pushed the National Security Council to freeze all Chinese financial transactions in the United States.[51] The Joint Chiefs of Staff also recommended a "full unilateral trade embargo, together with financial freezing measures against Communist China."[52] On December 16, 1950, the Truman administration placed all Chinese Communist assets under government control. All American vessels were banned from calling at Chinese Communist ports.[53] The Supreme Commander for the Allied Powers in Tokyo ordered the Japanese government to suspend exports of all goods requiring export licenses to mainland China, Manchuria, North Korea, Hong Kong, Macao, and Hainan and other islands under the control of the Chinese Communists.[54] American economic sanctions against China were in full swing by the end of December 1950. The United States had placed a virtually full embargo on all trade and financial transactions with China.

Washington estimated that the trade embargo would cost China about $75 million annually.[55] Secretary of State Acheson however doubted that economic sanctions would have much effect on the Chinese economy because the Chinese economy was agrarian and

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[51]Memorandum by the Secretary of the Treasury to the National Security Council, December 6, 1950, ibid., 674.

[52]The Joint Chiefs of Staff to the Secretary of Defense, December 13, 1950, ibid., 680-681.

[53]The Secretary of State to All Diplomatic Offices, December 16, 1950, ibid., 682-683.

[54]Memorandum by the Director of the Office of Northeast Asian Affairs to the Deputy Assistant Secretary of State for Far Eastern Affairs, December 21, 1950, ibid., 685.

[55]Economic Cooperation Administration, "Trade of the Free World with the Soviet Bloc," Undated, President's Secretary File, National Security Council Meeting, Box 211, Harry S. Truman Library, Independence, Missouri.

self-sufficient; they would have an emotional effect on the American public.[56] In contrast, the effect of the China embargo was strong in Tokyo. Although Japan's imports from Communist China were less than 5 percent of her total imports during the first eight months in 1950, some imports were critical for Japanese industries.[57] For example, coking coal, iron ore, soybeans and salt came at a lower price from China than any other place. Coking coal, soy beans, and iron ore (roughly 25 percent of Japan's coking coal and 6 percent of its iron ore requirements were provided by China) were the major vulnerabilities of Japan under the embargo.[58] In 1950, Japan imported approximately 300 thousand tons of coking coal from China at a price of $12.50 per ton. If importing it from the United States, Japan would pay $25.50 per ton. The coking coal alone would cost Japan an additional $4 million. To import required soy beans and iron ore from sources other than China would cost Japan roughly an additional $13 million. The loss of cheap resources in China would increase the price of Japanese products, thus bringing disadvantage to Japan in foreign competition.[59]

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[56]Memorandum of Conversation, by the Ambassador at large (Jessup), December 14, 1950, Foreign Relations: 1950, vol. 6, 681.

[57]In the first eight months of 1950, Japanese trade with the Chinese Communists was as follow(in thousands of dollars): from Communist China, imports was 28,140, exports was 7,025 and, from Hong Kong, imports was 185 and exports was 19,147; Memorandum by the Director of the Office of Northeast Asian Affairs to the Deputy Assistant Secretary of State for Far Eastern Affairs, December 21, 1950, ibid., 686.

[58]Report Prepared by the Economic Cooperation Administration, Feb. 1951, Appendix B to Memorandum by the Executive Secretary of the National Security Council to the National Security Council, Feb. 12, 1951, Foreign Relations: 1951, vol. 7, 1908.

[59]Memorandum by the Assistant Director of Central Intelligence for National Estimate to the Director of Central Intelligence, June 25, 1951, ibid., 1997.

Despite the embargo on the China trade, Japan tried to revive Sino-Japanese trade throughout the Korean War. Instead of the Japanese government which was under American control, private organizations tried to revive the China trade. There were many political and non-political groups: the Sino-Japanese Friendship Association, the Association for Promoting Sino-Japanese Trade, General Office of the Overseas Chinese Federation and Overseas Chinese Students' Union in Japan, the Sino-Japanese Cultural Association, the China Institute, the All-Japan Labor Federation and other trade unions, the Japanese Communist Party, Japanese Worker-Peasant Party and the Japanese Socialist Party.[60] Sometimes these private organizations made informal trade agreements with China. For example, Kei Hoashi, member of the upper house, and Kiasuke Miyakoshi, member of the lower house, made a "trade agreement" with the Chinese Communist trade officials in June 1952 when they were attending the preparatory meeting for the Asia-Pacific Area Peace Conference.[61] Although it was unofficial, it marked the first trade agreement supported by Japanese businessmen between Communist China and Japan. When Hoashi and Miyakoshi returned to Tokyo on July 1, 1952, they received a rousing welcome from labor unions, the Japanese Communist Party, the Japan Farmers' Party, the Sino-Japanese Trade Promotion Association, the Sino-Japan Friendship Society, and the

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[60]The influential Sino-Japanese Friendship Association was established on September 30, 1950, before the China embargo was imposed. It aimed "to enhance the friendship between the people of China and Japan in the maintenance of world peace, to correct wrong opinions on China spread by the reactionaries, and to promote cultural interchange and trade between the two countries," Foreign Service Despatch from Hong Kong, November 30, 1950, 794.00/11-3050, Internal Affairs of Japan, 1950-54, microfilm, reel no. 5.

[61]Foreign Service Despatch, from American Embassy, Tokyo, to the Department of State, May 7, 1952, 790.00/5-752, Internal Affairs of Japan, 1950-54, microfilm, reel no. 3.

Japan-Soviet Friendship Society.[62] In particular, the Left-Socialists supported Hoashi strongly as a part of the party's campaign strategy.[63] In a press conference on May 17, 1952, Hiroo Wada of the Political Affairs Research Committee of the Left-Socialists stated that Japan could not continue to rely on American procurement orders to cover the trade deficit. He emphasized the importance of Sino-Japanese trade for Japanese economic well-being and speculated that resumption of trade with China would not "mean the loss of American sympathy and aid to Japan."[64] The Japanese government also revealed its intention from time to time to revive Sino-Japanese trade. On March 11, 1952, before the upper house budget committee, Prime Minister Yoshida stated that "we want to enter into friendly relations with Red China by solving many pending problems between the two countries but that is difficult at present in view of Red China's relations with the United Nations."[65] Foreign Minister Katsuo Okazaki also told the Lower House Foreign Affairs Committee on May 7, 1952, that Japan would trade with Communist China if diplomatic obstacles could be cleared.[66] The desire for Sino-Japanese trade

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[62]Foreign Service Despatch, July 3, 1952, 794.00/7-352, ibid.; Foreign Service Despatch, June 5, 1952, 794.00/6-552, ibid.

[63]Foreign Service Despatch, June 5, 1952, 794.00/6-552, ibid.

[64]Foreign Service Despatch from American embassy in Tokyo to the State Department, May 22, 1952, 794.00/5-2252, ibid.

[65]Foreign Service Despatch from United States political advisor in Tokyo to the State Department, March 14, 1952, 794.00/3-1452, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2.

[66]Foreign Service Despatch from American Embassy in Tokyo to the State Department, May 16, 1952, 794.00/5-1652, ibid.

remained alive despite strict restrictions on the China trade.[67]

In contrast, Washington continued to oppose Sino-Japanese trade throughout the war. It was relatively easy for the United States to restrict Japanese foreign trade when the embargo began. Japan was under United States occupation at that time. The question was how to prevent Sino-Japanese trade after the occupation. American policy makers knew that they would not be able to continue such a tight control after Japan became independent. Furthermore, the end of the Korean War would terminate the trade embargo on China. Controlling Sino-Japanese trade became an urgent issue in 1951 because Washington wanted an early Japanese peace treaty with Japan, and Washington needed to solve that question before the treaty went into effect.

One solution for controlling Japan's China trade was to knit Japan into an international export control network, the Paris Group, which had been created to restrain Western European trade with the Soviet bloc in 1950.[68] From the American perspective, nevertheless, Japan's entry into the Paris Group was undesirable because the Coordinating

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[67]Years later after the Korean War ceased, the Japanese public still was in favor of the Chinese Communists. According to a Public Opinion Survey, the Japanese general public gave Communist China a net rating in the unfavorable direction of -16 per cent compared with -22 per cent for Nationalist China. Furthermore, about half (48 per cent) of the Japanese expressed at least a "fair" opinion of Communist China while they showed 43 pre cent in favor for Nationalist China; Department of State, Memorandum for the President, May 11, 1956, Dwight D. Eisenhower Paper, Box 30, Dwight D. Eisenhower Library, Abilene, Kansas.

[68]To control the allies' export to the Soviet bloc, Washington initiated bilateral discussions with its major European allies about their export control in the fall of 1948. Through the Marshall Plan and through the North Atlantic treaty Organization [NATO], Washington pressured the allies to adopt export controls. In January 1950, as a result, the United States and European allies established formal international organization, the so-called Consultative Group and its Coordinating Committee (COCOM) based in Paris; Cohen, Japan's Postwar Economy, 171-173.

Committee [COCOM] for the Consultative Group for European export control would not impose strict restrictions on Sino-Japanese trade. Although the United States, Canada and the principal Western European Trade countries (United Kingdom, France, Denmark, Italy, West Germany, Netherlands, Belgium, Luxembourg and Norway) applied an export embargo of petroleum products, munitions and an agreed list of materials of the highest strategic importance to the Communist bloc during the Korean War, the COCOM allowed shipments of non-strategic goods to the Soviet bloc.[69] If Japan would join the Paris Group, there would be an automatic relaxation of Japanese trade controls at the same level practiced by the COCOM. In addition, Japanese entry into COCOM was in conflict with American policy to merge the Paris Group into the North Atlantic Treaty Organization [NATO].[70] Washington decided to keep Japan out of the COCOM. Japan would be somewhat of a "misfit" geographically because the COCOM's membership was nearly identical to that of NATO.[71]

Instead of COCOM, Washington decided to establish a separate new organization in Asia for Japanese export control. On July 28, 1952, the United States invited Japan, Canada, France, and the United Kingdom to attend a conference to discuss a separate new

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[69]Position Paper Prepared in the Department of State, March 26, 1951, Attached to Memorandum by the Acting Deputy Director of the Office of United Nations Political and Security Affairs (Popper), April 12, 1951, Foreign Relations:1951, vol. 7, pt. 2, 1957.

[70]Yoko Yasuhara, "Japan, Communist China, and Export Controls in Asia, 1948-52," Diplomatic History 10 (Winter, 1986): 85.

[71]Ibid., 86.

international organization in Asia for China export control.[72] The five countries had a series of meetings in Washington from July 28 to August 2, 1952. At the beginning of the meeting, Washington revealed its plan to establish a Far East Consultative Group [FE-CG] parallel to the Consultative Group which would be reorganized as the European Consultative Group [E-CG]. The United States also proposed a Far East-COCOM equivalent to the COCOM which would be redesignated as the European COCOM. According to the American proposal, the "FE-CG would deal on policy level with economic security measures having an important Far Eastern aspect while the FE-COCOM would deal on a working level with economic security problems within a policy context determined by the FE-CG."[73] The American proposal of both the FE-CG and the FE-COCOM focused on the control of international trade with China. From the beginning, however, the British delegates strongly opposed the American proposal, maintaining that Japan should be admitted into the existing Consultative Group-COCOM structure. The British suspected that Washington would easily manipulate other COCOM countries to impose more strict controls on China trade if the United States succeeded in establishing a new organization. The British government was concerned that strict

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[72]Harold F. Linder, Deputy Assistant Secretary of State for Economic Affairs, was designated to lead the United States delegation for the meeting. Colonel Carroll Moffatt, Karl Anderson, Thayer White, and Kenneth Hansen were appointed to join Linder for the meeting; Memorandum by the Deputy Director of the Office of Northeast Asian Affairs to the Assistant Secretary of State for Far Eastern Affairs, July 21, 1952, Foreign Relations: 1952-54, vol. 14, pt. 2, 1287-88.

[73]Memorandum by the Deputy Director of the Office of Northeast Asian Affairs to the Assistant Secretary of State for Far Eastern Affairs, July 21, 1952, ibid., 1287-88.

restrictions on Sino-Japanese trade would drive Japan to Southeast Asian countries and the Japanese expansion into Southeast Asian market would provoke high competition between British and Japanese goods in that region. The British government wanted to prevent Japanese penetration into the Southeast Asian market. France and Canada concurred with England on China export control. Instead of supporting the United States, the Paris group became the focal point for European opposition to the American proposal on China trade. Throughout the meetings, the five countries agreed only to invite Japan to join the Consultative Group and the COCOM and to set up the new China Committee.[74] At the meetings, the Japanese government, relying on American massive military and economic aids, could not openly act for its preferred position. The Japanese government preferred joining the Paris group which would possibly relax restrictions on the China trade.

When the American delegation realized that they could not persuade other countries to establish a separate Far Eastern organization, the American chief delegate, Harold Linder, changed American diplomatic tactics on July 31, 1952. He decided to make a bilateral agreement with Japan about tight export control on China. He told Ryuji Takeuchi, Japanese chief delegate and minister of the Japanese embassy in Washington, that the United States needed assurance that the Japanese government would not lessen its export control to China. For that reason, Linder suggested an exchange of letters between Washington and Tokyo. The letters would contain three points; the Japanese would

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[74]Memorandum by the Director of the Office of Northeast Asian Affairs to the Deputy Assistant Secretary of State for Far Eastern Affairs, August 4, 1952, ibid., 1292-94

commit themselves to (1)embargo items on the United States security lists, (2) embargo additional items found to be readily determinable as strategically important to Communist China, and (3) license items suspected of being strategically important to Communist China in return for essential commodities.[75] Takeuchi initially protested, but pressured by all American delegates, he finally agreed on August 2, 1952.

