

A Constructivist Reading of Japan's Adaptive Responses to US Trade Demands: Power in Trade Dispute Resolutions

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The purpose of the paper is to show by a revised Wendtian constructivist framework that the changing distribution of material capabilities between the US and Japan could not affect a previous pattern of trade dispute resolutions between the two countries in the 1980s and the early 1990s. Theoretically, this paper argues that study on inter-state policy coordination not only requires analysis of power but sometimes analysis of identity relations as well. More specifically, it is argued that as long as identity relations and bilateral structural practices remain the same, changes in distribution of material capabilities have limited influence on previous patterns of inter-state policy coordination. Empirically, this paper shows that even though the gap in material capabilities between the US and Japan greatly narrowed in the 1980s and the early 1990s, as the identity of Japan and social structure between the two countries remained relatively the same, Japan continued to be adaptive to US trade demands.

1. INTRODUCTION

The purpose of this paper is to understand by a revised Wendtian constructivist framework how a power relationship was constructed and maintained between the U.S. and Japan up to early 1990s before the breakdown of LDP dominance in Japan, and how the changing *material* distribution of power could not affect a recurrent pattern in U.S.-Japan trade dispute resolutions during the same period. Theoretically, this paper aims at “bringing (a constructivist conception of) power back in” when discussing policy coordination among states, and empirically, at solving two puzzles that may require a constructivist understanding of the role of power to solve them. This paper will attempt to show that relative power does not come directly from the difference in *material capabilities*, but is constrained by a social structure within which power is intersubjectively understood through specific identities. Accordingly it is argued that changes in power relations must be accompanied not only by changes in material capabilities, but also by changes in identities and *structural practices*. Unlike Wendt’s deliberate exclusion of domestic factors, this paper will take domestic factors into consideration in explaining construction and change of a particular kind of anarchical social structure called “San Francisco System of Non Reciprocal Dependency Relations.”

2. AN “AFTER HEGEMONY ASSUMPTION”

Discussion of international policy coordination, whether (neo)realism, liberal institutionalism, or idea-oriented theories,¹ has been consistently characterized by relative

¹ A few representative works are Grieco (1988, 1990), Keohane (1984), Oye(1985), Haas (1992), and Adler(1991).

absence of the role of power in explaining outcomes of coordination attempts. Stephen Krasner (1991) pointed out that the reason for the absence of the issue of power can be found in the focus on market failure and absolute gains by regime analysts. Yet (neo)realists such as Grieco (1988m 1990) and Mastanduno(1991) too obscured the role of power in explaining outcomes of coordination attempts by focusing on relative gains concerns among major powers, rather than on power politics that produces policy coordination. Idea-oriented theories focusing on epistemic community, cognitive evolution, and identities are not exceptions in relative absence of discussion of the role of power in producing policy coordination. It seems that the discussion of policy coordination has largely been based on the assumption that power relations among states, especially advanced industrialized countries have become almost symmetrical. In a world where the relations among advanced industrialized countries are characterized by quite symmetrical power relations, rather than by the presence of the “hegemon,” what matters most in promoting of hindering cooperation could be not asymmetrical power relations but information and monitoring, relative gains concerns, or idea sharing depending on the perspective one chooses. Thus, the role of power in producing policy coordination is likely to fade out. Following Keohane’s seminal work (1984), this assumption that contributed to the relative disregard of the role of power can be termed as an “After Hegemony assumption.”

This paper does not challenge the “ After Hegemony assumption.” Epecially, in the U.S.-Japan trade relations, this paper accepts the assumption (in material terms) and attempts at showing “power still matters in promoting policy coordination.” However, by emphasizing the role of power in promoting policy coordination, one does not automatically become a realist. Unlike (neo)realism that argues that “state behavior is largely shaped by the *material structure* of the international system” and that “the distribution of material capabilities among states is the key factor for understanding world politics” (Mearsheimer, 1995, p.91), this paper does not see material capability as exclusively determining power relations.² Thus, this paper challenges both liberal institutionalism and (neo)realism, by trying to show that power matters in policy coordination and also that power relations are not necessarily dependent upon distribution of material capabilities only.

In challenging liberal institutionalism and (neo)realism, a recurrent pattern in U.S.-Japan trade conflicts and resolutions provide very interesting puzzles that require a very different perspective on power politics to solve them.

3. TWO PUZZLES

In material terms, the gap in relative economic power between the U.S. and Japan narrowed enormously since the end of the Second World War. The difference in GDPs between the U.S. and Japan in 1970 was \$1012 billion: \$204 billion. In 1980, it narrowed to \$2708 billion: \$1059 billion, and in 1993, Japan further narrowed the gap to \$6378 billion: \$4215 billion. In 1988, Japan’s GNP per capita of \$19,200 surpassed that of the U.S. for the first time, and as of 1993 Japan’s GNP per capita is about \$9,000 more than that of the U.S.

² Keohane (1984) also noted that realist theory based on tangible capabilities of actors -material factors--such as a “basic force model” does not explain and predict well.

(\$33,903,;\$25,009).³ In 1989, Japan became the largest foreign aid donor in the world surpassing the U.S. In 1985, Japan became the largest creditor and debtor in the world respectively. According to the U.S. Department of Labor data, Japan has surpassed the U.S. in labor productivity in manufacturing in the early 1980s.⁴ The MIT commission made a similar report on industrial productivity.⁵ In 1987, Japan's net income from dividends and interest on foreign investments, \$19 billion, for the first time surpassed the net receipts of the U.S., making Japan the world's leading investment income earner (Drifte, 1990). In 1989, the ten largest banks in the world (ranked by deposits and equity-capital growth) were for the first time all Japanese (ibid.). the U.S. has come to depend on Japanese investors to directly finance as much as 30% of the American government's budget deficit (Burnstein, 1988). Throughout 1985-87, the leading Japanese security firms were almost always among the largest buyers of long-term U.S. Treasury bonds at auction (Ibid.).

The increased power of Japan in material terms vis a vis the U.S. and its practical utility were described by Samuel Huntington (1993) as follows:

..the influence that Japan exercise over the United States increases. To the extent that the United States becomes dependent on imports of goods and money from Japan, it also becomes vulnerable to Japanese threats to restrict those outflows. The United States, as Kiichi Miyazawa pointed out just before becoming prime minister, requires Japanese electronic components for its weapons and cutting the flow of Japanese exports would produce "problems in the U.S. economy." "The real trigger" of October 19, 1987, stock market crash, according to Treasury Secretary Nicholas Brady, "was that the Japanese came in for their own reasons and sold an enormous amount of government bonds, and drove the 30 year government bond rate up through 10 percent. And when it got through 10 percent, that got a lot of people thinking, Gee, that's four times the return you get on equity. Here we go, inflation again. That, to me, is what really started the 19th —a worry by the Japanese about U.S. currency.

