

Global Power in a Polarized World

Double Nixon Shocks

- In July 1971, US President Richard Nixon announced his stunning plan to visit the People's Republic of China (PRC).
- In August 1971, he announced that US would abandon the gold standard and allow the value of US dollar to fluctuate in the foreign exchange market.
- Japan was left embarrassed with the US policy change without prior notice to Japan.
- Until then Japan had loyally followed US policy to contain the communist regime in China.

US-Japan Trade Conflicts

- Since 1970s Japanese exports to US have overwhelmed the US exports to Japan.
- The chronic trade surplus of Japan led to the chronic political tensions: American executives and labor unions blamed Japan for unfair trade.
- Japan and US agreed a series of agreements in which Japanese exporters voluntarily agreed to limit their sales to US: textiles (1972), steel (1969, 1978), automobiles (1981-93).
- In 1988 the US Congress passed a trade bill of which “Super 301” clause granted the government the power to unilaterally impose penalties on exporters of unfair trade partners.

US Automobiles

- The US automobile industries symbolized the American Dream for decades.
- But now, unless the government helped them with trade quotas, GM and Ford could not convince Americans to choose their vehicles.
- US consumers were turning to economical, increasingly reliable cars from Toyota and other Japanese automobile makers.

Structural Impediments Initiative (SII) Negotiations

- From 1989 to 1990, US and Japan negotiated to reach an agreement on the structural issues that produced economic imbalance.
 - US: budget deficits, low saving rates.
 - Japan: import barriers, cumbersome distribution system.
- The talk produced sensible ideas, but few were politically feasible.

G7

- In 1975, seven leading capitalist economies started a regular series of annual “summit” meetings.
- The finance officials (finance ministers and president of central banks) of G7 or G5 began to meet on a regular basis in 1980s.
- Japan was one of the members, which was a source of pride as well as pressure to design economic policies to serve international as well as national interests.

Plaza Accord 1985

- G5 nations agreed on the devaluation of US dollar, which had been too high, thanks to the US “strong dollar” policy associated with the “Reaganomics.”
- Japan committed a policy to stimulate its domestic economy.
- The BOJ took a drastic monetary expansion to counter the Yen appreciation.
- The easy money provoked the dramatic inflation of the late 1980 (the *bubble economy*).

Soviet - Russia

- Japan normalized diplomatic ties with Soviet in 1956.
- But even now we have not concluded a peace treaty.
- Both governments claimed sovereignty over the “northern islands” (located at the southern end of the Kuril chain).

Korea

- The Treaty on Basic Relations (1965) recognized South Korea as the sole legitimate Korean government, and South Korea waived future reparation claims.
- In 1973 the Korean CIA kidnapped Kim Dae Jung from a hotel in Tokyo, and took him by force to Seoul.
- This action clearly violated Japanese sovereignty and infuriated public opinion in Japan.

Public school history textbooks disputes

- In 1982 Japanese media reported that the Ministry of Education required the authors to make revisions that minimize Japan's aggression during the War (ex: invasion -> incursion) .
- In fact the official made only a non-binding suggestion.
- But China and South Korea reacted furiously and made a formal protest to Japanese government.

Other “history recognition” issues

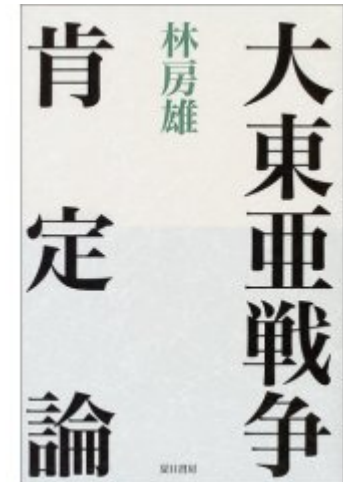
- In 1986, a minister said that Koreans were in part responsible for the Japanese annexation of Korea in 1910.
- Minimizing the massacres in Nanjing.
- “Korea was colonized willingly rather than by force.”

Left-wing views on the War

- They contended that the war was strategically unwise and morally unacceptable.
- The leaders must be responsible for the “war crimes”.
- But the popular support for the war during the wartime was the result of censorship, manipulation of education system and mass media.

Right-wing Views on the War

- The conservative with some right-wing bias defends Japan's wartime motive as pure.
- Hayashi Fusao, a proletarian novel writer in 1920, who converted to an ultra-nationalist later, published in 1963 a major statement of this view under the title, *In Affirmation of the Great East Asia War*.
- He argued that Japan led the war to liberate Asia from Western Imperialism.



Economy

- In 1970s and 1980s, Japan's economic performance was outstanding, not only with rapid GDP and productivity growth, but also with low inflation.
- Until then Japan had become an extraordinary corporate-centered society:
- The majority of people believed that what was good for the company was good for the larger society.