Subsequently, the United States initialed an agreement with Japan entitled "Understanding Between Japan and the United States Concerning the Control of Exports to Communist China" on September 5, 1952.[76] By the agreement, Japan pledged to control all commodities on international control lists, all items on U.S. security lists, and additional items upon which the two governments would agree. After this agreement was secured, Washington accepted the compromise solution, suggested at the Washington negotiations, to include Japan in the Paris group. In addition, the five powers, who had attended the Washington conference in late July and early August 1952, agreed to set up a permanent working group called the China Committee (CHICOM) under the Consultative Group. This newly established China Committee was designed to deal with export controls against areas in Asia under Communist rule.[77] The export control agreement between Washington and Tokyo was more restrictive than those of the Western European countries throughtout the Korean War.

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[75]Memorandum by the Director of the Office of Northeast Asian Affairs to the Deputy Assistant Secretary of State for Far Eastern Affairs, August 4, 1952, ibid., 1292-94.

[76]Footnote in ibid., 1332.

[77]Yasuhara, "Japan, Communist China, and Export Control," 88.

With strict restrictions on the China trade, Japanese trade with China in 1952 accounted for only 0.04 percent of Japan's total exports and 0.7 percent of its total imports.[78] In addition, Japan suffered a substantial decline in exports to the Communist countries, which was reduced from $20,000,000 in 1950 to less than $700,000 in 1952. Japanese imports from the Communist countries declined from $44,000,000 in 1950 to less than $16,000,000 in 1952.[79] The declining amount of Sino-Japanese trade produced a serious trade deficit in Japan. In 1952, Japan's commercial trade deficit reached more than $750,000,000 created mostly by Japan's trade with the United States. Although American expenditures in Japan for the war effort in Korea covered the deficit, the Japanese business community knew that the Korean War boom would not continue indefinitely and that it provided no permanent solution for Japan's trade problems.[80] The China market remained the most logical choice for the Japanese business.

Japan's Taiwan Recognition

Recognition of Taiwan was irrelevant to United States-Japanese relations until

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[78]Yasuhara, "Japan, Communist China, and Export Controls in Asia," 84; Since the economic sanctions were imposed on China trade, Chinese trade connection was completely rearranged. Approximately 60 to 70 percent of China's trade in the early 1950s was with the Soviet Union and members of its bloc. In the 1930s, in contrast, China trade with the Soviet bloc was no more than 1 percent, Cohen, Japan's Postwar Economy, 178.

[79]Japan exported to China $19,643,000 in 1950, $5,828,000 in 1951, and $522,000 in 1952; Japan imported from China $39,542,000 in 1950, $20,341,000 in 1951, and $14,917,000 in 1952; State Department Memorandum from Mr. Young to Mr. Robertson, May 4, 1953 in Letter to Senate Subcommittee on Japan's Trade with Communist China, Records of the Bureau of Far Eastern Affairs: Office of Northeast Asia Affairs, Alpha-Numeric File on Japan (1948-55), Box 1, RG 59, National Archives, Washington, D.C.

[80]Ibid.

Sino-American confrontation in Korea dramatically made it relevant. Prior to the Korean War, Washinton was close to giving up Taiwan to the Chinese Communists. When Secretary of State Dean Acheson announced in January 1950 that Taiwan was located out of the American defense perimeter in the Pacific, it became clear that the United States would not intervene in Taiwan. Although United States military leaders strongly advocated military intervention in Taiwan on the basis of the strategic importance of the island in defending Japan, Secretary of State Acheson opposed military intervention.[81] Acheson desired to accommodate the Chinese Communists. Through wide contacts with China, he wished the United States could promote a split between the Soviet Union and China.[82] The Japanese government never gave serious consideration to the Taiwan issue. Expecting that Taiwan would collapse soon, Japanese leaders focused on promoting Sino-Japanese trade. There was no reason for Washington and Tokyo to hold different policies toward Taiwan until Sino-American confrontation in Korea changed the diplomatic and military situation in the Far East.

Confronting the Chinese Communists in Korea, Washington decided to provide massive military aid to Taiwan. On January 20, 1951, the State Department informed Chiang Kei-shek that the United States was prepared "to make available to the Republic

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[81]In a conversation with Fayette J. Flexer, counselor of embassy in the Philippines, General Douglas MacArthur contended that "to permit the access of an unfriendly power to Formosa [Taiwan] would be to invite the rupture of our whole defense line in the Far East." He added that American forces in Japan, if Taiwan would be controlled by the Communists, "would be under immediate and constant threat and would be untenable or dangerously undefendable" (Memorandum of Conversation, December 7, 1948, Foreign Relations: 1949, vol. 9, 263).

[82]Buhite, "'Major Interests': American Policy toward China, Taiwan, and Korea," 439.

of China certain military material for the defense of Taiwan against possible attack."[83] On February 16, 1951, Truman allocated $50 million as military aid for Chiang Kai-shek. The major items given to Taiwan under the grant were signal equipment, tanks, motor vehicles, small arms and ammunition, engineering and medical equipment. Along with these materials, naval and air force grants were given to Chiang Kai-shek. In addition, the State Department and the Defense Department agreed to establish a Military Assistance Advisory Group on Taiwan as promptly as possible in March 1951. Without delay, the first contingent of the Military Assistance Advisory Group headed by Major General William C. Chase arrived in Taipei on May 1, 1951.[84] American military aid to Taiwan soared to $237 million for fiscal 1952. It was just $10 million in 1951.[85] Changing its Taiwan policy dramatically, Washington hoped to integrate Japan and Taiwan into the reversed American security system in the Pacific. Washington pressed Japan to recognize the Nationalist regime in Taiwan. Washington had two purposes in developing Japan-Taiwan relations: protecting Japan from Communist aggression and preventing Japan from being associated with Communist China.

The Japanese government had fundamental differences with the Truman administration on the Taiwan issue. Japan was reluctant to have a close relationship with

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[83]The Secretary of State to the Embassy in the Republic of China, January 20, 1951, Foreign Relations: 1951, vol. 7, pt. 2, 1521-22.

[84]The acting secretary of state to the Embassy in the Republic of China, February 27, 1951, ibid., 1585-1585; Memorandum by the director of International Security Affairs to the Assistant to the Secretary of Defense for International Security Affairs, March 31, 1951, ibid., 1614-15.

[85]Memorandum by the Deputy Assistant Secretary of State for Far Eastern Affairs to the Assistant Secretary of State for Far Eastern Affairs, February 27, 1951, ibid., 1585.

Taiwan at the price of cutting ties with Communist China. Prime Minister Yoshida, active supporter of reestablishing relations with mainland China, believed that the government of Chiang Kai-shek was politically dead.[86] He thought that the Nationalists could never recapture mainland China and any premature commitment to Taiwan would jeopardize Japan's future ties with mainland China. In his early negotiation for the Japanese peace treaty with John Foster Dulles in January and February 1951, Prime Minister Yoshida had already expressed his desire to expand Japanese ties with the Chinese Communists. He stated that the Chinese "would adopt the attitude that 'war is war and trade is trade' and. . . it would be possible for a reasonable degree of trade to take place between Japan and China."[87] In an article published in Foreign Affairs in January 1951, Yoshida again contended that "Red or White, China remains our next door neighbor. Geography and economic laws will, I believe, prevail in the long run over any ideological differences and artificial trade barriers."[88] However, Japan, while under occupation, could not make its own choice regarding China. It was inevitable that Yoshida had to compromise his position on the Taiwan issue to accelerate the Japanese peace treaty process. Yoshida was ready to compromise on the issue of Taiwan recognition with Washington but he tried

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[86]Japanese historian Michael Yoshitsu argued that Yoshida's early orientation toward the mainland of China originated from Yoshida's prewar experience in China. During the 1920s Yoshida served in several diplomatic posts in China; Tours of duty in Tientsin (1922-1925) and Mukden (1928). From his experiences, according to Michael Yoshitsu, Yoshida believed that the several millennia of contact and cultural affinity with China forced Japan to continue a special relationship with the mainland of China; Yoshitsu, Japan and the San Francisco Peace Settlement, 67-68.

[87]Memorandum of Conversation, by the Deputy to the Consultant, January 29, 1951, Foreign Relations: 1951, vol. 6, 827-828.

[88]Yoshida, "Japan and the Crisis in Asia," 179.

to postpone it at least until Japan had regained its independence.

When Prime Minister Yoshida met Secretary Acheson with other American delegates in San Francisco in September 1951, he asked Acheson about future Japanese relations with Nationalist China. Responding to Yoshida's question, Acheson answered that an overseas agency of the Japanese government could be established in Taiwan after the treaty was signed. By raising the Taiwan question deliberately, Yoshida got a tacit acceptance from Acheson that Japan could make a peace treaty with Taiwan independently after the conclusion of the Japanese peace treaty. Acheson's reply was logical. Nothing was wrong in his statement logically but bothered other American delegates when they heard discussion between Acheson and Yoshida on the Taiwan issue.[89] According to Senator H. Alexander Smith (R-NJ), a strong supporter of the Nationalists in Taiwan, Acheson seemed to leave the door open for Japanese recognition of Communist China and not the Nationalists.[90]

Sharing a similar understanding with Smith, many senators believed that Japan would recognize the Chinese Communist regime if the decision were left to the Japanese government. To prevent this from happening, fifty-six senators led by Senator William F. Knowland (R-California) sent a letter to Truman on September 13, 1951, declaring that, prior to the submission of the Japanese peace treaty to the Senate, "We desire to make it clear that we would consider the recognition of Communist China by Japan or the

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[89]Memorandum of Conversation, by the United States Political Advisor to SCAP, September 3, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 1315.

[90]Ibid., 1326.

negotiating of a bilateral treaty with the Communist regime to be adverse to the best interests of the people of both Japan and the United States."[91] The meaning was clear; these senators would oppose ratification if Japan recognized Communist China. The two issues were interlocked.

After the Japanese peace treaty was signed in September 1951, the Japanese government took a "wait and see" position on the Chinese issue. In his reply to an interpellation in the Diet on October 16, 1951, Yoshida said that "it is my firm conviction that we shall sooner or later conclude peace treaties with all Asiatic countries except China." Because of civil war in China, Yoshida argued that Japan needed to wait and see how things developed among the powers and in China.[92] Prime Minister Yoshida revealed in the Diet on October 17 that Japan desired to conclude a peace treaty with China and the Soviet Union respectively at the earliest possible date, but Japanese policy was to "wait and watch the course of events."[93]

Yoshida seemed to be very cautious about the issue of China until he surprisingly announced to a special Diet committee considering ratification of the peace and security treaties that the Japanese government could open an overseas agency in Shanghai. Such an overseas agency might serve two diplomatic functions: the development of trade and commerce, and the protection of Japanese nationals abroad. Reiterating his interest in

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[91]New York Times, September 14, 1951, 4.

[92]Memorandum by the Deputy Director of the Office of Chinese Affairs to the Assistant Secretary of State for Far Eastern Affairs, October 30, 1951, ibid., 1389.

[93]Ibid.

opening several overseas agency offices to facilitate the growth of economic ties around the world, Yoshida acknowledged the existence of a Japanese overseas agency in Taipei. But Yoshida emphasized that it was not an act of political recognition of the Nationalist regime. In addition, Yoshida indicated his willingness to establish a similar overseas agency in Shanghai if the Communist regime requested it and noted that Communist China would be allowed to establish an office in Japan.[94] The Japanese door was opened wide to both the Chinese Nationalists and the Chinese Communists.

Washington reacted immediately. Pro-Nationalist senators such as John Sparkman (D-Al) and H. Alexander Smith were greatly disturbed by Yoshida's reference to opening an overseas agency in Communist China. By that statement, Prime Minister Yoshida appeared to lean toward restoration of trade relations with Peking. It was totally contradictory to the previous, although unofficial, pledge by Yoshida to Senator Smith on September 3, 1951.[95] Having lost faith in Yoshida's verbal pledge, the senators demanded that Dulles obtain a written promise from the Japanese government not to establish relations with the Communists.

In early November 1951 Dulles decided to go to Tokyo with Senators Sparkman and Smith, the ranking Democratic and Republican members of the Far Eastern

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[94]Yomiuri Shimbun, October 29, 1951; Yoshitsu, Japan and the San Francisco Peace Settlement, 70.

[95]When Yoshida had a private meeting with H. Alexander Smith on September 3, 1951 during the San Francisco conference, he promised that "there was no possibility of Japan making a peace treaty with the Chinese Communists." "Without committing himself," according to Smith, Yoshida implied that "they[Japan] are interested really in making the peace treaty with General Chiang Kai-shek and the Nationalist crowd, but under no conditions with the Communists" Unsigned Memorandum of Conversation, undated, Foreign Relations: 1951, vol. 6, 1327.

subcommittee of the Senate Foreign Relations Committee, to get a firm indication of Japanese intentions on the future relations with the Nationalist regime in Taiwan.[96] Hearing the news that Dulles would visit Japan in early December, the Japanese government was uneasy, particularly the Japanese Treaty Bureau. Japanese officials also thought they might use the opportunity to express Japanese wishes over several other questions: the Korean issue, an administrative agreement, and reparations policy.[97]

After Dulles arrived in Tokyo on December 10, 1951, he, Sparkman, and Smith held a press conference. During the press conference, the three American representatives expressed interest in the Taiwan issue. Admitting the Japanese right to choose any diplomatic partner, the American representatives emphasized the need for a first-step buildup that would help Japan to deter an indirect invasion of the country.[98] On December 12, the American representatives bluntly informed the prime minister that the future relationship of Japan with China was an important issue that might block ratification of the peace treaty if Japan failed to promise not to restore its relations with the Chinese Communists after the peace treaty ratification.[99]

When the American representatives made it clear that the aim of the United States representative in Tokyo was to have Japan recognize the Chinese Nationalists, Yoshida ordered the Treaty Bureau of the Foreign Ministry to study an alternative proposal.