Japan has regularly used its financial power as a threat against the United States. "During the tensest period of the Super-301 [trade] negotiations with the U.S., "one leading Japanese journalist reports, "voices in the leadership argued, for the first time, for retaliation over concessions. They hinted that in financial market, Japanese institutional investors would begin dumping dollar-denominated securities." In January 1991, the vice-minister of finance "indicated Tokyo's awareness of its leverage. He bluntly commented, in public, that Japan would reduce capital investments in America if the United States applied sanctions for not giving U.S. financial institutions opportunities in Japan similar to those Japanese firms have in America." In the fall of 1991, as controversies intensified over Japanese exports of automobiles and other goods, reports repeatedly surfaced of Japan threatening a "second strike" : if Washington cuts off Japanese imports, Tokyo can strangle the American economy by cutting off investments of purchase of Treasury bonds." Japan, two distinguished economists concluded, "has the financial capacity —and begins, in public, to threaten to use that capacity —to influence American exchange rate and monetary

³ PHP Kenkyusho ed., *Sujide Miru Sengo Gojunen Nihon no Ayumi* (Tokyo: PHP Kenkyusho, 1995)

⁴ U.S. Department of Labor, *Handbook of Labor Statistics* (1989, 1992)

⁵ Dertouzos, Lester, and Solow and the MIT Commission on Industrial Productivity, *Made in America: Regaining the Productive Edge* (Harper Perennial, 1989)

condition.”⁶

Within this context of seeming changes in the distribution of material capabilities between.. the U.S. and Japan in the 1980s and early 1990s, in bilateral trade conflicts and resolutions since the 1970s, there seem to be two interrelated puzzles that cannot be easily explained by the traditional international systemic theories such as (neo)realism and liberal institutionalism. The first puzzle is that despite changes in relative material capabilities of the U.S. and Japan as described above, and despite changes in the structure of international system due to some position shifts among major international actors, the resolution of trade disputes between the U.S. and Japan followed a recurrent pattern that only marginally reflected the structural changes, and the influence of international institutions. Contrary to realist predictions (or worries), the recurrent pattern of U.S.-Japan trade disputes and resolutions was characterized by Japan's continuing adaptations to the U.S. pressures even after the collapse of the Eastern bloc and the narrowing of the gap in economic power between the U.S. and Japan. The so called relative gains concern did not prevent the two nations from reaching an agreement that appeared to be favoring the U.S. initially, even in the 1980s and the early 90s. The prime example is U.S.-Japan trade disputes and resolutions in semiconductors: The 1986 and 1991 bilateral semiconductor agreements favored the U.S. in controlling the price of Japanese memory chips in both the U.S. and third country markets, and also in gaining guaranteed numerical market share target (20%) in Japanese semiconductor market. Although Japan had different interpretations about the texts of the agreements, Japan's swift execution of the agreements in line with U.S. interpretations right after 1987 economic sanctions and also in the face of U.S. pressures show Japan's continuing adaptation to U.S. pressures in this period of structural changes in

⁶ However, on exactly the same issue, Joseph Nye (1991) offers a quite different view as follows:..Given Japan's financial role, American leaders have become more sensitive to Japanese opinions. For example, the 1984 collapse in Chicago of the Continental Bank of Illinois occurred in part because the bank made unwise loans to the energy sector, but the collapse was precipitated when frightened Japanese investors withdrew their funds after reading poorly translated news reports based on rumors. More recently, American Treasury Secretary Nicholas Brady suggested that the October 1987 stock market crash may have been influenced by Japanese sales of U.S. government bonds because of worries about American currency. Clearly Japan's financial power has increased.

Nevertheless, the resulting change in U.S.-Japan power relations is sometimes overstated. Daniel Burnstein claims that Japanese resentment over the Reagan administration's trade sanctions in April 1987 led Japanese politicians and officials to the idea of a boycott. Lighter than normal purchases of U.S. Treasury bills did push up interest rates in the May 1987 auction but the evidence for a conspiracy is scant. As *the Economist* points out, all investors, not only the Japanese were worried about the effect of the American deficit on the value of the dollar, and they required a higher interest premium to cover the added risk. Moreover “Japanese investors bought a quarter of the auction —not exactly a boycott. Occasionally, Japanese officials question “whether Japan as the largest creditor can and should use its position as leverage for imposing discipline on the debtor nations,” but they are also aware of the ways that economic interdependence limits the power of creditors over debtors. “Japanese financial institutions are captives of the American market. When you lend too much money, you have a vital interest in that economy's staying healthy, so you have to cooperate.”(pp.157-158)

material terms. Japan's continuing adaptations to U.S. pressures in the 1980s, and the early 1990s defy not only the realist theory of policy coordination based on relative gains concerns, but rational strategic choices in reiterated games, as well. Hamada and Okuno argued, using rational choice theory, that when a trade negotiation is a game that is reiterated in the future, Japan had better opt for tough move toward the U.S, setting precedent for the future negotiations (Okuno and Hamada, 1991). In other words, reputation and identity of a country (i.e. tough against protectionist unfair demands) in negotiation becomes very important for the future gains in reiterated games. It seems that Japan had enough material capability during that period to make a strategic choice to show that they are tough. Yet, the strategic choice was not opted for by Japan.

As will be discussed in detail later, the recurrent pattern can be simply described as **[Japan's catch up =>> U.S. pressure (gaiatsu)=>> Japan's reaction accepting most of the U.S. demands=>> Crisis avoidance=>> Successful adaptation of Japan]**. At the same time, disappointing neoliberals, the U.S. and Japan resolved the disputes outside the domain of multilateral institutions such as GATT, and adopted somewhat ad hoc solutions like VER (Voluntary Export Restraint) and VIE (Voluntary Import Expansion). When strategies similar to Axelrod's neoliberal tit-for-tat were applied by the U.S., the process was generally understood in Japan as asymmetrical power politics played by the U.S.⁷ Even many in the U.S. saw such pressure as Super 301 as "aggressive unilateralism"(Bhagwati and Patrick,1990). Furthermore, as a constructivist theory of international relations implies (Wendt, 1994),⁸ tit-for-tat can be not only a cooperation inducing strategy but also a coercion or identity reinforcing (reconfirming) strategy. Therefore, the first puzzle pertains to the fact that where asymmetrical power politics may not have been a dominant rule of the game, especially in trade area, power politics was still dominant. In particular, when the distribution of material capabilities changed in the direction that would give Japan enough leverage to decline trade demands that had relative gains implications, asymmetrical power politics seems to have been a rule continuously in favor of the U.S.

The second puzzle is the fact that while the U.S. was complaining and *recognizing* that Japan was not behaving as it should be, considering its position and status as an economic superpower, it seems that the U.S. believed in the utility of *gaiatsu* (foreign pressure) in changing Japanese *behavior as desired by the U.S.* Japan was seen as a both strong and weak nation simultaneously in the eyes of the U.S. Even in Japan, as implied in the famous (notorious?) book title by Ishihara Shintaro and Morita Akio, "The Japan That Can Say No," Japan was seen as a "strong but weak" nation.⁹ As discussed above regarding the

⁷ During my interview with a reporter from Tokyo Shimbun in Japan, when I said I was approaching the U.S.-Japan semiconductor trade agreements from the perspective of international cooperation, he strongly questioned, 'How can those be seen as a cooperation?'

⁸ Though Wendt's constructivist rereading of Axelrod's tit-for-tat in his 1994 APSR article was aimed at cooperative identity formation, the same logic can also apply to the reproduction of asymmetrical power relations by showing others through threatening acts that one expects them to be docile partners

⁹ One of the forerunners in Japanese politics, Ozawa Ichiro's famous book "Nihon Kaizo Keikaku" (A Plan for Rebuilding Japan), which is rumored to have been written by MITI people, delivers similar messages. See Ozawa Ichiro, Nihon Kaizo Keikaku (Kodansha, 1993).

first puzzle, while the changing distribution of material capabilities in the international system was *recognized* by both the U.S. and Japan, the *behavioral* pattern in U.S.-Japan trade relations persisted. And the logic was still asymmetrical power politics. Thus, the first and the second puzzles all relate to the question of "how and why the asymmetrical power politics persisted in trade dispute settlements when the so called distribution of material capabilities in the system was changing?"

