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.


• 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.
  – 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 a 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 spiecies): 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.