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[96]The Acting Secretary of State to the Embassy in Paris, November 7, 1951, ibid., 1393.

[97]Nishimura, Nippon gaiko shi, 313.

[98]Asahi Shimbun, December 11, 1951.

[99]Nishimura, Nippon gaiko shi, 315.

Realizing the firm position of the United States on future Japanese relations with Taiwan, Yoshida hoped to build a diplomatic relationship with the Nationalist regime in Taiwan on condition that a bilateral treaty between Taiwan and Japan would be effective only in the area that the Nationalist government controlled.[100] Yoshida tried to minimize the degree of Japan's legal commitment to Taiwan. He knew that a formal bilateral peace treaty with the Nationalist government would create obstacles for the future Japanese relationship with the mainland of China which was indispensable for Japanese economic survival.[101] Nevertheless, it was also impossible to establish diplomatic relations with the Communists while Tokyo was under American hegemony. Confronting a difficult situation, Yoshida tried to reconcile diplomatic relations with the Nationalists and continue trade with the Communists under a special arrangement with the Nationalists.[102] He tried to separate economic issues from political problems in dealing with the two Chinese regimes.

In an afternoon meeting on December 13, 1951, Dulles warned Yoshida that "the United States Senate, Congress, and American people generally wanted to know whether the Japanese government intended to pursue foreign policies in Asia which are generally compatible with those of the United States." Dulles emphasized that the National Government of China should be recognized as the lawful government of China by the

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[100]Ibid.

[101]Yoshitsu, Japan and the San Francisco Peace Settlement, 74.

[102]Nishimura, Nippon gaiko shi, 315.

United States and by a large majority of members of the United Nations.[103] Moreover, Dulles pointed out that Taiwan controlled an important link in the so-called off-shore islands defense chain in the Pacific which was critical for Japanese security interests. Dulles pressured Yoshida to admit that Japanese interests would be best served "if the Japanese government were to negotiate with the national government of China."[104] Repeating his old argument that the western world needed to broaden contacts with China, Yoshida responded that Japan could play better than any other country in weaning China away from Soviet domination."[105] Dulles countered that the alliance between Communist China and the Soviet Union would be "broken by augmenting the hardships of continued acceptance of Soviet domination and not by granting concessions which would make life easier."[106] Dulles dismissed Yoshida's call for contact between Japan and Communist China as a political fantasy. He could not accept anything short of a Japanese-Nationalist Chinese peace treaty.[107]

While Dulles prepared for the next meeting with Yoshida, he drafted a letter which he wanted Yoshida to send to him. The letter was entitled "Japanese policy towards the

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[103]The United States Political Adviser to SCAP to the Secretary of State, December 13, 1951, Foreign Relations: 1951, vol. 6, 1437.

[104]Ibid.

[105]The United States political Advisor to SCAP to the Secretary of State, December 14, 1951, ibid., 1438; Nishimura, Nippon gaiko shi, 315-6.

[106]The United States political Advisor to SCAP to the Secretary of State, December 14, 1951, Foreign Relations: 1951, vol. 6, 1438-9.

[107]Yoshitsu, Japan and the San Francisco Peace Settlement, 75-6.

Chinese Nationalist Government and the Communist Chinese Government."[108] At the meeting with Yoshida on December 18, 1951, Dulles, repeating the necessity for an early resolution of the Taiwan issue to avoid treaty ratification difficulties, handed his draft letter to Yoshida.[109] The letter stated that "my government [the Japanese government] is prepared as soon as legally possible to conclude with the National Government of China, if that government so desires, a Treaty which will reestablish normal relations between our governments in conformity with the principles set out in the multilateral Treaty of Peace, the terms of such bilateral treaty to be applicable as regards the territories now or hereafter under the actual control of the Japanese and Chinese National Governments." Furthermore, the letter declared that "the Japanese Government has no intention to conclude a bilateral Treaty with the Communist regime of China."[110] The letter marked a turning point in United States-Japanese relations regarding the Taiwan issue.

After Yoshida read the letter with Dulles' explanations, he expressed "no objection" to its contents. Yoshida decided to accept the letter as the solution of the Chinese issue. Dulles and Yoshida reached an agreement that "(1) the Prime Minister would address the letter to Ambassador Dulles and send it to Ambassador Sebald

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[108]Before Dulles handed the letter to Yoshida, he discussed it thoroughly with Senator Smith and Senator Sparkman. The two Senators agreed that such a letter form Yoshida would be helpful in obtaining ratification of the peace treaty in the Senate; Memorandum of Conversation, by the United States Political Advisor to SCAP, December 18, 1951, Foreign Relations: 1951, vol. 6, 1443-1444.

[109]Memorandum of Conversation, by the United States Political Advisor to SCAP, December 18, 1951, ibid., 1443-1444.

[110]Copy of Draft Letter Handed the Prime Minister of Japan by the Consultant to the Secretary, December 18, 1951, ibid., 1445-6.

[political advisor to the Supreme Commander of the Allied Power] at an appropriate time; and (2) that the existence of the letter should remain confidential until such time as Prime Minister Yoshida is advised that it is about to be made public."[111] Pleased with Yoshida's concession, Dulles left for Washington on the next day, December 20, 1951.

The Yoshida letter was published on January 16, 1952, one day after the United States Senate began its process of ratification of the Japanese peace treaty. Release of the Yoshida letter aroused political controversy in Tokyo. Criticism centered on Yoshida's decision without consulting the Diet. The Japanese, however, had little choice but to accept Yoshida's concession. The Japanese wanted to conclude the Japanese peace treaty more than anything else. In addition, Yoshida emphasized that the prospective treaty with the Chinese Nationalists would be only limited recognition and would not foreclose future diplomatic relations with mainland China.[112] In Washington, the criticism toward Yoshida hardly influenced Dulles's strategy for achieving treaty ratification. Dulles exploited the Yoshida letter as an important part of his testimony during the Senate hearings on ratification.[113] On March 20, 1952, the Japanese peace treaty was ratified by the great margin of 66 to 10.

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[111]Memorandum of Conversation, by the United States Political Advisor to SCAP (Sebald), December 18, 1951, ibid., 1443-1444.

[112]Howard Schonberger, "Peacemaking in Asia: The United States, Great Britain, and the Japanese Decision to Recognize Nationalist China, 1951-52," Diplomatic History 10 (Winter 1986): 71.

[113]U.S. Congress, Senate Committee on Foreign Relations, Hearing on Japanese Peace Treaty and Other Treaties Relating to Security in the Pacific, 82nd Congress, 2nd sess (Washington, D.C.: Government Printing Office, 1952), 9-14,49-50, 78-82, 155-56, 164-66.

With publication of the Yoshida letter, meantime, the Chinese Nationalists in Taiwan moved to ask Japan to negotiate a Sino-Japanese bilateral treaty, and Yoshida responded promptly by sending a delegation to Taiwan.[114] On February 20, 1952, the Chinese Nationalists and Japan began negotiation of a treaty. The negotiations proceeded slowly because the Nationalists insisted that Japan recognize the Nationalist regime as representing all the Chinese people and the Japanese favored limited recognition. The negotiations bogged down after several meetings. Disturbed by the slow pace, the State Department instructed Charge' Karl Rankin to mediate the dispute.[115] After ten weeks of talks intervened by Washington, the Japanese signed a bilateral pact with the Nationalists on April 28, 1952, just hours before the Japanese peace treaty went into effect. The bilateral treaty mentioned nothing about the territorial limits in the Japanese recognition of the Nationalist government. With little domestic opposition, the Tokyo-Taipei treaty was easily approved by both Tokyo and Taipei and went into effective on August 5, 1952. Different from Japanese expectation, the Tokyo-Taipei treaty would become the major obstacle in normalizing Sino-Japanese relations for decades. Japan and Communist China would not establish full diplomatic relations until 1978.

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[114]Yoshitsu, Japan and the San Francisco Peace Settlement, 79

[115]Karl L Rankin, China Assignment (Seattle, Washington: University of Washington Press, 1964), 116-17.

CHAPTER VII

THE KOREAN WAR AND THE JAPANESE ECONOMY

The Korean War brought an unexpected economic boom in Japan, reshaping that nation as a permanent military supplier for the American global containment policy in Asia. The globalization of containment triggered by the Korean War required the restoration of Japan's idle industrial capacity. Implementing new procurement, Japanese industries needed cheap raw materials from Southeast Asia. Combining economic integration of Japan and Southeast Asia with mobilization of Japanese military industrial capacity, the United States carved out a new triangular trade system in Asia during the Korean War, which would dominate the Asian economy for decades. This chapter focuses on the impact of the Korean War on American-Japanese economic relations.

Korean War Boom in Japan

When news of the outbreak of the Korean War reached Tokyo in June 1950, Japanese Prime Minister Shigeru Yoshida said that the Korean War would be a "Gift of the Gods" for his country.[1] He was proved right immediately. When the United States rushed into the Korean battlefield from American bases in Japan in the summer of 1950, Japan became an important logistical supplier. Japan reopened idle military factories to meet the demands of the Korean War although the Far Eastern Commission rules did not

[1]Dower, Empire and Aftermath, 316.

allow Japan to produce arms. According to the rules of the Far Eastern Commission, Japan could not develop, manufacture, import, or export arms, ammunition or implements of war.[2] Nonetheless, the Supreme Commander for the Allied Powers in Tokyo and the State Department exploited loopholes in the rules of the Far Eastern Commission that allowed Japan to produce military materials for the needs of the occupation forces at the discretion of the supreme commander.[3] By broadly interpreting the rules of the Far Eastern Commission in August 1950, the State Department argued that the Supreme Commander for the Allied Powers could be authorized to use Japan's "particular primary war facilities, secondary war facilities and facilities in war-supporting industries, in so far as such facilities are required to meet the needs of the occupation." Accordingly North Korean aggression, which was interpreted as a threat to the occupation, provided legal justification for the Supreme Commander for the Allied Powers to allow Japan to help war efforts in accordance with paragraph 10.[4] General MacArthur was authorized to "allow Japanese industry to supply civilian-type items for military end-use to permit the mobilization of Japanese armament industries for the same

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[2]There were three main rules about the prohibition of Japanese rearmament and remilitarization; FEC-014/9 of June 20, 1947, entitled "Basic Post-Surrender Policy for Japan," FEC-084/21 of August 18, 1947, entitled "Reduction of Japanese Industrial War Potential," and FEC-017/20 of February 17, 1948, entitled "Prohibition of Military Activity in Japan and Disposition of the Japanese Military Equipment"; Memorandum by the Officer of Japanese Affairs to the Director of the Office of Northeast Asian Affairs, Foreign Relations: 1950, vol. 6, 1244.

[3]Ibid.

[4]Office Memorandum of the Department of State, February 7, 1952, 794.5/2-752, Internal Affairs of Japan, 1950-54, microfilm, reel no. 16.

objective."[5] Later this position was automatically revised to refer also to Chinese Communist aggression in Korea.

On August 24, 1950, the Far Eastern Command in Tokyo established the Japan Logistical Command for military procurement orders in Japan. The headquarter of the Japan Logistical Command, located in Yokohama, was under Major General Walter L. Weible. The command was in charge of supplying and supporting the Eighth Army in Korea.[6] The Japan Logistical Command, although created by the Far Eastern Command, received instructions directly from the Defense Department. Independent of the Economic Stabilization Commission which controlled the Japanese economy during the occupation, the Japan Logistical Command played a central role in securing procurement orders in Japan and contracted directly with Japanese companies for military production. Many prewar weaponry factories worked on contracts for the Korean War procurement. In July 1951, for instance, 20 of the 586 factories which received direct contracts from the Japan Logistical Command had produced armaments before and during the Second World War.[7] Japanese industrial facilities and labor-resources provided vital services to the United States forces in Japan as well as in Korea. American planes and ships operating from Japanese airfields and ports received maintenance service from Japanese laborers. Japanese transportation businesses helped in overcoming a shortage of United

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[5]Ibid.

[6]Collins, War in Peace, 101.

[7]Nakamura Takafusa, "Nichi-bei keizai kyorihkyu kankai no kaisei," in Taiheiyosenso: kaiseng kara kouwha made, Kindainihon kenkyu, no. 4, ed. Kindainihon kenkyukai (Tokyo: Yamakawa Shuppansha, 1982), 283-4.

States naval transport for the military movement to Korea.[8] Without help from the Japanese shipping industry, it would have been impossible for American military forces to transport the necessary supplies to Korea on time. On July 1, 1950, the Supreme Commander for the Allied Powers permitted Japanese vessels to sail between Korea and Japan, guaranteeing that any damage caused to cargo, vessels, and crew members would be compensated for by the United States.[9] In cooperation with the Supreme Commander for the Allied Powers, Prime Minister Yoshida announced on July 11 that "all available means should be taken to facilitate military transportation for the United States."[10] The Japanese shipping industry was greatly boosted by the announcements and expected large transportation contracts from the United States forces. In fact, Japanese transportation between Korea and Japan increased tremendously during the summer of 1950. In September of 1950, for instance, a total of 120 Japanese vessels were chartered for transportation of war materials to Korea.[11] Japan also provided equipment and skilled personnel for repairing army and navy equipment. Korean War procurement orders

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[8]At that time, according to James A. Field, "only a little over a third of the Navy's active strength was in the Pacific, only a fifth of that was in the Far East." Generally the presence of naval forces in the Far East was "largely a housekeeping command": Field, History of United States Naval Operations, 44-45.