In this paper, it will be shown that those two puzzles can be solved by the so called Wendtian constructivist understanding of international relations while taking domestic structures into consideration unlike Wendt. By analyzing identity and interest formation of the two nations, and the *practice-driven* intersubjective structure that constrains options and context of power relations of the two nations, the seeming contradictions of traditional international relations theories will be overcome. In addition, in examining the creation and maintenance of practice-driven intersubjective structure between the U.S. and Japan, domestic structures, especially that of Japan, will be given a particular attention. For the purpose of analytic convenience, the following section begins with defining the character of Japan's identity with relations to the U.S. Then, a theoretical framework and a few propositions will be introduced, followed by the examination of the construction and continuity of Japan's identity and interests in U.S.-Japan interactions.

4. JAPAN AS OASIS (OFFENSIVELY ADAPTING STATE IN THE INTERNATIONAL SYSTEM)

One puzzle in U.S.-Japan trade disputes and resolutions in the post-war period is that a certain pattern keeps being followed by both nations despite international systemic changes that may push the direction in the opposite side or different paths. This pattern and the puzzle were observed by a few Japan specialists in the U.S. in the late 1980s and the early 1990s, and some analytic works have been done. Kent Calder's "reactive state"¹⁰ thesis (1988) argues that the pattern is the repetition of foreign (U.S.) pressure (*gaiatsu*) followed by Japan's reaction (**Gaiatsu=>>Reaction**) even as Japan moved toward economic superpower status. Calder's following statement shows his point succinctly:

"While international system explanations focusing on the U.S.-Japan relationship provide important insights into both Japanese passivity and Japanese responsiveness vis-a-vis the United States during the 1950s and 1960s, it is harder to explain the reactivity of Japanese foreign economic policy making since the Nixon Shocks of 1971—particularly since 1985. Japan has grown much larger in economic, technological, and even military terms than most of the other reactive states,

Unlike South Korea and most other reactive states, Japan has no net external debt; indeed it is by far the world's largest creditor, with well over \$200 billion in net external

¹⁰ According to Calder, the essential characteristics of the "reactive state" is twofold: (1) the state fails to undertake major independent foreign economic policy initiative when it has the power and national incentives to do so; and (2) it responds to outside pressures for change, albeit erratically, unsystematically, and often incompletely. See Calder (1988), p.519

assets at the end of 1987. Compared to most reactive states of other middle-range powers, foreign investment in Japan is minimal relative to the overall scale of the national economy and has little domestic political influence; moreover, Japan has a much larger domestic market than the others. Supplying close to \$ 100 billion annually in capital exports to cover the U.S. fiscal deficit, Japan has developed considerable leverage over the United States in their bilateral trans-Pacific relationship. Yet, Japan has declined to use this international leverage overtly in support of its interests... " (Calder, 1988: 527-528).

Susan Pharr (1993), questioning the validity of Calder's reactive state thesis, suggests a different interpretation of the continuity of a pattern, by conceptualizing Japan as a "defensive state," rather than a "reactive state." Pharr asserts that the essential character of Japan's foreign policy is defensive for "what is impressive is the degree to which Japan, faced with a *barrage of pressures* from the United States and other industrial nations, has actively and successfully maneuvered to advantage among them while seeking to avoid risks of all kinds" (Pharr, 1993: 236, italics added). What Pharr sees in Japan's foreign policy is, thus, Japan's impressive adaptation capability, which she seems to believe as coming out of what can be called an "*activist rational*" strategy: "it sees Japanese foreign policy as a low- cost, low-risk, benefit-maximizing strategy that has served Japan's national self-interest well in the past, and that continues to do so today" (Pharr, 1993: 235-236).¹¹ This observation of Pharr's, however, does not seem much different from Calder's argument except that Japan had been successful in handling *gaiatsu* to its advantage.¹² The activist character in Japanese foreign policy described by Pharr can be seen as reflecting those strategies that have been creatively designed to better 'react' when the actual pressure comes from the U.S. In other words, the [**Gaiatsu=>>Reaction**] process still remains, while a third step is added to the process, which is: [**Gaiatsu=>>Reaction=>> Japan's Adaptation to its advantage**].

John Creighton Campbell's observation (1989, 1993) of a recurrent pattern is also similar to Calder's and Pharr's. Campbell's puzzle is that despite rising tensions between the U.S. and Japan, "the relationship between the governments of the United States and Japan has remained so stable" (1993: 43). He sees that the key to the understanding of this puzzle can be found in "the development of a political process, or a set of games, that has succeeded in avoiding crisis." Campbell maintains that the development is a result of a learning of the lessons of traumatic events, and a pattern is repeated. The pattern is, especially in trade disputes, that the U.S. identifies the problem and proposes solutions, Japan reacts, and then the interaction leads to the avoidance of crisis. Japan's reaction is at first quite resistant, but confronting U.S. *pressure*, Japan eventually accepts "at least half of the American demands."¹³ Campbell argues that usually, but not always, the negotiations

¹¹ Susan Pharr summarizes four characteristics of the "defensive state strategy" as follows in the same article: (1) its activist character; (2) its aversion to risks, (3) its low cost, compared to what other major nations pay; and (4) continuity in the approach over the entire postwar era up to the present.

¹² In fact, the issues the two authors deal with are not really similar to compare. Pharr's case is burden sharing whereas Calder's case is foreign economic policy making of Japan.

¹³ Interestingly, Campbell's 1989 Chuo Koron article is quoted to introduce the above mentioned trade conflict resolution pattern in a book, the articles of which are written

stretch out for a long time for the purpose of playing what Putnam calls "two-level games" on the basis of "COG (chief of government)-collusion"¹⁴: Though a coalition of top officials in each country perceives the importance of maintaining the binational relationship as outweighing any particularistic interests (COG-collusion), they need a constant flow of issues for a long time so that they can demonstrate that they are taking the problems seriously and are working hard on solutions. This pattern of COG-collusion is also observed by Pharr in the area of burden sharing. She termed the pattern as "ritualization of conflict." To quote Pharr,

"a final feature of defensive state strategy .is the ritualization of the continuing conflict over burden sharing in order to manage the complex, two-level game under way on both sides of Pacific. In bilateral negotiations, Japan--as occurred in the 1950s--regularly has entered commitments to burden share militarily, but at a level lower than that sought by the Americans. The backstage reality of level-one agreements often has been far more cooperative than things have appeared--witness Japan's permission, denied in public, to allow U.S. naval vessels with nuclear weapons use Japanese ports (thus violating the three non nuclear principles) and the many forms of covert support for U.S. efforts in the Korean and Vietnam wars. To boost Japanese negotiators'efforts, U.S. officials have left the table publicly regretting Japan's unwillingness to do more; such a position not only helped the Japanese sell agreements domestically, but also helped U.S. negotiators explain results that fell short of public and congressional expectations. Meanwhile, Japanese officials back home found it in their interests to portray concessions as unavoidable steps to appease American demands" (Pharr,1993: 243-244).