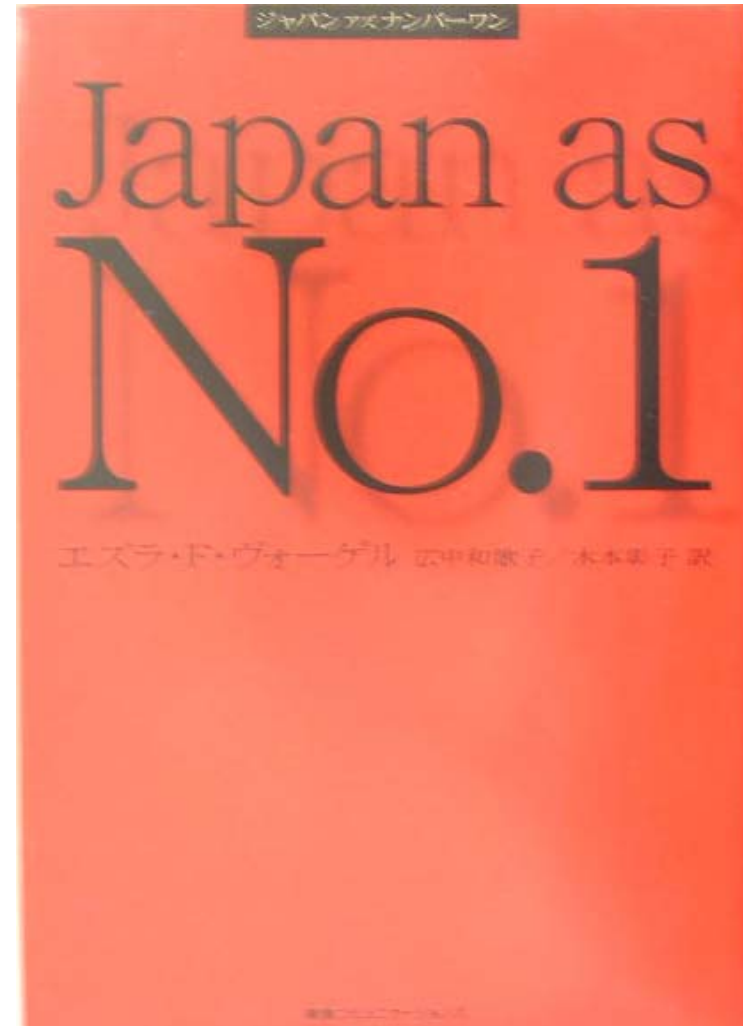
Nihonjin-ron (theories of the Japanese)

- Among others, *The Anatomy of Dependence*, written by Doi Takeo, a psychiatrist, is eminent.
- The book identifies a psychological trait of dependence (*amae*) as a defining feature of Japanese culture.



Japan as Number One

- The economic achievement was acclaimed by a Harvard professor in his *The Japan as Number One*, which sold more in Japan.



Politics

- There are two sources of LDP leadership;
 - Career politicians with strong local bases, usually in rural Japan.
 - Career bureaucrats-turned-politicians

The “Computerized Bulldozer”

- Tanaka Kakuei was a former archetype.
- He built his political fortune as king of the construction industry first in his native Niigata and then throughout Japan.
- He served as prime minister from 1972 to 1974.
- In 1974, a maverick reporter (Tachibana Takashi) revealed the shadow side of Tanaka’s political empire financed by construction business. In the face of public criticism, Tanaka resigned.
- However, he consolidated the most powerful faction within the party.



The Lockheed Scandal

- In 1976 a witness who spoke to US Senate committee accused Tanaka of pocketing several millions dollars in bribes from America's Lockheed corporation in 1972.
- In return, Tanaka had allegedly directed civilian and military aircraft purchases to Lockheed.
- In 1983 he was convicted of bribe-taking, but he never served time in jail.

More Scandals

- *The Recruit Scandal* in 1988: Politicians were accused of taking illegal contributions and stock options from the upstart Recruit Corporation.
- *The Sagawa Express Delivery Scandal* in 1992: The Sagawa contributed gold bars illegally to Kanemaru Shin, the successor of the Tanaka's powerful faction.
- In these cases, top politicians were not convicted, but deepened public cynicism toward LDP.

Nakasone Yasuhiro

- In 1982, he became PM and took conservative reforms such as welfare cut, deregulation, and privatization of major industries (national railway, and telecommunication).
- His policy was influenced by Margaret Thatcher and Ronald Reagan.



The Equal Employment Opportunity Law for Men and Women (1985)

- Most leading employers redefined their jobs into nominally gender-neutral categories of:
 - 総合職: Comprehensive Work: formerly men-only career track.
 - 一般職: General Work: formerly women-only clerical track.
- Small number of women began to enter the comprehensive track and private sector careers comparable to those of men.

New Social Trends

- 新人類 *Shinjinrui* (new species) : roughly born in 1960s. The generation of their parents did not recognize convincing signs of serious commitment from them.
- *Freeter* (Free Arbeiter): young people who rejected secure corporate jobs and took unstable, temporary assignments.
- 過労死 *Karoushi*: death from overwork, mainly of middle-age men.