[9]Actually, Japanese shipping industry was already engaged in doing business between Japan and Korea before the war broke out. Marine transportation to Korea has occupied more than 30 percent of Japan's total marine transportation business since Japan's vessels had been authorized to international transportation service in April 1950. Japanese coal, locomotives, and cement were shipped to Korea, and in return Korean rice and minerals were shipped to Japan; Mainichi, July 14, 1950, 1.

[10]Mainichi, July 12, 1950, 1.

[11]Mainichi, September 14, 1950, 1.

brought full-time or temporary employment to 290,000 individuals during the one year and ten months following the outbreak of the war.[12] Without Japanese workers, according to historian James A. Houston, the United States would have needed an additional 200,000 to 260,000 service troops.[13] The Japanese role in the transportation and handling of supplies and the movement, housing, and hospitalization of troops was an indispensable part of the United States war effort in Korea. In 1952, at the height of the Korean War, the United States had unrestricted use of 1,212 military installations in Japan.[14]

Besides serving as a logistical supplier for the American war effort in Korea, Japan also provided a "playground for hundreds of thousands of UN soldiers" who were flown from the Korean battle lines to Japan for short term rest and recreation leave.[15] American pilots, in particular, enjoyed a "normal" home life in Japan when they finished daily duty. They flew out in the morning to bomb Korean targets and returned to American bases in Japan in the evening. While functioning as a rest and recreation area

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[12]Yamamoto Mitsuru, "The Cold War and U.S.-Japan Economic Cooperation," in The Origins of the Cold War in Asia, ed. Yonosuke Nagai and Akira Iriye (New York: Columbia University Press, 1977), 413.

[13]James A. Houston, "Korea and Logistics," Military Review 36 (February 1957): 19-25.

[14]At that time there were 579 military barracks, 54 housing complexes, 69 air bases, 37 port facilities, 83 practice ranges, 42 factories, 140 warehouses, 26 medical facilities, 129 communications facilities and 53 other facilities in Japan; Herbert P. Bix, "Regional Integration: Japan and South Korea in America's Asia Policy," in Without Parallel: American -Korean Relationship Since 1945, ed. Frank Baldwin (New York: Pantheon Books, 1974), 223.

[15]According to General Mark Clark, the Japanese role as a "playground" for the United States soldiers was a very "aggressive factor" in United States-Japan relations; Clark, From Danube to Yalu, 123.

for United Nations forces, Japan had social problems related to the comforting business. From the Minura peninsula to Yamigahama, from Hakone to Hakodate, wherever there were United States military bases, there thrived clusters of bars, cabarets, hotels, and brothels.[16] These entertainment businesses also supplied dollars into the Japanese economy. However, among other problems, the care and support of illegitimate children fathered by American soldiers became a troublesome social issue in Japan.[17]

The Korean War clearly revived a depressed Japanese economy. The index of industrial production surpassed the 1936 level by October 1950 and reached 131.5 percent by May 1951 which marked an increase of more than 50 percent in one year compared to only 10 percent before the Korean War.[18] On the eve of the Korean War, Japan recorded a $300 million annual deficit in its international balance of payments.[19] The index of manufacturing production in June 1950 was about one-third the 1931

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[16]In Yokosuka, where the headquarters of the United States Seventh Fleet were located, approximately five thousand prostitutes and fifteen brothels thrived in 1952; Bix, "Regional Integration," 195.

[17]Japanese religious groups criticized negligence of the United States authorities in caring for the orphans fathered by American soldiers. They argued that there were about 20,000 orphans fathered by the United States soldiers in Japan. According to General Mark Clark, the number of the illegimate children fathered by the United States soldiers was much less than the Japanese calculation. He stated that there were about 4,000 orphans during the period of the Allied Occupation ad the Korean War; Clark, From the Danube to the Yalu, 125.

[18]Schonberger, Aftermath of War, 226.

[19]The special procurement connected with the Korean War began at 149 million dollars in 1950, rose to 592 (1951), 824 (1952), and 806 (1953), and fell again to 596 million dollars in 1954; Kozo Yamamura, Economic Policy in Postwar Japan: Growth Versus Economic Democracy (Berkeley, CA: University of California Press, 1967), 39.

level.[20] From April 1949 on, according to the president of the Toyota Auto Company, Kamiya Shotato, "automobile makers in Japan came to find it impossible to maintain production."[21] By the end of 1950, Japan's international balance of payments was $40 million in the black for the first time in the postwar period.[22] Japanese business circles harvested huge profits from the war.[23] In the first year of the Korean War, the high demand for trucks stimulated Japanese car industries. United States forces in Korea imported a huge number of Japanese trucks which had been used during the Second World War and had been rebuilt.[24] At the beginning of the Korean War, for example, the Toyota Auto Company, prior to receiving a large share of vehicle orders from the Japan Logistical Command, was producing 340 cars per month. By August 1950, Korean War orders for the company increased that production to 1,000 cars per month. In March 1951, the orders jumped to 1,542 cars per month.[25] The Toyota company would increase its car production by 40 percent during the Korean War. The president of Toyota Kamiya recalled later that "I felt a mingling of joy for my country and a sense of guilt

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[20]Yamamura, Economic Policy in Postwar Japan, 39; Sherwood M. Fine, "The Impact of the Korean War on the Japanese Economy," in The Occupation of Japan: The Impact of the Korean War, ed. Nimmo, 139.

[21]Quoted by Borden, The Pacific Alliance, 147.

[22]Yamamoto, "The Cold War and U.S.-Japan Economic Cooperation," 413.

[23]The average profit rate of the Japanese companies increased from 2.5 percent in 1949 to 10 percent in 1952; Nakamura, Sowha keizai, 204.

[24]Houston, "Korea and Logistics," 25.

[25]Fujita Kuniko, "Corporatism and the Corporate Welfare Program: Impact of the Korean War on the Toyota Motor Corporation," in The Occupation of Japan: The Impact of the Korean War, ed. Nimmo, 116-7.

that I was rejoicing over another country's war."[26]

The demand for war materials changed as the war became a stalemate with the Chinese intervention in the winter of 1950. The greatest demand in the second year was auto parts. In the third year, arms production eventually achieved the first place in procurement contracts.[27] Between 1951 and 1953, about 50 to 70 percent of the total Japanese dollar imports came from military procurement for the Korean War. Special war procurement for the Korean War exceeded $1.1 billion from 1950 to 1953. Procurement related trade was 18 percent of the total of normal exports for 1951 and 44 percent in 1952.[28] Large-scale Korean War special procurement surpassed government aid and relief in occupied areas as the main forms of American aid to Japan. Unlike the relief goods received through the GARIOA (Government Account for Relief in Occupied Area) and EROA (Economic Rehabilitation in Occupied Area) funds, the procurement orders had the same economic effects as exports, creating new demand, increasing employment and income levels.[29] As a result, all Japanese businesses were boosted by the Korean War boom. The Japanese stock exchange increased unprecedentedly.[30] The Korean War boom of 1950 to 1951, according to British economist G. C. Allen, swept the Japanese economy on to a "new plane." He argued that "it is scarcely possible to

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[26]Ibid.

[27]Nakamura Takafusa, Sowha keizai shi(Tokyo: Iwanami Shoteng, 1986), 203.

[28]Yamamoto, "US-Japan Economic Cooperation," 413.

[29]Ibid., 412.

[30]Mainichi, July 19, 1950, 1.

exaggerate the importance of these payments to Japan's economic recovery during the critical years after 1951." Without American procurement, he added, "Japan would almost certainly have sunk deeper into economic chaos."[31] Chalmers Johnson, author of the numerous works on the politics on eastern Asia and professor of political science at the University of California, Berkeley, in his Conspiracy at Matsukawa (1972) stated as follows:

> The Korean War was in many ways the equivalent for Japan of the Marshall Plan. Between June 1950 and 1954 the United States spent close to $3 billion in Japan for war and war related supplies. The Tokuju Keiki, or Tokuju Boom (from the name of the procurement orders, called special needs or Tokubetsu Juyo) overcame the depression caused by economic stabilization and started the economy on its upward course. The Tokuju boom saved the regime of Prime Minister Yoshida from almost certain discredit as a Japanese Hoover Administration and saved the United States occupation from possible charges of monumental bungling.[32]

The artificial stimulus of the Korean War procurement kept the Japanese economy afloat, but Japan had to face new problems such as import shortages, raw materials inflation, and production bottlenecks instead of inadequate foreign demand. In particular, the price inflation of raw materials was serious. For example, the price of silk and rayon increased almost daily. A dealer, who had worked in the business for twenty years, explained to a Mainichi reporter that he "for the past one month and a half, would wake up in the morning to find a new price standard, surprisingly higher than during the previous day."[33] A pound of silk cost $2.40 in the United States in 1949 and to prevent

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[31]G.C. Allen, Japan's Economic Recovery (London: Oxford University Press, 1958), 19-33.

[32]Chalmers Johnson, Conspiracy at Matsukawa (Berkeley: University of California, 1973), 23.

[33]Mainichi, August 22, 1950, 1.

further decreases in the price, the Supreme Commander for the Allied Powers fixed the price at $2.77 a pound. In August 1950, the price of a pound of silk reached more than $4.50 in the United States. The price of nylon, which was $6 a pound before the war, was $12 per pound in August 1950.[34] The inflation lifted living expenses, causing substantial increases in electricity, gas, and transportation rates.[35]

Despite increased foreign demand from the Korean War, the Japanese economy was far from a normal commercial trade recovery. In Tokyo in October 1950, Jóseph Dodge warned that "Japan has not yet answered its need and proved its ability to earn its own living with normal exports in increasingly competitive world markets."[36] Japan's postwar balance of payments, chiefly characterized by a persistent commodity trade deficit, did not change a lot in terms of normal trade.[37] In the United States fiscal year 1951, Japan exported $1.2 billion while it imported $1.6 billion. The 400 million trade deficit was balanced by American aid ($277 million), special procurement for the Korean War efforts ($243 million), and occupation personnel expenditures in Japan ($96 million). The extraordinary source of foreign exchange earnings, chiefly United States special procurement for the Korean War and other United States expenditures in Japan,

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[34]Ibid.

[35]Foreign Service Despatch, Tokyo, July 25, 1951, 794.00/7-2551, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2.

[36]Quoted by Borden, Pacific Alliance, 148.

[37]In 1949, Japan recorded $500 million in exports and $900 million in imports. The $400 million gap between exports and imports was balanced by American aid. However, the Korean War helped Japan to increase its exports to $800 million in 1950 and $1.3 billion in 1951; Nakamura, Showha keizai, 203.

made it possible for Japan to remain economically sustainable.[38] Furthermore, the Korean War boom would remain only temporarily as long as the war continued. In October 1950, General Douglas MacArthur had already predicted he could finish the war at least by the end of 1950 when he met President Truman at Wake Island. MacArthur was proved wrong with the Chinese intervention in November, 1950, and the United States was forced to establish a new policy to try to conclude the Korean War as promptly as possible. Adjusting its war aim from unification of the Korean peninsula by military force to peaceful settlement through truce talks, the National Security Council decided its basic policy:

> We will consider a cease-fire, but must insist upon a cease-fire which does not place UN force at a military disadvantage and which does not involve political concessions. Details of a cease-fire should be negotiated in order to protect the security of UN forces before a cease-fire is accepted. The Joint Chiefs of Staff will prepare as a matter of urgency the military condition on which a cease-fire would be acceptable.[39]

Although truce talks did not begin until July 1951 because the battle situation in Korea was too bad for the United States to open truce talks in the spring of 1951, even the suggestion of possible truce talks in Washington raised questions about the economic future of Japan. Washington knew that the end of the Korean War would be an economic setback for Japan. Japanese industries were not fully restored and Japanese access to

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[38]Department of State, Preliminary Unedited Draft, "The Probable Future Orientation of Japan," December 27, 1951, 794.00/12-2751, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2; The Japanese government's Economic White Paper for fiscal 1953 also warned that Japanese economy was a "distorted economy that must cling to special procurement for its survival," Quoted in Yamamoto, "US-Japan Economic Cooperation," 413.

[39]Minutes of the 74th Meeting of the National Security Council, December 11, 1950, National Security Council File, Modern Military Branch, National Archives, Washington, D.C.

cheap resources in China had been prohibited after the Chinese intervention in Korea. With few raw material resources and a growing population, Japan would face a serious economic problem if Korean war procurement stopped.

Mobilization of Japanese Industries

When the United States was contemplating truce talks for the Korean War in the winter of 1950, negotiations on the Japanese peace treaty were also in process. A Japanese peace treaty would eventually terminate American economic aid for Japan. If the United States cut off its economic aid to Japan as well as the Korean War procurement, Japan would inevitably face economic disaster: How could Japan continue its economic restoration? When Japanese officials prepared for peace treaty negotiations with the United States in the winter of 1950, generally they believed that Japan needed foreign markets and raw materials.[40] With obsolescent facilities and lack of raw materials, however, how could Japanese businessmen compete in foreign markets? To make Japanese industries more competitive in foreign markets, Japan would need to reduce the price of products, which led to the implication of a lower living standard. Otherwise, the United States would have to continue its economic aid to Japan which the American public marginally supported. It was a political dilemma in Washington.