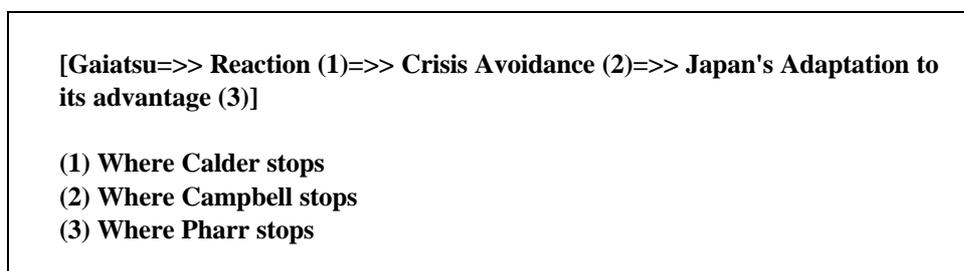
In sum, Campbell's observation of the pattern can be summarized as **[Gaiatsu=>>Reaction=>> Crisis Avoidance]**

The observations of the three authors about the recurrent pattern are in fact complementing each other especially for the case of U.S.-Japan trade disputes and resolutions. The difference seems to be coming from where they stop observing in the whole process of the pattern. For example, Calder's reactive state thesis tends to stop at the reaction point whereas Pharr's defensive state thesis adds the point of Japan's successful adaptation (adaptation to its advantage). Campbell's argument is adding still another point of crisis avoidance between reaction and Japan's successful adaptation suggesting that the reaction of Japan eventually leads to the reduction of tensions between the two nations until another pressure comes from the U.S. Thus, the three authors are complementing each other by adding important connection points in the whole process. A simple diagram might be helpful to summarize this point:

mostly by MOF and MITI people, edited by former MOF and MITI's influential officials, Gyoten Toyo and Kuroda Makoto. In this book, the final step of the pattern is described as Japan accepting **all or most of U.S. demands (amerikagawa no yokyu no sbete aruiwa sono hotondo o ukeireru.)** See Gyoten Toyo and Kuroda Makoto (1992: 431-433)

¹⁴ On Putnam's two level games and the concept of COG collusion, Putnam (1988); Evans, Jacobson, and Putnam (1993)

Figure. 1



However, drawing a diagram like above misses still another important point in the process because gaiatsu does not come suddenly out of blue. As well observed by all three authors and others, the whole process assumes that Japan has been successfully upgrading its position in the international system. This pattern is repeated because gaiatsu is applied under the assumption and contention that Japan is not behaving as it should be, considering its position and status in the international system. Thus, the starting point in the whole process of the pattern needs to go back one step further, namely, before the beginning of gaiatsu. This is where Chalmers Johnson's thesis about "capitalist developmental state" (1982) and Ronald Dore's concept of "marginality" of Japan's membership in the society of nations (1990)¹⁵ focus on: Japan's will to catch up and the translation of will into actual catch up of positional upgrading.

The "will to catch up" coming from Japan's historical experiences of "marginality" and "maltreatment," and Japan's actual catch up, allegedly guided by Japan's "capitalist developmental state" adopting mercantilist economic policies adroitly utilizing U.S. market and technology, was the *pulling* source of U.S pressures (gaiatsu) in trade because U.S. pressures in U.S.-Japan trade conflicts presuppose Japan's positional change in the international system.¹⁶ In this sense, Japan can be said to have been playing the game of international relations with somewhat realist concern about relative position vis-a-vis more advanced and less marginal western states, especially taking advantage of U.S. market and technologies.¹⁷ However, Japan's realist strategy does not seem "defensive positional" that tries to "prevent others from achieving advances in their relative capabilities" (Grieco, 1990) as Joseph Grieco irresponsibly characterized the behavioral orientation of the realist states in the anarchical international system. Rather, Japan seems to be "offensive

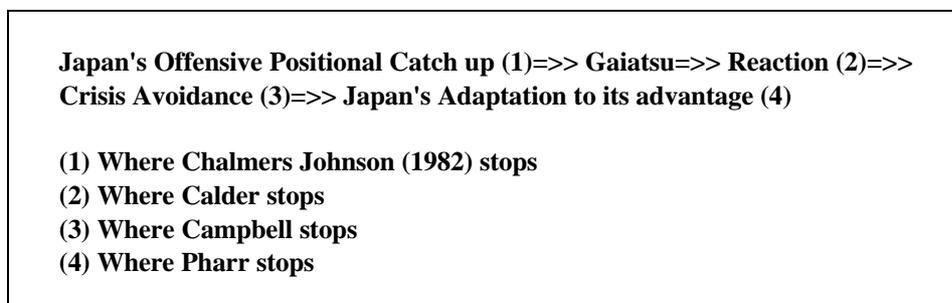
¹⁵ On Dore's application of similar concept not only to Japan but also to East Asian NICs, see Dore (1990).

¹⁶ Of course, there are *pushing* sources that can be found in U.S. domestic political economy such as industrial restructuring and elections.

¹⁷ Japan's realist concern does not come automatically from, as realist theory of international relations dictates, anarchical structure of international system. Rather it was formed through Japan's historical experiences including interactions with other nations and domestic digestion of the interactions. Moreover, Japan's realist strategy looks somewhat un-realist since Japan was denied major military buildup. The formation of Japan's realist concern will be discussed in the later section of this paper.

positional" in the sense that it tries to upgrade its position vis-a-vis upper-layer states in the international system.¹⁸ Taking this offensive positional character of the Japanese state into consideration, we can add still another point to the whole process of the pattern as figure 2

Figure2



Now, integrating the whole process, a new conceptualization of Japan needs to be done that incorporates above authors' own conceptualizations. And it seems that "Japan as **OASIS (Offensively Adapting State in the International System)**" is a plausible conceptualization in helping solving the puzzles mentioned at the beginning of this paper.

5. OASIS AND THEORETICAL FRAMEWORK

In solving the puzzles by conceptualizing Japan as OASIS in U.S.-Japan relations (here, trade relations), it seems that what Alexander Wendt calls "constructivist" approach of international relations provides the most useful insights, if complemented by "un-black-boxing" of the nation state.¹⁹ In challenging the materialist rational view that the state interest is formed exogenously (Wendt, 1992), Wendt advances his theory of "sociological structuralism" of international relations (1995) that shows how state identity and interest are constructed through systemic structures (1992, 1994). Though Wendt uses the term, "systemic structure," however, his assumptions about what structure is made of is entirely different from those of neorealists. Whereas neorealists think it is made only of distribution of material capabilities, Wendt believes that it is made of social relationships, having three elements of "shared knowledge, material resources, and practices"(1995).²⁰ First, systemic structures (or social structures) are composed of intersubjective understandings in which states define their identities and interests with relations to each other. Therefore, depending upon the intersubjective character of the structure, conception of anarchy in international relations can lead to either what can be called a "relative gains structure" as realists argue,

¹⁸ This reflects Joseph Grieco's "Ameri-centric" view of international relations.

¹⁹ Although Wendt notes the importance of domestic factors in his theory in passing remarks, he specifically states that the basic unit of analysis is the nation state like realists. Wendt (1994: 384-396)

²⁰ In the following, though the quoted are Wendt's, examples are mine. Therefore, if there are improper examples, they must not be considered as Wendt's mistakes, but mine.

or an "absolute gains structure," or even to "non-reciprocal dependency relations" composed of a "benign hegemon" and a satellite nation (Dore, 1990). The state identity and interest in the "relative gains structure" may be atomistic and defensive or offensive positional whereas in the "absolute gains structure," states may be atomistic and position-neutral. On the other hand, in "non-reciprocal dependency relations," a state may identify itself as a benign hegemon whose interest is, among others, keeping the satellite nation both economically and militarily secure and loyal to it, while the other state may see itself as a satellite nation who finds it in the nation's interest to keep good relations with the hegemon by *bargaining loyalty for wealth and protection*.