The most effective solution to the question of Japan's economic survival ironically came from the Korean War because the Korean War changed the basic perception of the American containment policy in Asia. Alerted by the outbreak of the war, the Truman administration approved NSC 68 which recommended a global

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[40]Nakamura, "Nichi-bei keizai kyorikyu kankai no kaisei," 286.

containment strategy against Soviet aggression.[41] Advocating a world-wide containment strategy, NSC 68 challenged the conventional concept of a peacetime defense budget. After the Korean War broke out, in fact, the Truman administration raised its defense budget to about $30 billion by mid-July.[42] It was the first major cold war defense budget expansion in peacetime.[43] With an expanded defense budget, the American containment policy transformed from economic competition against a Soviet challenge to a military buildup. In an American military buildup, Washington placed the first priority on the defense of Western Europe. By September 1950, Washington drafted a final plan for German rearmament, but the most dramatic change took place in Asia.[44] Asia, which had traditionally been considered as secondary in American security interests, was now reevaluated as vital because "in the context of the present polarization of power a defeat

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[41]Etzold and Gaddis, eds. Containment: Documents on American Policy and Strategy, 1945-1950, 383-384.

[42]After World War II, the American military budget declined. Truman's first peacetime military budget for the fiscal year of 1947 was $11.8 billion out of a total budget of $39.2 billion. The sum of the defense budget for the fiscal year of 1948 was $10.5 billion out of a total budget of $33.7 billion, and the budget for the fiscal year of 1949 was $10 billion out of $39.6 billion; Warner R. Schilling, "The Politics of National Defense: Fiscal 1950," in Strategy, Politics, and Defense Budgets, ed. Warner R. Schilling, Paul Y. Hammond and Glenn H. Snyder (New York: Columbia University Press, 1962), 29.

[43]NSC-68 challenged the concept of a limited defense budget in the Truman administration. When NSC-68 was circulated among key policy makers in Washington, Leon Keyserling, later Chairman of the Council of Economic Advisor, was convinced that America could provide $40 billion for the defense budget; Gaddis, Strategies of Containment, 93-94; The Joint Chiefs of Staff proposed a military build-up program with a procurement figure totaling $50 billion in 1950 right before the Korean War; Hammond, "NSC-68: Prologue to Rearmament," in Strategy, Politics, and Defense Budgets, ed. Schilling, Hammond and Snyder, 344.

[44]Lawrence W. Martin, "American Decision to Rearm Germany," in American Military Decisions: A Book of Case Studies, ed. Harold Stein (Birmingham: University of Alabama Press, 1963), 653-659.

of free institutions anywhere is defeat everywhere."[45] In addition, Southeast Asia, where the United States focused its containment policy in Asia, had raw materials for Japan. Simultaneously with the Korean intervention on June 27, 1950, Washington drew closer to Taiwan, the Philippines, and Indochina. Extending American intervention into Southeast Asia, Truman announced that aid to both the Philippines and the "forces of France and the Associated States in Indochina" would be accelerated. A military mission would also be sent to Indochina.[46] From August through September 1950, a Joint State Department and Defense Department Mutual Defense Assistance Program (MDAP) Survey Mission visited the Southeast Asian states of French Indochina, Indonesia, Thailand, and the Philippines. Headed by the State Department's John Melby, the mission concerned the region's military needs in the wake of the Korean War. The mission recommended increased military aid to the whole region. Melby emphasized Indochina as the "keystone of [the]SEA defense arch." A failure there would "inevitably precipitate" all of the "SEA mainland into [the] Communist orbit with excellent prospect of [a] similar eventuality in Indochina and [the]Philippines, barring American occupation of [the] latter." Melby and his mission colleague, Major General G. B. Erstine, recommended additional military aid to the French in order to "hold the lid on the Indochinese kettle for the predictable, if relatively limited future."[47] In the Philippines,

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[45]NSC-68, Foreign Relation: 1950, vol. 1, 240.

[46]Statement issued by the President, June 27, 1950, Foreign Relations: 1950, vol. 7, 202-3; Norman A, Graebner, "Global Containment: The Truman Years," Current History, vol. 57, no. 335 (July 1969): 83.

[47]Report of MDAP Survey Mission to Foreign Military Assistance Coordinating Committee, August 6, 1950, Foreign Relations: 1950, vol. 6, 840-44; Melby to Rusk and Lacy, in Health

they also recommended enlargement of the Joint United States Military Advisory Group and called for active participation of the Joint United States Military Advisory Group officers in counterinsurgency operations.[48] In November 1950, the Joint Chiefs of Staff urged, in a report for the Defense Department and the National Security Council, that the United States "as a matter of urgency" do everything short of deploying its forces to "deny Indochina to Communism."[49] The fall of Southeast Asia, according to the Joint Strategic Survey Committee, would have "political and psychological repercussions. . . throughout the world."[50] The reevaluation of Southeast Asia in a globalized containment strategy became interconnected with the Japanese economic question when the United States wanted to replace China with Southeast Asia as a supplier for the Japanese economy; of course, this became a goal after the Chinese intervention in Korea.

Since the 1930s Japan and Southeast Asia had experienced special economic and political connections when Japan's "Southward Advance" policy, which would eventually develop into Japan's "Greater East Asia Co-prosperity Sphere" in 1940, was formed. Japan had hoped to integrate its political and economic structure with Southeast Asian countries.[51] In the concept of a "Greater East Asia Co-Prosperity Sphere" during the

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to Acheson, August 7, 1950, ibid., 845-48.

[48]Dennis Merrill, "Shaping Third World Development: U.S. Foreign Aid and Supervision in the Philippines, 1948-53," Journal of American-East Asian Relations 2(Summer 1993): 150.

[49]Memorandum by Joint Chiefs of Staff to the Secretary of Defense, November 28, 1950, enclosure to NSC 64/1, December 21, 1950, Foreign Relations: 1950, ibid., 945-948.

[50]Analysis prepared for the JCS by the JSSC, November 17, 1950, ibid., 949-53.

[51]Yano Toru, "Who Set the Stage for the Cold War in Southeast Asia?" in The Origins of the Cold War in Asia, ed. Yonosuke Nagai and Akira Iriye (New York: Columbia University

1940s, Japan anticipated that Southeast Asia could be developed as a primary source of strategic raw materials, particularly of petroleum products, rubber, tin, iron ore, and foodstuffs. In return, Japan would be a primary source of manufactured goods.[52] During the Second World War, Japan maintained a typical colonialist policy focusing on the exploitation of resources.

The Japanese scheme of a "Greater East Asia Co-Prosperity Sphere" vanished with the nation's surrender in 1945. In the postwar period, however, the United States attempted to revitalize the colonial structure between Japan and Southeast Asia as an integral objective, holding the line against Communist expansion in the region. Implementing the Marshall Plan for Europe's economic recovery as a means of containing the Soviet Union, the United States also emphasized the restoration of Japanese industrial power in Asia. After the Chinese Communists captured power on the mainland, the strategic value of Japan in American security interests soared. A restored Japanese industrial power would serve as an important deterrent to further Communist expansion in Asia. To restore its industrial power, Japan needed trade outlets and raw materials in Asia, which Southeast Asia could provide. Washington encouraged Japan to reestablish prewar trading patterns with Southeast Asia. Southeast Asia would retain its historical colonial role for Japan under a neo-colonial system.[53] In the spring of 1949,

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Press, 1977), 322.

[52]Department of State, Preliminary Unedited Draft, "The Probable Future Orientation of Japan," December 27, 1951, 794.00/12-2751, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2.

[53]Gary R. Hess, The United States' Emergence as a Southeast Asian Power, 1940-1950 (New York: Columbia University Press, 1987), 340-341.

George Kennan, director of Policy Planning Staff, submitted a policy paper, PPS 51, to the State Department, which would become the basis of an economic integration policy of Japan with Southeast Asia.[54] Under the assumption that "we should therefore view the SEA [Southeast Asia] region as an integral part of that great crescent formed by the Indian Peninsula, Australia and Japan," Kennan stated that "we should seek vigorously to develop the economic interdependence between SEA, as a supplier of raw materials, and Japan, western Europe and India, as suppliers of finished goods, with due recognition, however, of the legitimate aspirations of SEA countries for some diversification of their economies."[55] Nevertheless, the actual trade volume between Japan and Southeast Asia was very low before the Korean War. Underdeveloped Southeast Asian countries did not have buying capabilities for Japanese products and the American integration plan between Japan and Southeast Asia was not successful before the Korean War. The Japanese economy suffered in a depression. The Japanese government, in cooperation with Japanese business circles, promoted Sino-Japanese trade. Sino-Japanese trade actually grew rapidly until the trade embargo on the China trade. How could Japan survive without the China market?

The idea of the economic integration of Japan with Southeast Asia, in which Japan would play the central economic role, rapidly surfaced in Washington when John F. Dulles, who was appointed to prepare the Japanese peace treaty, accelerated the

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[54]Originally Kennan submitted the paper to the State Department on March 29, 1949. After discussing it with the Secretary of State on April 29, 1949, Kennan handed in his final recommendation on May 19, 1949; United States Policy toward Southeast Asia [PPS/51], May 19, 1949, in the State Department Policy Planning Staff Papers, 1947-49, vol. 3, 52.

[55]Ibid, 54.

process of the Japanese peace treaty in the winter of 1950. He played the key role in molding a new economic policy toward Japan. When Dulles met the House Foreign Affairs Committee and the Senate Foreign Affairs Committee on January 11, 1951, to discuss the problem of a Japanese peace settlement, he pointed out that Japan needed to "look elsewhere for both raw materials and markets." Dulles emphasized that Japan could offset the loss of the traditional trading areas in China and Manchuria by increasing trade with the Southeast Asian areas.[56] "With the loss of the normal trading areas of China and Manchuria and the threatened loss of Southeast Asia with its rice bowl and other raw materials needed by Japan," Dulles warned that "it might become necessary, if the Southeast Asia area fell to Communism, for Japan to fill most of its food and raw material needs from the United States at considerable expense." In such case, according to Dulles, "there might be an additional $250 million a year burden on the United States."[57] If Japan continued to import its raw materials from the United States, Japan would have to bear the large freight charges incurred by the shipping of heavy raw materials. As a result, the United States would subsidize the higher cost of its exports through its aid and procurement for Japanese economic survival. In the post Japanese peace treaty era, therefore, inexpensive raw materials for Japan were indispensable to compete in world export markets. Dulles emphasized that only Southeast Asia's stability

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[56]Memorandum of Conversation, by the Special Assistant to the Consultant, January 12, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 792.

[57]Ibid., 791.

and raw materials development could solve the problem.[58] After the embargo on Sino-Japanese trade, Japan bought iron ore primarily from the United States although Japan imported some iron ore from Malaya and the Philippines.[59] As procurement orders increased, in fact, Japan faced problems in securing raw materials as expected. In 1951, Japanese steel production already exceeded that of 1937, a year of great consumption of non-ferrous metals. Consumption of other minerals such as copper, lead, and zinc also increased, lowering profit rates in the defense industry.[60] Economic integration with Southeast Asia appeared to be the only solution for the Japanese resource problems.[61]

Washington officials wanted to replace the China market with a Southeast Asian market for Japan by combining economic integration of Japan through military procurement. Economic integration between Japan and Southeast Asia and United States military procurement looked like two different ideas, but it was two sides of one objective. The ultimate objective was to secure raw materials in Southeast Asia for Japanese industry. Southeast Asia would buy military materials from Japan and in return Japan would buy raw materials from Southeast Asia. From the American perspective, the

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[58]Ibid.

[59]U.S. Congress, Senate Committee on Foreign Relations, Executive Sessions of the Senate Foreign Relations Committee (Historical Series), 82nd Congress, 1st session, 1951, vol 3, pt. 1 (Washington, D.C.: Government Printing Office, 1976), 260.

[60]Letter for John Kean, Northeast Asia Affairs, Department of State, from B. Lockwood, Jr., Minerals Branch, Industrial Division, Mutual Security Agency, February 17, 1953, 794.5-MSP/2-1753, Internal Affairs of Japan, 1950-54, microfilm, reel no. 18.

[61]Yamamoto, "The Cold War and U.S.-Japan Economic Cooperation," 416

United States could keep Japan and Southeast Asia under American influence at the same time if Japan restored its defense industrial capacities with a temporary special procurement program. Special procurement would fit perfectly for Japanese economic prosperity because Japan did not need to compete in foreign markets.

Right before Dulles went to Tokyo for Japanese peace treaty negotiations on January 25, 1951, he discussed the Japanese economic issues widely with officials of the Office of Defense Mobilization including Charles W. Wilson, its head, Sidney Weinberg, and General Lucius Clay. To keep Japan "on the side of the free world," Dulles pointed out that the United States should guarantee that Japan would receive "sufficient quantities of the necessary raw materials, particularly coking coal and iron ore" for the proper operation of Japanese industries. Therefore, Dulles stated "that Japan formerly had obtained large quantities of iron ore from Malaya and the Philippines and that these sources could possibly be re-activated so that the burden on the United States would be lessened."[62] The Japanese government also hoped to accelerate an ongoing program of industrial rearmament triggered by the Korean War as an economic policy rather than as a temporary response to war in Korea in the post-treaty period.[63] The Japanese government encouraged the United States government to include Japan in a new military procurement program. Jiro Shirasu, a top Yoshida aid, had suggested that the United States "utilize Japanese industrial capacity to the full. . . . There can be no more effective

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[62]Memorandum of Conversation, by the Deputy to the Consultant, January 18, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 804-805.

[63]Schonberger, Aftermath of War, 133.

way of firmly binding Japan to the free world."[64] With the Korean War, the United States and Japan had the perfect chance to revive an economic integration scheme between Japan and Southeast Asia originated by Japan in the 1930s.

On February 1, 1951, the Munitions Board in Washington, chaired by John D. Small, recommended utilization of Japan as a source for American wartime requirements in support of proposed U.S. military assistance programs in Southeast Asia. "It would be in the best interests of the U.S." according to the recommendation of the Munition Board, "to initiate industrial mobilization planning in Japan with a view to utilization of Japan as a supplemental source of supply for U.S. military requirements in another world conflict." Such utilization of Japan as a source of supply for United States military requirements would give many advantages to the United States. Therefore, the Munitions Board recommended to the three military departments to: increase purchases of military equipment and supplies in Japan to the extent practicable for use of United States forces, particularly in the Pacific area and survey Japanese industrial capabilities further in collaboration with the Munitions Board, with a view to maximizing practicable utilization as a source for equipment for United States forces and for a military assistance program in Southeast Asia and full utilization of Japanese industry in the event of another world conflict.[65] The Munitions Board emphasized that the Supreme Commander for the Allied Powers be ordered to initiate an industrial mobilization planning program in Japan

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[64]Memorandum by Mr. Robert A. Feary of the Office of Northeast Asian Affairs to the Consultant to the Secretary, January 25, 1951, Foreign Relations: 1951, vol. 6, pt.1, 810.

[65]The Assistant to the Secretary of Defense For International Security Affairs to the Deputy Under Secretary of State, Feb. 20, 1951, ibid., 887-888.

in collaboration with the Munitions Board and the military departments.[66]

According to the Central Intelligence Agency in April 1951, a large part of the Japanese industrial plant, despite war damage and removals for reparations in the postwar period, was intact or could be usable with relatively minor repairs. Japan retained facilities for the manufacture of such ground force munitions as edged weapons, small arms, mortars, rocket guns, artillery, light tanks, self-propelled guns, combat vehicles, and ammunition. Most Japanese shipyards and naval base facilities also were usable. In addition, the naval arsenals could produce medium and small-caliber guns, naval mines, and torpedoes within a relatively short time. The Central Intelligence Agency estimated that "within 12 to 18 months, a considerable portion of Japan's former capacity to produce weapons and ammunition for the use of ground and naval forces can be restored."[67]

Concurring with the recommendation from the Munitions Board on mobilization of Japanese industries in February 1951, the Department of the Army immediately transferred the recommendation to the Supreme Commander for the Allied Powers on February 2, 1951, for consideration.[68] In Tokyo, General MacArthur and other concerned officers of the Supreme Commander for the Allied Powers discussed the Japanese

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[66]Ibid.

[67]Memorandum by the Central Intelligence Agency, April 20, 1951, Foreign Relations: 1951, vol. 6, pt. 1, 995-997.

[68]Foreign Service Despatch, Tokyo February 19, 1951, 794.56/2-1951, Internal Affairs of Japan, 1950-54, microfilm, reel no. 20.

industrial mobilization plan with Dulles and Assistant Secretary of the Army Earl D. Johnson.[69] Dulles was engaging in negotiations for the Japanese peace treaty in Tokyo from January 25 to February 9, 1951. Dulles and Major General W. F. Marquat, head of the Economic and Scientific Section (hereafter ESS), the Supreme Commander for the Allied Powers had a meeting on February 5, 1951.[70] Dulles asked; "Are we after a treaty either going to have to continue to make up deficits in Japan's international payments for an indefinite period or admit large quantities of Japanese goods to the United States?" General Marquat answered "that he hoped very much to be able to utilize unused industrial capacity in Japan for the support of the United States mobilization effort." "If this is not done," General Marquat predicted that "Japan is going to require a lot of U.S. aid." "With facilities already existent in Japan," according to General Marquat's estimate, the country's index of industrial production would easily increase "from 116 to about 200."[71] Dulles and General Marquat agreed to develop the mobilization plan actively. After Dulles left Tokyo in February, ESS sent a memorandum to Washington in late February 1951. "With the interjection of the inflammatory global war complex into the overall situation," ESS contended in the paper that "the post-peace treaty relations between the United States and Japan must include, among other considerations, an

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[69]Ibid.

[70]Regarding utilization Japan's industrial potential, ESS under General Marquat's direction played the major role in Tokyo; Foreign Service Despatch, Tokyo February 19, 1951, 794.56/2-1951, ibid.

[71]Note on Conversation Between Ambassador Dulles and General Marquat, Feb. 5, 1951, Enclosure to Foreign Service Despatch, Feb. 19, 1951, ibid.

evaluation of the extent to which the U.S. will be called upon to furnish economic aid or military aid or both."[72]

> It is axiomatic that any excessive immediate demand upon Japan for assuming a total military defense would emasculate its economic stability to the point of requiring outside support but it is equally factual that unless provided with markets and sources of materials to continue satisfactory industrial and commercial progress both economic and military aid will be a necessity. The obvious solution lies in making Japan contribute to the international military effort by utilization of its surplus economic potential to the fullest extent possible, thereby providing for its continued economic sufficiency and for increasing its contribution to its own military defense.[73]

ESS clearly mentioned the "key initial basis for engaging in production of military items by Japan" was to insure the economic survival of Japan. "The production of military equipment as a marketable export commodity," ESS believed, "would permit continuity of contractual obligations into the peace treaty period and the acceptance of medium and long-range programs."[74] ESS summarized the basic assumption for the economic mobilization program as follows:

> a. The continued economic stability of Japan, acquired during the Occupation, is a matter of concern to the Western Powers. b. The United States is vitally interested in the amount of economic and/or military aid it will be morally committed to consider for Japan after the peace treaty. c. Given access to the necessary raw materials, basic as well as strategic, Japan can retain an acceptable economic level without United States economic aid. d.Without the required access to raw materials, basic as well as strategic, Japan will be faced with the grave possibility of an economic dilemma probably terminating in a requirement for outside assistance. e. Unless Japan can participate in appropriate armament production programs, neither strategic nor basic raw materials will be made available in quantities required to maintain the present equilibrium. f.

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[72]Ibid.

[73]Ibid.

[74]Ibid.

> Considerable idle capacity now exits in Japan in production categories reputed to be in shortsupply in the United States. Basic equipment and material items can be made in Japan under U.S. standards at satisfactory costs for supply to the non-Communist military aid countries in the Far East areas such as French Indo-China, Thailand, Formosa, the Philippines, Malaya and Burma. g. Placing the manufacture of military export items on a basis of economic necessity is supportable from every angle, is not open to political challenge since the items are not actually used by Japan and will not discourage financing or entrepreneuring effort.[75]

By March 9, 1951, the State Department officially agreed on "the desirability of initiating industrial mobilization planning in Japan" with the Munitions Board and ESS.[76] Encouraged by positive reactions from Washington, therefore, ESS intensified its lobby for expanded orders to aid the needs of Japanese industry and coordinated aid to Southeast Asia by sending a mission led by General Marquat to Washington in April 1951. In Washington General Marquat discussed the problems of mobilizing Japanese industrial capacity with Charles E. Wilson, director of defense mobilization, and other officials in foreign and military fields.[77] When General Marquat returned to Tokyo on May 16, 1951, he announced that Japan would be given world markets, sources of materials, and ongoing procurement orders.[78]

In Washington, on May 17, 1951, the next day after General Marquat's announcement, President Truman approved NSC 48/5, which would be the basis of

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[75]Ibid.

[76]The Director of International Security Affairs to the Assistant to the Secretary of Defense for International Security Affairs, March 9, 1951, Foreign Relations: 1951, vol. 6, 905-907.

[77]New York Times, July 22, 1951, 4.

[78]Nippon Times, May 17, 1951, 1.

general policy in Asia.[79] Because the most immediate threat to United States security interests resulting from Communist aggression in Asia was currently presented, according to NSC 48/5, Washington needed to maintain "the security of the off-shore defense line: Japan-Ryukyu-Philippines-Australia and New Zealand and forestall communist aggression in South and Southeast Asia." To promote "the development of effective security and economic relationships among the free nations of Asia and the Pacific area, including the United States," the United States would provide "appropriate United States assistance" to the region.[80] Regarding Japanese policy, Washington would "assist Japan to become a self-reliant nation friendly to the United States, capable of maintaining internal security and defense against external aggression and contributing to the security and stability of the Far East." Washington pledged to "assist Japan in the production of low-cost military material in volume for use in Japan and in other non-communist countries of Asia."[81] The United States shaped a new economic strategy for Japanese economic prosperity in Asia. Japan would be a permanent logistical supplier for the United States in Asia. Military build-up and Japanese economic revival became interdependent political objectives of the United States in Asia.

The issue of new procurement for Japan became urgent when truce talks began in Korea. After the United States forces' successful counteroffensives in the spring of 1951, the first meeting for the truce talks between belligerents, was held at Kaesung on July 10,

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[79]Schnabel and Watson, The History of the Joint Chiefs of Staff, 480.

[80]NSC 48/5: United States Objectives, Polities and Courses of Action in Asia, May 17, 1951, Foreign Relations: 1951, vol. 6, pt.1, 35-6.

[81]Ibid., 38.

1951.[82] Although the truce talks would take two years until the Korean Armistice was finally signed on July 27, 1953, the sudden start of truce talks raised concerns about Japan's economic future in 1951.[83] In Tokyo, in particular, the truce talks in Korea provoked many Japanese to worry about the future of the Japanese economy. They believed that if the end of the Korean War brought "an abrupt suspension of special procurement demands by the United States [it] would produce at least a temporary recession in Japan." For a solution, the Socialist Party strongly demanded restoring Sino-Japanese trade.[84] In Washington, Charles E. Wilson, director of defense mobilization, urged in a letter to the State and Defense Departments and the Economic Cooperation Administration that the United States combine the idle industrial capacity of Japan with raw materials in Southeast Asia for Japan with the strong implication of restoring Japanese military industry.[85] As the end of the Korean War was in sight, procurement became the only one alternative for Japanese economic prosperity.

New Procurement

Japan's new procurement was quickly connected to the Japanese peace settlement because both Washington and Tokyo needed some economic device to substitute for

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[82]Walter G. Hermes, Truce Tent and Fighting Front (Washington, D.C.: Office of the Chiefs of Military History, United States Army, 1966), 15-21.

[83]Foreign Service Despatch, Tokyo, July 25, 1951, 794.00/7-2551, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2.

[84]Foreign Service Despatch, Tokyo, July 25, 1951, 794.00/7-2551, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2.

[85]New York Times, July 22, 1951, 1 and 4.

economic aid to Japan in the post peace treaty period. The issue of new procurement produced an important agenda for the Japanese peace negotiation at the San Francisco peace conference in September 1951. It was natural for Japan to secure some economic guarantee after the Japanese peace treaty. Hisato Ichimada, chairman of the Bank of Japan, and Seichi Motono, adviser to the Japanese delegation to the San Francisco conference, met Joseph M. Dodge and Noel Hemmendinger, advisors to the United States delegation at the San Francisco conference.[86] They discussed Japanese new procurement. During the conversation, Ichimada tried to clarify the Japanese mobilization plan but American delegates did not give any clear promise about new procurement. In response to Japanese requests for concrete details about the new procurement program, Dodge answered that "the principle has been established at a high level and some progress has been made on implementation, but it cannot be expected to be rapid."[87] Ichimada emphasized that Japan's idle plants and excess manpower should be put to use before United States capacity was expanded. Ichimada pushed American delegates to reveal concrete plans for speedy implementation of the mobilization of Japanese industrial potential.[88] Although the United States did not suggest any concrete figure for the new procurement, the Japanese Peace Treaty and the Security Treaty were signed on the basis of a mutual understanding about the necessity of rapid special procurement. In fact, procurement contracts increased after the San Francisco conference. In November and

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[86]Ichimada was one of Japanese signers of the Japanese peace treaty

[87]Memorandum of Conversation, by the Office in Charge of Economic Affairs in the Office of Northeast Asian Affairs, September 7, 1951, Foreign Relations: 1951, vol. 6, 1338.

[88]Ibid.

early December 1951, new orders for the production of ammunition for the National Police Reserve reached $20,000,000.[89] Procurement for Japanese rearmament and the Korean War special demand revived about 70 percent of Japanese factories by the end of 1951 and Japanese firms working on contracts for military supplies reached more than 2,700 by February 1952.[90]

On February 28, 1952, the new procurement was institutionalized when the United States and Japan signed an administrative agreement designed to implement the Security Treaty and provide details for its administration. The United States and Japan included a provision to procure Military Defense Assistance Program supplies for Southeast Asia in the administrative agreement. In addition, a "Joint United States-Japan

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[89]Foreign Office Memorandum, Feb. 8, 1952, 794.56/2-852, Internal Affairs of Japan, 1950-54 microfilm by Scholarly Resources, reel 20; At that time, the United States and Japan had agreed to increase Japanese National Police Reserve forces from six divisions eventually to ten divisions. Although the Japanese government initially opposed an increase in armed forces to prevent a financial break and resurrection of militarism in Japan, the new rearmament program helped Japanese economic growth. The total estimated budget for ten divisions was $777 million. In the fiscal year of 1952, Japan was provided $150 million for Japanese National Police Reserve and $300 would be appropriated for fiscal 1953. In addition, Japan would be charged replacement costs for the rebuilt jeeps and trucks for the Japanese National Police Reserve force. The United States planned to completely re-equip American armed forces in the Far East with new-model jeeps and 6 x 6 trucks by December 1953. In connection with this reequipment plan, the Japanese National Police Reserve was planned to receive new vehicle supply combined of rebuilt and new construction in Japan. Approximately 100,000 vehicles in the Far East were estimated to be available for a rebuilding program. Each vehicle required $1,400 for repair in Japan. The total potential expenditure was estimated to reach $140,000,000;The Counselor of Mission in Japan to the Deputy Director of the Office of Northeast Asian Affairs, March 18, 1952, Foreign Relations: 1952-54, vol. 9, 1214-1216.