Secondly, Wendt argues that though structures involve material resources as realists argue, "the material resources only acquire meaning for human action through the structure of shared knowledge in which they are embedded" (Wendt, 1995: 73). Therefore, increase in defense spending by states in the "security dilemma" structure has different meaning from increase in defense spending by the states within the same security alliance. In addition, it can be said that as identities constructed within a specific social structure contain specific meaning of power relations, such as a leader and a follower, or partners, or a protector and a protectee, power relations can be maintained (or changed) regardless of changes in the distribution of material capabilities as long as the specific social structure and identities remain the same. For example, irrespective of changes in material capabilities--whether economic or military--the power relations between the U.S. and the Soviet Union would remain almost the same as during the Cold War period if there is a shared understanding that they are two poles of a bipolar system. Likewise, changed social structure and identities between the U.S. and Russia created a somewhat asymmetrical power relations even though Russia in the 1990s may be more powerful in material terms (i.e. nuclear weapons) than the Soviet Union was in the late 1940s vis a vis the U.S. (Lebow and Mueller, 1995).²¹ This point is also closely related to the third element of systemic structures.

Thirdly, Wendt argues that "social structures exist, not in actors' heads nor in material capabilities, but in *practices*" (1995: 74, italics added). Thus, when the states stop acting on the basis of a structure of shared knowledge, that structure stops constraining actors' identities and interests. For instance, when Taiwan starts acting as a separate independent sovereign state from mainland China, and vice versa, the structure of a divided nation will end. On the other hand, when states' practices remain the same, structures also persist. The discussions about continuing Cold War in Northeast Asia reflect this point. In addition, practices can also help prolong the life of a social structure by reinforcing the identities and interests of each other. Sensitive responses by Asian nations, especially, China and Korea, to Japan's justificative remarks by key politicians about its brutal history of imperialism is one such example showing those countries' resistance to Japan's possible initiative to change the social structure. Furthermore, within asymmetrical power structures, the

²¹ For example, in Senpai (upperclass man)-Kohai (underclass man) relations in Japanese society (Sunbae-Hubae relations in Korean society), the power relations can be maintained if Kohai and Senpai keep shared identities regardless of who earns more money and who is physically stronger. Likewise, when a young son says to his father "I don't think you as my father any more," the power relation between the father and the son is likely to change.

stronger states often try to enforce and reinforce the previous intersubjective knowledge of interests and identities on the lesser powers when they try to escape from the existing structures, as U.S. policies in Latin America, and Soviet policies in Eastern Europe illustrate.

However, Wendt's three points about constructivist approach, leave one important dimension of international politics untouched, namely domestic factors. By black-boxing the nation-state, although Wendt saved "systemic" elements of his theory, he intentionally ignored how state interests and identities are processed domestically before practices begin, and how domestic factors constrain the beginning and ending of certain structural practices.²² For example, the identities and interests of the U.S. and Cuba would be very different before and after Castro took power. On the other hand, there may be cases where intersubjective understanding of structures and capabilities is delayed by domestic difficulty of practice changes. For instance, although the need for the acceptance of changed post-Cold War structure and changed balance of capabilities between North and South Korea are recognized by North Korea, various domestic factors such as the need to consolidate power structure by Kim Jung Il, and "Juche" ideology may hinder practice changes.

Taking these domestic factors into consideration, Wendt's constructivist approach of international relations produces a few propositions about the formation of Japan's identity and interests in the Postwar period, namely, the construction of identity and interests of Japan as OASIS. These propositions provide clues to the solution of the above mentioned puzzles by becoming theoretical building blocks of the social structure between the U.S. and Japan.

6. PROPOSITIONS

(1) Japan's defeat and ensuing occupation by the U.S. pushed Japan into the Cold War structure dominated by the U.S. hegemony.

(2) Japan's dependency upon the U.S. for its economic and military security played a significant role in constructing Japanese identity through interactions with the U.S. In other words, through the interactions, the U.S. tried to construct a certain sub-Cold war structure between the two countries reflecting U.S. conception of Japan's identity and interests.²³

(3) The social structure constructed out of U.S.-Japan interactions *pushes* Japan to be adaptive to U.S. foreign economic initiatives, resembling what could be called "non-reciprocal dependency relations" in which Japan tries to exchange its loyalty to the U.S. with relatively "benign" U.S. supply of market, technologies, and security protection.

(4) The identity and interest of Japan in U.S.-Japan bilateral relations are the products of

²² Within constructivist school of thought, Rey Koslowski and Friedrich Kratochwil (1995) deal with this issue of domestic factors in understanding system changes.

²³ Wendt (1994: 389) argues that "dependency, whether intersubjective or material, is a key determinant of the extent to which an actor's identity is shaped by interaction, which is why a child's development is normally far more influenced by its parents than by other actors."

domestic processing of the structural constraints. Thus, the identity and interest of Japan reflect not only those desired by the U.S. but also those of the ruling coalition (Pempel, 1978, 1993).

(4-1) Accordingly, with relations to the proposition #3, if adaptive characteristic of Japan comes from Japan's identity and interest, it can be said that Japan's ruling coalition *pulls* Japan to be adaptive to U.S. initiatives. This provides the road to the formation of U.S.-Japan COG (chief of government) collusion in two level games (Evans et al, 1993) between the two countries.

(5) The economic focus,²⁴ and offensive positional interest of Japan were formed in the process of domestic digestion of the structural constraints. Japan's view of international relations learned through historical experiences since Meiji restoration restrained "positive identification" (Wendt, 1994) with the U.S. within the "non-reciprocal dependency" relations. Rather, Japan put more emphasis on offensive positional catch up.

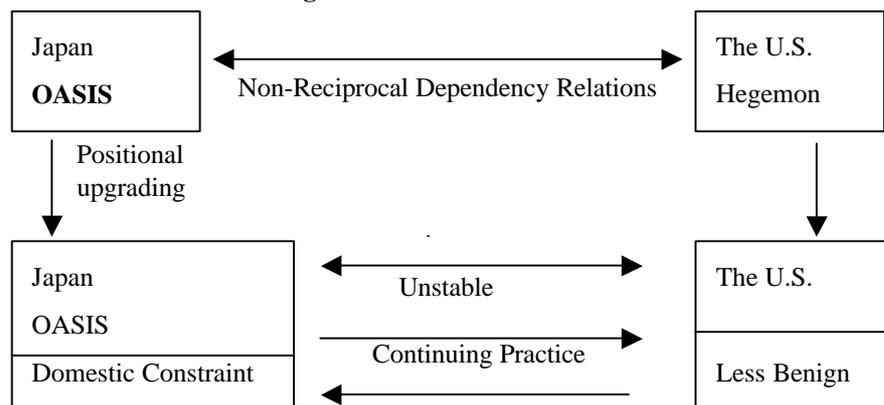
(6) Japan's offensive positional catch up, followed by capability redistribution in material terms rendered the bilateral social structure increasingly unstable. The U.S. tended to become increasingly less "benign" in trade and security areas.

(7) However, the recurrent Japan's adaptive pattern in U.S.-Japan trade disputes even after the seeming structural change was the result of a combination of [1] Japan's domestic structure and interests hindering change of practices and [2] U.S. practices reinforcing Japan's identity and interest as adaptive. The latter contributes to the construction of the meaning of "power" in trade disputes and resolutions, in this case, between the two countries. (6) and (7) pertain to the puzzle of recurrent pattern even after the seeming structural changes.

(8) With relation to the second puzzle, the endurance of Japan's identity and interests, and the power relations between the two countries due to the reasons in (7) tended to make the U.S. still confident in its gaiatsu capability, even if its practices became increasingly less benign.

Summary in Diagram

Figure 3 : A Theoretical Sketch



²⁴ Japan's character of economic focus with limited military capability is often described as "half state" or "han kokka."

Reinforcement Strategy
Figure 4 : Descriptive Summary

Japan's defeat and U.S. occupation =>> Cold war and Dependency on U.S.=>>
 Non-reciprocal Dependency Relations =>> Domestic processing of the structure
 =>> Capitalistic, Offensive positional, Adaptive to the U.S. dominated system
 =>> Redistribution of Material Capability =>> Domestic restraint on changing
 practices in Japan, and U.S. reinforcement of identities and interests =>>
 Structure remains though unstable =>> Meaning of Power defined =>> Japan still
 adaptive to U.S. demands.

7. SOLVING THE PUZZLES BY UNDERSTANDING THE SOCIAL STRUCTURE BETWEEN THE U.S. AND JAPAN

7.1. Systemic Level

Devastated Japan after the war and ensuing U.S. occupation of Japan created an opportunity for the U.S. to *mainly* structure the U.S.-Japan relations in accordance with its design of postwar world order.²⁵ In U.S. design, Japan was seen as a nation that needed to be aligned with the U.S. in specific ways against the Soviet bloc and the spread of communism, and possibly reemergence of too strong Japan.²⁶ The bilateral social structure that evolved out of this U.S. design and Japanese reactions can be termed as "San Francisco System." According to John Dower, San Francisco system is roughly defined as "the international posture Japan assumed formally when it signed a peace treaty with forty-eight nations in San Francisco in September 1951 and simultaneously aligned itself with the cold-war policy of the United States through the bilateral Treaty of Mutual Cooperation and Security" (Dower, 1993-a: 4). However, whereas Dower's definition of San Francisco system seems to refer to the system internalized within Japan, in bilateral U.S.-Japan relations, it is composed of specific key practices and interactions between the two countries leading to what Wendt calls intersubjective social structure within which state identity and interest are constructed. In this regard, as Dower's definition can be said to be limited to Japan's identity and interests without structural consideration of the system, in order to avoid definitional confusion, it would be better to revise the term by adding a structural key word, namely "San Francisco System of Non Reciprocal Dependency Relations (hereafter, SF System of NRDR)." Why NRDR is a structural keyword will be explained in the following section

The social structure called SF System of NRDR was mainly initiated by the U.S. with

²⁵ Although U.S. was able to structure the relations in accordance with its broad scheme of things, Japan also interacted with the U.S. in countering U.S. policies that were hard to accept for domestic reasons, such as massive rearmament.

²⁶ The issue of containment of Japan in the U.S. cold war policy is dealt with by Bruce Cummings. See Cummings (1993).

double-edged goals of containing both Communist and future Japanese military threats.²⁷ And Japan--especially the conservative coalition--adapted to the U.S. initiatives to survive both internally and externally as a sovereign nation. Japan was brought into the structure that the U.S. wanted to construct, and due to enormous capability difference between the two nations, Japan had to enter the structure as a dependent actor in many areas. Intuitively, the bases of practices that kept the structure going until the early 1980s seem to consist of three major elements of (1) 1947 peace constitution of Japan; (2) U.S.-Japan security treaty and military bases in Japan; and (3) hierarchies in economies. All these three elements are embedded in the obvious intersubjective understanding of extremely unequal postwar distribution of capabilities between the U.S. and Japan (and other war-worn countries). In the following, by examining the evolution of these three elements, the construction of the social structure called SF system of NRDR and also the construction of identity and interests of Japan as OASIS will be analyzed.

7.1.1 1947 Peace Constitution

The 1947 constitution of Japan was drafted in secrecy within General MacArthur's headquarters (Kawai, 1979). The Article 9 of the constitution states that Japan "forever renounces war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes." This Article 9 does not seem to have been MacArthur's priority in writing the constitution. As Johnson contends, it was the price General MacArthur had to pay in order to get something he wanted more: Article 1 ("The Emperor shall be the symbol of the State and the unity of the people") (Johnson, 1992, 1993). MacArthur's plan to retain the emperor as legitimator of democratic reform efforts (Article 1) was exchanged with the Allies' demand of reassurance in the form of article 9. However, the bargain of MacArthur was to be an essential structural element in U.S.-Japan relations as the legitimacy and popularity of article 9 became rock-solid in Japan.²⁸ The constitutional restraint on Japan's remilitarization has several implications in U.S.-Japan relations with regard to constructive interactions and continuing structural practices. First, U.S. cold war policy in the Far East had to rely on economic reconstruction of Japan and

²⁷ Bruce Cummings notes that since the 1960s, this double edged goals evolved into a "new duality" : in the words of Cummings, "Japan should do well, yes; ¥ But not so well that it hurt American interests." Ibid., p.35

²⁸ Yomiuri poll of May, 2 1991 shows that some 83% of the people like the general outline of the Constitution. Even those who want revision (33%) say that they only want to clarify the nation's right to defend itself and legalize the Self-Defense Force (Johnson, 1993 214). Indirectly, Japan's self restraint on remilitarization has been frequently checked by other Asian nations having bitter experiences with imperialistic Japan, notably Korea and China: Out of Japan's atrocious imperialistic brutality in the late 19th and early 20th centuries developed a social structure between Japan and other Asian nations within which the identities and interests of Asian nations have been constructed in such a way as to be even allergic to any possibility and hints of Japanese remilitarization. On the part of Japan, this structural constraint has functioned effectively well, and Japan has been quite cautious in this aspect. The endless protests of Asian nations against the remarks and policies of Japanese government that tried to legitimize Japan's imperialistic wrongdoings seem to have helped solidify the social structure constraining Japan's remilitarization .

extended deterrence for the protection of Japan against the so called communist threats from within and without. Although economic reconstruction of Japan has been a vital part of U.S. cold war policy in the Far East from its formative period of Kennan, Acheson, and Dulles in the late 1940s and early 1950s, U.S. cold war scheme of remilitarization of Japan and burden-sharing was relatively well resisted by Japan from the start due to the political risk of rewriting article 9 of the Peace Constitution. For Japanese politicians, because of the popular support of the Peace Constitution, constitutional revision was impossible in postwar Japan (Dower, 1993-a). For the U.S. as well, article 9 "was a problem of America's own making" the rewriting of which would discredit the U.S., as having made a humiliating mistake when the U.S. and Japan wanted to end the Occupation era smoothly (Pharr, 1993). Thus, quite ambitious U.S. demand for a future Japanese military at the time of the U.S.-Japan Security Treaty negotiation--army of 32500 to 35000 men by 1954--was resisted by Yoshida, and a more modest pattern of incremental rearmament was established (Dower, 1993-a).