[90]Nakamura, "Nichi-bei keizai kyorikyu kankai no kaisei, " 284; During this period, Japanese military industries generally produced indirect military equipments such as tires, trucks, and parts, plywood, sandbags, canvas, blankets, clothing, rails, wire, gasoline drums, paints, cement, structural steel, barges, locomotives, freight cars, storage batteries, plumbing and fittings, heating equipment, uniform materials, lumber and products, coal, and fertilizers, Enclosure to Foreign Service Despatch, Feb. 7, 1952, Internal Affairs of Japan, 1950-54, microfilm, reel no. 20.

Committee" was established to oversee the military presence of the United States.[91] With the administrative agreement, the United States acquired legal authorization to launch the combined military-economic offensive in Asia using Japanese military industrial capacity. On March 8, 1952, Japan resumed its production of weapons and aircraft, shifting its role from the repair and manufacture of parts to full-fledged producer of weapons.[92] New procurement orders poured into Japanese factories a few days after the effective date of the Peace Treaty. In June alone, three contracts for the production of mortar shells were placed with three Japanese companies--the Komatsu Manufacturing Company, the Osaka Metals Company, and the Nippei Industrial Company. The Komatsu Company got the bulk of business. By the terms of its contract, Komatsu was scheduled to initiate production in October, 1952, with deliveries over a period of thirteen months.[93]

New procurement restored a big defense industry in Japan which the United States had worked hard to dissemble through economic reform during the occupation period. The Supreme Commander for the Allied Powers returned to the Japanese government the weapons plants that had survived the aborted reparations program, and the Japanese government returned 859 arms plants to their former owners. They included 314 aircraft factories, 131 military arsenals, 25 aircraft and weapons research center, 19

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[91]Draft Administrative Agreement Between the United States and Japan, January 22, 1952, Foreign Relations: 1952-54, vol. 14, pt. 2, 1103-1110.

[92]Chitoshi Yanaga, Big Business in Japanese politics (New Heaven: Yale University Press, 1968), 255.

[93]Foreign Service Despatch from Tokyo, on August 18, 1952, 794.561/8-1852, Internal Affairs of Japan, 1950-54, microfilm, reel no. 20.

steel mills, 19 machine tool manufacturing plants, 18 shipyards, and 6 synthetic rubber factories.[94] All tools and property (including arsenals) held in reparations custody were also turned over to the Japanese government. The Finance Ministry disposed of this property to private owners. The Japanese companies, which were eligible for bidding on these facilities, could buy with a ten-year moratorium on payment. By August 18, 1952, the Harima arsenal at Kobe was released to Kobe Steel Works and the Hirakata arsenal near Osaka was released to Komatsu.[95]

The Japanese government was deeply involved in reviving the weapons industry. Through the Ministry of International Trade and Industry [MITI], the Japanese government issued licenses for military production in order to regulate the amount of military production.[96] The Osaka Machinery Company was the first given licenses by the Ministry of International Trade and Industry to produce 4.2 inch mortars.[97] Through controlling the number of licenses, the Japanese government wanted to avoid

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[94]Yanaga, Big Business, 255-6.

[95]Foreign Service Despatch American Embassy in Tokyo, on August 18, 1952, 794.561/8-1852, Internal Affairs of Japan, 1950-54, microfilm, reel no. 20.

[96]The Ministry of International Trade and Industry (MITI), organized as part of the United States occupation's effort to restore the Japanese economy on May 25, 1949, was reorganized in 1952 and unchanged until July 1973, when it was again thoroughly reorganized. For decades, MITI served as the powerful government agency in controlling the Japanese business. For its notorious bureaucratic control on business, it was sometimes criticized by foreigners as "the corporate headquarters of Japan, Inc.," or "the ministry of one-way trade."; Chalmers Johnson, "MITI and Japanese International Economic Policy," in The Foreign Policy of Modern Japan, ed. Robert A. Scalapino (Berkeley: University of California Press, 1977), 227 and 234.

[97]Foreign Service Despatch American Embassy in Tokyo, on August 18, 1952, 794.561/8-1852, Internal Affairs of Japan, 1950-54, microfilm, reel no. 20.

unnecessary competition among Japanese companies.[98] In addition, poor economic conditions in the spring of 1952 encouraged Japan's basic industries--steel, shipbuilding, machinery, and textiles--to cooperate openly in order to regulate markets and prices and to share the burdens of overprotection.[99] By August 1952, the Defense Production Committee of the Federation of Economic Organization, chaired by Shin Mitsubishi Heavy Industry Company President Goko Kiyoshi, surfaced as the most powerful industry organization in Japan.

With the new procurement, the big defense business gained the dominant role in Japanese business. The prominent Mitsubishi and Mistui companies had reconsolidated their vast corporate dominions. The use of prewar zaibatsu trademarks were approved again. The Ministry of International Trade and Industry openly assisted the big defense companies to control the defense industry by initiating and institutionalizing collusion among producers. Organized big business was allowed to change the methods of procurement to one of designated bidding, involving some thirty selected manufacturers of tanks, aircraft, machine guns, medium caliber guns, antiaircraft guns, ammunition, electronic communications equipment, and optical instruments.[100] The organized big defense industry, placing the highest priority on defense production, aggressively lobbied for procurement orders. It provided a list of many items that Japan could produce for the

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[98]Kazushi Ohkawa and Henry Rovosky criticized that "Japan must the only capitalist country in the world in which the government decides how many firms there should be in a given industry, and then sets about to arrange the desired number"; See Ohakawa and Rosovsky, Japanese Economic Growth (Stanford: Stanford University Press, 1973), 223.

[99]Borden, Pacific Alliance, 164.

[100]Yanaga, Big Business, 256.

procurement. In September 1952, the Japanese government designated the military industry as a major "national policy" industry under which the MITI would exercise the power to screen and select firms authorized for arms production. To promote the defense industry, the MITI provided tax breaks and subsidies for the weapons manufacturers.[101] In the 1950s and 1960s, as a result, Japanese heavy industry grew faster than light industry in spite of Japan's image as a producer of consumer goods. During the period, the share of heavy industry in Japan's industrial output was higher than in any other industrial country. According to political scientists Jon Halliday and Gavan McCormack, the disparity in growth between light and heavy industry in Japan in the years of 1955-1963 was greater than it was in the Soviet Union in the years of 1928-1940 when Joseph Stalin gave greatest attention to heavy industry.[102]

The Japanese government played an important role in securing new procurement and raw materials for the defense industry. Immediately after the Japanese peace treaty went into effect, the Japanese government sent Taketora Ogata to Southeast Asia as a good will envoy from April to June 1952. Ogata met Generalisimo Chiang Kai-shek in Taiwan, Governor Alexander Grantham of Hong Kong, Premier Phibun Songgram of Thailand, Prime Minister Pandit Nehru of India, Prime Minister Kwaja Nazimuddin of Pakistan, and President Achmed Sukarno of Indonesia. Ogata made efforts to establish "an economic cooperation program to combat communism by improving the economic situation of the countries concerned." Ogata's trip was the first effort of Japan to

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[101]Ibid.

[102]Jon Halliday and Gavan McCormack, Japanese Imperialism Today: 'Co-Prosperity in Greater East Asia'(New York: Monthly Review Press, 1973), 166.

influence favorably Southeast Asia countries toward Japan.[103] Again in the middle of June 1952, Japan sent a four-man trade mission, headed by Katsumi Ono, a senior Foreign Office official, to Indonesia in order to negotiate a trade agreement.[104] The government of Pakistan appointed Nian Ziaudin as its first plenipotentiary to Tokyo in June 1952 and India signed a bilateral peace treaty with Japan on June 9, 1952.[105] The United States encouraged the normalization of Japanese diplomatic relations with Southeast Asian countries for economic penetration. The Japanese government also constantly urged the United States to provide a long-range program for special procurement, particularly the procurement of arms and ammunition. On October 13, 1952, the MITI submitted a brief memorandum to the Procurement Coordination Subcommittee of the Joint Committee requesting information on standards, quantities, prices, and prospective delivery schedules for selected ordnance items.[106]

In Washington, the Truman administration wholeheartedly supported new military procurement, thus adopting a new policy toward Japan. President Truman approved NSC 125/2 on August 7, 1952 which would become the key policy toward

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[103]Foreign Service Despatch, American Embassy, Tokyo, June 12, 1952, 794.00/6-1252, Internal Affairs of Japan, 1950-1954, microfilm, reel no. 3.

[104]Foreign Service Despatch, American Embassy Tokyo, June 5, 1952, 794.00/6-552, ibid.

[105]Foreign Service Despatch, American Embassy Tokyo, June 12, 1952, 794-00/6-125, Ibid.; India had rejected the Japanese peace treaty made at the San Francisco conference in early September 1951; Foreign Service Despatch, Tokyo, October 26, 1951, 794.00/10-2651, Internal Affairs of Japan, 1950-54, microfilm, reel no. 2.

[106]Foreign Service Despatch, American Embassy in Tokyo, November 14, 1952, 794.561/11-1452, Internal Affairs of Japan, 1950-54, microfilm, reel no. 20.

Japan in coming years. NSC 125/2 stated that "South and Southeast Asia would probably accept the restoration of Japan to a position of power in order to contain the Communist bloc."[107] Assuming that Japan's access to raw materials and markets for its products would significantly affect Japan's foreign relations, Washington emphasized that "every effort be made to expand Japan's earnings from normal commerce and from programs of U.S. military and economic assistance to other countries." Believing that an economic arrangement between Japan and Southeast Asia would be a strong deterrent against Communist encroachment, Washington stated that Japan would be "a source of supply on a commercial basis for equipment and supplies procured for U.S. armed forces or under United States aid programs for other countries."[108] In 1952, therefore, Washington officials including the Joint Chiefs of Staff and the National Security Council approved American policies that underlay American intervention in Southeast Asia based on Japanese needs. According to John M. Allison, American ambassador to Japan in 1953, American officials in Tokyo strongly urged integration of "Japan and Southeast Asia both politically and economically." "In the long run, and short of war," Allison continued to state, "the greatest source of weakness in Japan was the fear that it would not be included in the future of the Far East."[109] This American position was never challenged throughout the Korean War. In 1953, the Mutual Security Agency, which was engaged in a basic mineral program in the Far East, anticipated that Japan would "ultimately, and

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[107]NSC 125/2: United States Objectives and Courses of Action with Respect to Japan, August 7, 1952, Foreign Relations: 1952-1954, vol. 14, 1304.

[108]Ibid., 1307.

[109]Allison, Ambassador from the Prairie, 267.

in the not too far distant future, have to rely more heavily on . . . countries of Southeast Asia for a number of the important non-ferrous ores and metals."[110] Furthermore, John Foster Dulles, six days after he had succeeded Dean Acheson as Secretary of State on January 21, 1953, publicly remarked in a radio address that "the Soviet Russians are making a drive to get Japan, not only through what they are doing in northern areas of the islands and in Korea but also through what they are doing in Indochina." "If they could get this peninsula of Indochina, Siam, Burma, Malaya," Dulles continued, "they would have what is called the rice bowl of Asia."[111] In a meeting with State and Defense Department officials of the Eisenhower administration on the next day, Dulles again emphasized that "if Southeast Asia were lost, this would lead to the loss of Japan."[112] Washington perceived the whole Asian region in the conceptual frame of guaranteeing Japanese economic security. Before the Korean War reached its armistice, the United States had shifted its focus toward Southeast Asia; the subsequent American tragedy in Indochina sprouted during the Korean War.

From the spring of 1953, Japan began to produce arms and ammunition for several Southeast Asian countries. The Thailand government signed a contract with the Nihon Seiko K.K. (Japan Steel Company) for the production of 37 mm tank gun

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[110]Letter for John Kean, Northeast Asia Affairs, Department of State, from B. Lockwood, Jr., Minerals Branch, Industrial Division, Mutual Security Agency, February 17, 1953, 794.5-MSP/2-1753, Internal Affairs of Japan, 1950-54, microfilm, reel no. 18.

[111]John Foster Dulles, "A Survey of Foreign Policy Problems," The Department of State Bulletin, vol. 28, no. 711 (Feb. 9, 1953): 213.

[112]Substance of Discussions of State-DMS-JCS Meeting at Pentagon, Janaury 28, 1953, Foreign Relations: 1952-54, vol. 13, pt. 1, 362.

ammunition and asked the Japan Machinery Trading Company to produce .30 caliber ammunition. The government of Pakistan desired to buy Japanese military products. The Burmese government, which wanted to buy mortar shells from the Osaka Kinzoku Company (a Sumitomo Trading Company subsidiary), inquired about the possibility of purchasing Japanese military products through the Burma-Japan Economic Cooperation, informal organization for trade, in May 1953.[113] In addition, Washington decided to increase "a purchase of military equipment and supplies in Japan to the fullest extent practicable, for use of United States forces, and for United States military assistant programs" in Asia in May 1953. Washington believed that "mobilization of Japanese industry, in event of world conflict," should be promoted "to the fullest extent consistent with United States interests."[114]

When the armistice treaty looked imminent in June 1953, the reaction in Japanese business circles to the prospective armistice treaty was panic. There was almost complete agreement among Japanese business circles that an armistice would be a heavy blow to Japan's economy.[115] Regarding the economic impact of a truce, Foreign Minister Okazaki stated that there would be no immediate reduction in United States spending in Japan and that the expected drop in special procurement orders for war material would be made up by other expenditures, including off-shore procurement purchases, Korean

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[113]Foreign Service Despatch, American Embassy in Tokyo, May 22, 1953, 794.5-MSP/5-2253, ibid.