Second, Peace Constitution and U.S.-Japan interactions involving postwar remilitarization of Japan created an opportunity for Japan to find its main interest in economic realms. The unsuccessful U.S. remilitarization efforts in Japan provided Japan with a permissive environment in which Japan's emphasis on economic growth and catch up became well embraced by the conservative leadership and majority of the people in Japan. In fact, the essence of Yoshida's so called "conservative pacifism" is giving priority on economic rehabilitation while receiving U.S. security protection through U.S.-Japan security treaty (George, 1988; Nakamura, 1993). This conservative pacifism was strongly endorsed by the Ikeda and Sato governments during the period of rapid economic growth (George, 1988), and most Japanese governments followed the conservative pacifist path at least until around 1978-1980 (Pempel, 1990).²⁹ The 1% of GNP ceiling in military spending could not be accepted without Peace Constitution. Ikeda's income-doubling plan and *seikei bunri* (separation of economy from politics)³⁰ were also exclusive economic emphasis of the conservative leadership within that permissive environment. In addition, within that permissive environment, Japan's historical drive to "catch up with the West" could be transformed into "catch up with the West economically." Thus, in terms of structural practices, Japan could be and has been primarily *econo-centric*.

Third, the lack of Japan's military capability coupled with economic devastation imposed a "U.S. as a big brother" conception upon U.S. and Japan,³¹ and Japan's domestic conservative coalition, supported by the U.S. from the days of "reverse course," was ready to steer the nation into the "capitalist developmental" (Johnson, 1982; 1987) direction. Thus, the identity formation of Japan involved such adjectives as "capitalist," "dependent," and "subordinate. "

²⁹ Muramatsu and Krauss termed the following of Yoshida's conservative pacifism by successive conservative leaders up to late 1960s as "conservative policy line." See Muramatsu and Krauss (1987).

³⁰ This conception of *seikei bunri* was originally conceived "as device to get round political and ideological difficulties over Japan's trade with China." (George, 1988: 256).

³¹ This conception is even strengthened by the second element of "US-Japan security treaty and US military bases in Japan.

7.1.2 U.S.-Japan Security Treaty and U.S. Military Bases in Japan

The essence of U.S.-Japan security treaty signed in September 1951 is that in exchange for providing the U.S. with the right to station and use military bases in Japan, Japan gets "indirect" U.S. military protection through U.S. security contribution in the Far East. This treaty was interpreted in Japan as extremely unequal, because Japan might be pulled into a conflict by virtue of its ties to the United States in the East-West confrontation while the U.S. was not obliged to defend Japan against external attacks. The treaty was revised in 1960 as "bilateral treaty of mutual cooperation and security" in the midst of intense Japanese protests and demonstrations. The allegedly unequal phrasing of the former treaty that did not specify U.S. obligation to defend Japan was rephrased. Japan obtained de jure security guarantee from the U.S. that provided that both Japan and the U.S. would deal with any armed aggression directed at Japan, considering such aggression as a common threat to both Japan and the U.S (George, 1988).

However, from the U.S. point of view, the treaty lacks reciprocity in defense obligation because while the U.S. bears the burden of defending Japan, Japan is not bound by the treaty to support the U.S. if it were attacked. In addition, in retrospect, it is undeniable that the security treaty, together with the Peace Constitution, gave Japan an opportunity and incentives to focus most of its entire energy on economic reconstruction and catch up, while the U.S. paid for much of Japan's defense. One study suggests that about 2% of nation's GNP growth per year can be accounted for by Japan's low level of military spending (Patrick and Rosovsky, 1976). Moreover, procurement orders tied to U.S. military actions in Korea and Vietnam contributed to a great deal of economic stimulation in Japan (Pempel, 1990: 13; Hein, 1993: 110). This lack of reciprocity becomes a source of U.S. pressure for burden sharing in the later days and provides the U.S. with the logic of "free ride" in trade and burden sharing negotiations particularly since the enunciation of the Nixon Doctrine in 1969.

However, the U.S.-Japan security treaty has served American interests well up to the present, and structured the U.S.-Japan relations in a way that imposed a kind of "subordinate, pro-American identity" on Japan. John Dower puts this aspect succinctly:

The primary mission of U.S. forces and bases in Japan including Okinawa was never to defend Japan directly but rather to project U.S. power in Asia and to "support our commitments elsewhere," as one high U.S. official later testified. To many observers the argument that this U.S. presence also acted as a deterrent to external threats to Japan was less persuasive than its counter arguments: that the external threat was negligible without the bases, but considerable with them. If war occurred between the United States and the Soviet Union, Japan inevitably would be drawn into it. At the same time, the U.S. military presence throughout the Japanese islands established an on-site deterrent against hostile remilitarization by Japan itself (Dower, 1993-a).

The main structural implication of the security treaty can be called, therefore, "satellitization of Japan by **institutionalizing vulnerability**" in which the vulnerability is actually double-sided: vulnerability to the hypothetical communist attack and also to U.S. demands. The latter aspect is well reflected in the expression that early Japanese critics of the San Francisco System used: "subordinate independence (juzokuteki dokuritsu)."³² The

³² For a detailed discussion of "subordinate independence," see Dower, (1993: 230-

institutionalization of vulnerability, coupled with Japan's inherent sense of economic vulnerability, rendered it a Japanese interest to adapt to the framework of U.S. making, as Japan chose to be in the U.S. hegemonic sphere of influence. Again, in order to reduce the sense of vulnerability--which was the goal of Japan ever since the Meiji restoration--Japan had to take an "offensively adaptive" position, taking advantage of some "permissive holes" of the external framework.

In the institutionalization of vulnerability, the first structural element discussed above might have made this structural chain hard to unshackle even after the logic of cold war vanishes. The sheer fact that Japan does not, and cannot easily have sizable military forces for the defense of its national survival, let alone other areas of its vital interests, would give Japan an enduring sense of vulnerability toward external world. Especially during times of transition and uncertainty, the idea of having strong ally in the U.S. could become almost indispensable. In addition, having decided to adapt and having adapted to the external framework dictated by the U.S., Japan would have vital interests in strong U.S. military capability and leadership to prevent sudden crash of the framework possibly caused by regional military disputes and escalation. In fact, the importance Japan attached to the stability of external framework is well reflected in Japan's concept of "comprehensive security" that involves dealing with natural disasters, energy and resource security, foreign aid, *the preservation of the free and open trading system and efforts to consolidate a stable international environment*. Therefore, contrary to realist expectation of a state's behavior, Japan may opt for aiding the U.S. for maintaining far superior military capability to Japan's for the sake of international system stability even after the end of cold war.

Japan's dependence on the U.S. for its security, and Japan's domestic limitations on radical restructuring of its defense posture has made Japan's bargaining position quite adaptive to U.S. demands in such areas as aid, trade, and high technology³³ where Japan's self restraint does not strictly apply. In other words, as Japan can hardly refund past U.S. service of its defense by dramatically increasing its defense spending, Japan needs to be more receptive to U.S. demands in negotiations concerning matters indirectly related to defense burden sharing.³⁴

In sum, with regard to identity and interest construction of the two countries, the second structural element pertains to (1) adaptive character of Japan; (2) Japan's interests in having good relationship with the U.S., and in aiding the U.S. for maintaining world leadership particularly in security affairs that may prevent the system crash; (3) U.S. identity of "big brother" toward Japan and U.S. interests in keeping Japan under its control.³⁵

238).

³³ On these issues, see Orr (1990), especially pp.103-136; Tomoyoshi (1993)

³⁴ However, it must be noted that Japan's receptiveness to U.S. demands in these areas should not lead to the conclusion that Japan lacks the ability to translate U.S. demands into its own advantage. Some of prime examples are Japan's flexible responses to U.S. antidumping measures against Japanese semiconductor exports, and high technology cooperation in defense. On these, see Prestowitz (1988) and Pempel (1990).