[114]Letter from the Department of the Army to Army Forces , Far East, on May 15, 1953, enclosed in Foreign Service Despatch, June 5, 1953, 794.5-MSP/6-553, ibid.

[115]Office Memorandum on Effect of Korean Armistice of Special Procurement in Japan, from Mr. Kenneth Young to Mr. John Allison, April 1, 1953, 794.5-MSP/4-153, ibid.

rehabilitation, and increased spending by United States garrison forces.[116] In addition, Japan started to negotiate a mutual security assistance agreement with the United States in June 1953, with the goal of increasing trade with Southeast Asia. The Japanese government established a special committee in the Foreign Office to study the possibilities of economic development in Southeast Asia.[117] To reduce the impact of an economic setback after the Korean War, the United States and Japan immediately activated military procurement contracts including orders for the maintenance of American forces in Japan, Okinawa base construction, economic and military assistance to American allies under the Mutual Security Agency program, and Korean reconstruction. Japan produced a massive amount of ammunition, small arms, machine guns and trench mortars to support America's anti-Communist policy in Asia.[118] Special procurement orders placed with Japan's former zaibatsu industries averaged more than $747 million annually and accounted for nearly two-thirds of Japan's total exports between 1951 and 1953.[119] Military procurement orders rapidly transformed from a temporary and emergency nature into semi-permanent profits for Japanese business, proving a new "Gift of Gods" for Japanese economic growth. New procurement orders

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[116]Foreign Service Despatch, American Embassy Tokyo, June 11, 1953, 794.00/6-1153, Internal Affairs of Japan, 1950-54, microfilm, reel no. 4.

[117]Foreign Service Despatch, American Embassy in Tokyo, May 29, 1953, 794.5 MSP/5-2953, Internal Affairs of Japan, 1950-54, microfilm, reel no. 18.

[118]See Nakahara Tone, "Tokuju no sannenkan-tsunagareru nihon keizai," Sekai, no 90 (June 1953), 141-43; And see, Yamada Hiroshi, Sengo Amerika no seisaku to nihon (Kyoto: Horitsu bunkasha, 1967), 140.

[119]Bix, "Regional Integration," 196-7.

led to the boosting of the nation's defense power, reactivating Japan's munitions industry. Later, the United States military procurement reached $10 billion from 1950 to 1970. It was crucial to the growth of major Japanese industries during the period. Especially in the 1950s, the military procurement was critical for Japan because Japanese-Southeast Asian trade did not grow as expected. Under the impetus of procurement, Japan could find an assured foreign market for heavy industrial and high technology exports, shifting its export pattern from its reliance on textiles to heavy industrial goods in 1951.[120]

The military procurement- the Korean War special procurement in 1950, the New Special Procurement program in 1951, aid from the Mutual Security Program in 1952-53, and subsequent assistance from the Foreign Operations Administration and the Public Law 480 surplus food program later in the 1950s- solved logistical problems for the United States and gave a tremendous economic boost for Japan to recover from its depressed economy. Japan was reborn as a workshop for American containment strategy in Asia. Above all, special procurement created a new economic structure between Japan and the United States, linking Japanese prosperity to America's containment policy. Military procurement was the core of the trans-Pacific military-industrial complex which would dominate the Pacific region for decades. The Korean War initiated all these changes in economic relations between the United States and Japan. "It was this war and its manifold procurement," historian Bruce Cumings contended, "that ultimately pushed Japan forward along its march toward world-beating industrial prowess."[121]

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[120]Schonberger, Aftermath of War, 133.

[121]Cumings, The Origins of the Korean War, 766.

CHAPTER VIII

CONCLUSION

When North Korea crossed the thirty-eighth parallel, Washington immediately redefined its security interests in Asia. Perceiving that the North Korean invasion was a part of the larger aggression of the Soviet Union against the non-Communist countries, Washington believed that the collapse of South Korea, which had been established by the United States, would shake American credibility in the world and eventually bring great damage to American prestige. American military intervention in Korea was thought a minimum requirement to protect American credibility in the world. NSC 68, which had been circulated in the Truman administration since April 1950, provided necessary strategic articulation to intervene into the local conflict in the name of global confrontation.[1] It revealed a strong psychological aspect of the Cold War.

To a greater degree, however, American military intervention was based on strategic miscalculation of Japanese security. When Washington decided to intervene in Korea, it promptly accepted Japan's old security concept that had treated Taiwan and Korea as Japan's direct security interest.[2] Historically Taiwan and Korea had been

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[1]May, ed. American Cold War Strategy, 14.

[2]Detrio, a retired army officer, who had worked as adjutant general of two unified commands (the Combined Forces Command/United Nations Command, Republic of Korea, and the US readiness Command, McDill Air Force Base), stated in his book that "the key to preserving Japan's independence rests in the survival of a free South Korea," Detrio, Strategic Partners, 4.

closely integrated in Japanese security schemes since the Sino-Japanese war in the late nineteenth century.[3] Japanese imperialists argued that Korea was a daggar pointed to Japan. Washington officials also believed similarly that the Communist invasion of South Korea had Japan as its final goal. To protect Japan from the Communists, Washington officials needed to intervene not only in South Korea but also in the Taiwan Straits which seemed totally irrelevant to the Korean situation. Taiwan controlled the Japanese sealine in the Pacific. The Truman administration announced that the purpose of American intervention in the Taiwan Straits would be a temporary action to prevent another war between the Chinese Communists and Nationalists. Although it might be true in part, the real reason behind American intervention in Korea and Taiwan was Japansese security. From this perspective, the United States did not appreciate Chinese security interest involved in Taiwan and Korea. The Sino-American confrontation in Korea was an inevitable result. The United States met the Chinese forces in Korea in 1950 as Japan had confronted China half century before.[4]

Given the circumstances, United States-Japanese relations dramatically evolved

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[3]Korea and Taiwan were among the first victims which had fallen into Japanese imperialists' control when Japan won its first imperialist war against China in 1895. In Japan's present strategic thinking also, according to John Halliday and Gavan McCormack, Asia is divided up into two regions; an inner ring and an outer ring. Taiwan and Korea belong to an inner ring and the outer ring stretches from Thailand in the west to Indonesia in the south. In the 1969 Sato-Nixon communique, Taiwan and Korea were treated in the same way. Whereas Korea was described as "essential to Japan's security," Taiwan was called a "most important factor for the security of Japan," Halliday and McCormack, Japanese Imperialism Today, 102-103.

[4]According to historian Fred Harvey Harrington, American foreign policy generally failed in Asia because Washington underestimated the local problems of Asia in the shadow of "Europe First" policy; For more about this, see Fred Harvey Harrington, "'Europe First' and its Consequences for the Far East Policy of the United States," in Redefining the Past: Essays in Diplomatic History in Honor of William Appleman Williams, ed. Lloyd C. Gardner (Corvallis, Oregon: Oregon State University Press, 1986), 106-119.

from an occupied and occupier relationship into a security partnership in Asia. Facing formidable Sino-Soviet military power in Asia, the United States needed to build a strong alliance system in the region. Japan naturally became the focus of American policy. Proceeding rapidly with the Japanese peace treaty, Washington wanted to rearm Japan as a defensive bulwark in Asia. Because the outbreak of the Korean War dissolved internal division in the Truman administration between the State Department and the Defense Department on Japanese rearmament, Washington could easily agree on Japanese rearmament. George Kennan wrote in his memoirs that "the Korean War demolished whatever slight possibility might ever have existed for a Russian-American understanding in relation to the problems of that region, based on the neutralization and demilitarization of Japan."[5]

During the war, Japan made a greater contribution to American war effort in Korea than any other American ally. Tens of thousands of Japanese technicians worked for United States forces and Japanese ships swept the mines in Korean ports even though Japan was prohibited from conducting military actions by the Far Eastern Commission rules. In addition, Japan played a major logistical role for the United States forces in Korea. The Japanese leaders nevertheless rejected the rapid rearmament proposed by Washington. They believed that Japan was safe under American military protection. They did not believe that the Soviet Union would attack Japan in the near future as long as American forces remained stationed in Japan. The Soviet Union could not match American power. The Japanese government emphasized restoration of economic

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[5]Kennan, Memoirs, 396.

capacity to prevent internal insurgency rather than external attack from the Soviet Union. Despite Japanese reluctance to rearmament, Japanese military forces reached 180,000 men by the end of the Korean War. It was politically ironic. The United States, which had disarmed Japan, now pressed Japan to rearm. Japanese rearmament became a symbol of a new American-Japanese relationship in Asia, which would strengthen the Sino-Soviet alliance in return.

Japanese economic relations with China, which was the traditional base of Japanese economic survival, dramatically changed with the war in Korea. Before the Korean War broke out, the United States desired to accommodate the Chinese Communists. Washington hoped that the Chinese Communists would split from the Soviet Union. The Truman administration was seriously pondering the possibility of recognizing Communist China before the Korean War although America's prevailing attitude was "let's wait and see how the new Chinese government acts before we [the United States] grant recognition."[6] Regarding Sino-Japanese relations, Washington allowed Japanese trade with China, which had traditionally provided the market and raw materials for Japanese industry. The China trade continued even after the Korean War broke out. The trade volume between China and Japan had increased early in 1950 and continued to grow until the whole picture of the Sino-Japanese relations changed fundamentally with the Sino-American military confrontation.

The military confrontion between China and the United States promptly brought

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[6]Dean Rusk with Richard Rusk and Daniel S. Papp, As I Saw It (New York: W.W. Norton & Company, 1990), 158.

a trade embargo on China. Washington prohibited all Japanese trade with China and pressed Japan to recognize Taiwan as the representative government of the whole Chinese people. The United States imposed much tighter restrictions on Japanese trade with Communist China than those applied to the Western allies or on Western trade with the Soviet Union. The new American policy toward China dictated every aspect of American foreign relations with other Asian states including Japan. Washington tried to isolate China completely from the non-Communist world in order to destroy the Chinese Communists. It was unrealistic.[7] It wasted national energy in Asia for decades and was a major source of discord between the United States and Japan until Japan normalized its relations with China in 1978.

The Korean War also defined the economic relationship between Japan and the United States. Japan initially enjoyed economic boom caused by the Korean War and old defense industries began to produce war materials again. Nevertheless, the Korean War boom would be temporary. Because Japan needed new permanent markets to replace the China market, the United States desired to orient Japan into Southeast Asia. Despite great hope, Southeast Asia could not supply sufficient markets and raw materials for Japan. Although the Southeast Asia region would eventually be integrated into the Japanese economic system later, the region was underdeveloped in the early 1950s. It did not have buying power for Japanese goods. American military procurement for Japan solved that problem, supplying dollars, demand, technology, and markets and elevated

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[7]Hans J. Morgenthau, A New American Foreign Policy for the United States (New York: Frederick A. Praeger, 1969), 200-206.

Japanese economic power.[8] In 1952, Japan already had become an important car exporter in the world. The combination of the procurement program and Southeast Asia in American policy toward Japan led Washington to contribute to the tragedy later in Indochina because Washington believed that a Communist victory in Indochina would be serious loss to Japanese security. The Vietnam War would provide another economic boom for Japan at the cost of American blood.[9]

Conclusively, the Korean War brought a fundamental change to American foreign policy. With the war, according to historian Paul Kennedy, Washington was "no longer convinced that the moral and cultural appeal of American civilization was enough to prevent the spread of communism."[10] The United States, turning to a military guarantee for its security, launched global rearmament programs througout the world. Regarding United States-Japan relations, in particular, the Korean War opened a new chapter in military and economic cooperation between the two nations, which would remain almost unchanged for decades.[11] The United States and Japan entered a new era of global

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[8]Between 1945 to 1955, the United States supplied Japan with some $6.2 billion, balanced by $2 billion in economic aid and $4 billion in military expenditures, Schaller, An American Occupation, 296

[9]When American military spending for the Vietnam War increased from 1964 to 1970, military expenditures in Japan was higher than it was in Vietnam with the single exception of the year of 1967: $321 million in Japan and $64 million in Vietnam in 1964, $346 million in Japan and $188 million Vietnam in 1965, $484 million in Japan and $408 million in Vietnam in 1966, $539 million in Japan and $564 million in Vietnam in 1967, $581 million in Japan and $558 million in Vietnam in 1968, and $320 million in Japan and $303 million in Vietnam in 1969, Holliday and McCormick, Japanese Imperialism, 11.

[10]Kennedy, The Rise and Fall of the Great Powers, 383.

[11]Historian Akira Iriye contended that current United States-Japan relations had been molded during the Second World War before the Cold War extended into Asia. However, he apparantly underestimated the impact of the Korean War on the relations of the two countries, Akira Iriye,

containment, focusing on two different goals: economic growth for Japan and military build-up for the United States. The two different national goals were probably the most important factors that led the United States and Japan to reach different positions four decades later.

"Continuities in U.S.-Japanese Relations, 1941-1949," in The Origins of the Cold War in Asia, ed. Yonosuke Nagai and Akira Iriye (New York: Columbia University Press, 1977), 379.

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