³⁵ In fact the identity and interests of the U.S. were more of a self imposition rather than structural construction. However, the structure contributed to the institutionalization of U.S. identity and interests vis-a-vis Japan.

7.1.3 Hierarchy in Economies: U.S. Hegemony and Benevolent Neglect of Japan's Mercantilism

Trade Practices.

The third structural element in U.S.-Japan relations is the so-called hierarchy in economies of the two nations. After the end of world war II, the U.S. assumed an unchallenging position of hegemony and Japan was assigned an economic state of war devastation. Within this context, U.S. tried to structure the bilateral economic relations in line with global cold war strategy and imposed upon Japan an identity of "economically dependent" nation. At first, Japan was seen as a non-factor in economic competition with the U.S. even in the future, and U.S. efforts to help Japan reconstruct its economy targeted mainly containing communist influence in Japan and the Far East. The operative document for the reverse course, developed in draft form under George Kennan's aegis in September 1947 envisioned a Japan that would be "industrially revived as a producer primarily of consumer's goods and secondarily of capital goods." (Cummings, 1993: 39). In November 1951, Joseph Dodge, the key American adviser on economic policy toward Japan humiliated the representatives of MITI by saying that "Japan can be independent politically but dependent economically" (Dower, 1993-1: 12). According to "Top Secret" records of the U.S. National Security Council, in September 1954, Secretary of State John Foster Dulles "told Yoshida frankly that Japan should not expect to find a big U.S. market because the Japanese don't make the things we want. Japan must find markets elsewhere for the goods they export" (Ibid.). In the words of John Dower, "Japan was believed to have no serious future in Western markets" (ibid.: 13). Thus, within this hierarchy of huge economic gap between the two countries, Japanese identity was seen by the U.S. as a "dependent economy with a negligible possibility of future competitive threat." With this identity in mind, U.S. tolerated Japan's mercantilist trade practices such as favored access to U.S. technology and market with no reciprocal return by Japan, so long as Japan remained an acquiescent ally in U.S. cold war policy. Until the early 1970s, undervalued yen exchange rate benefited Japanese exporters in the U.S. market. Japan's so called industrial policy during high growth era attracted no particular practical attention from the U.S. until the 1980s. The U.S. even played the role of patron in introducing Japan to various international organizations such as GATT and OECD.

The benign neglect of the U.S. toward Japan's deviations from liberal economic practices can be seen to have originated from naïve idea of the U.S. about Japan's identity within U.S. global cold war strategy of containing communism. Ironically, the huge initial gap in intersubjective economic capability provided Japan with an opportunity to find permissive holes within the structure to take advantage of its dependence upon the U.S. On the other hand, the benign neglect of the U.S. would become U.S. resources to formulate the logic of "free ride" and "affirmative action" for demanding concessions from Japan in future trade negotiations.

From Japan's point of view, the assignment of its identity by the U.S. as a "dependent economy with a negligible possibility of future competitive threat" delivers Japan a double meaning of the social structure between the two countries: vulnerability and humiliation. Japan was put in a position in which Japan's military and economic dependence on the U.S. was taken for granted by the U.S. In fact, humiliation may have been the price Japan had

to pay in order to gain U.S. protection and favorable external economic environment.³⁶ However, this sense of vulnerability and humiliation gives Japan a reinforcement to the construction of Japan's long historical interest in offensive positional upgrading, now in the system that the U.S. dominated. In fact, Japan's historical sense of vulnerability and humiliation had been driving force for Japan's efforts to catch up and surpass the West. Japan's sense of vulnerability toward Western imperial powers in the 19th century contributed to the birth of Meiji restoration that emphasized "rich country and strong military (Fukoku Kyohei)" in technologically catching up with the West.³⁷ Japan's humiliation through interactions with the West involving unequal treaties with the Western imperial powers³⁸, and rejection of Japan's proposal for a racial equality clause in the League of Nations Preamble also contributed to the construction of Japan's "will to develop" and "will to catch up with the West." Richard Samuels wrote that "for more than a century, the struggle to be equal with and independent from the West has animated Japanese technology and security thinking, that posits Japan in a hostile, Hobbesian world in which interdependence inevitably leads to dependence, and dependence eventually results in domination" (Samuels, 1994: 43). Beasley's description of a cartoon in a 1894 Japanese newspaper, *Yorozu Shimbun*, catches the essence of Japan's sense of humiliation and will to catch up with the West:

In 1894 a Japanese newspaper, *Yorozu Shimbun*, published a cartoon depicting the stage of Japan's relationship with the West during the previous twenty or thirty years. It consisted of three panel drawings. In the first, as the British minister in Tokyo explained, when sending a copy to London, Japan was 'a helpless child in the presence of an angry and overbearing foreign teacher'. In the second, the teacher slept while the boy grew up. In the last, he awoke to find his pupil vigorous and strong, 'able to avenge his former ill-treatment by dragging his frightened and thoroughly subject teacher by the beard'. (Beasley, 1990: 84).

Thus, constrained by the social structure between the two nations, this time Japan's interest in offensive positional upgrading targeted rapid economic and technological catch up with the West, and especially the U.S. Such expressions and goals as "obei ni oikose (overtake Europe and America)," "Shokusan kogyo (increase industrial production)," "fukoku kyohei," "seisanryoku kakuju (expand productive capacity)," "yushutsu shinko (promote export)," and "kodo seicho (high speed growth)"³⁹ well show renewed Japan's interest in catch up. This historical continuation of Japan's interest in catch up, therefore, has its root in Japan's continuing sense of vulnerability and humiliation.⁴⁰

³⁶ For Japan's conservative leaders, humiliation was the price they had to pay for the sake of their political restoration, and power maintenance along the "conservative policy line"

³⁷ On this, see Samuels (1994), especially, chapter 2.

³⁸ On this, see Conroy, Davis, and Patterson (1984), Part 3.

³⁹ These are Ayama's list of goals of Japan quoted by Chalmers Johnson. See Johnson (1982: 20)

⁴⁰ Reinhard Drifte even termed the continuation of Japan's sense of vulnerability in security thinking as "a genuine cult of vulnerability." See J.W.M. Chapman et al (1982:92-93)

7.2. Domestic Level

The meaning that a state's interests and identity have been constructed through interactions at the international level implies that the same identity and interests have been internalized domestically. In other words, identity and interests of a state ought to be either shared among key domestic actors or defended and promoted by governing coalitions within a nation-state. In addition, domestic structure has to be supportive of structural practices that reflect state identity and interests. As noted at the beginning of this paper, domestic factors cannot be excluded in explaining beginning, continuation, and ending of structural practices. Initiative at certain formative interactions, stability of a social structure, and a sudden disruption of a structure all need to take domestic factors into consideration because practices per se cannot explain the beginning and ending of practices. Moreover, for domestic reasons, there can be cases in which certain structural practices of a nation endure as inertia even when there are domestic forces that may want to change interests and identity of a state. In this case, a social structure may look like having dynamics of its own. Within this context, in explaining continuity in Japan's responsive pattern to U.S. demands, internalization of Japan's identity and interests, and "practice basis" of domestic structure must be considered.

Econo-centric offensive positional adaptation with its security dependent upon the U.S. protection was not the consensus view of Japanese people during the formative period of Japan's identity and interest in international system. Domestically, the acceptance of Japan's identity and interests as econo-centric, offensive positional adaptation with subordinate alliance with "big brother," the U.S., pitted the conservatives against the so called progressives including the Socialist party, the Communist party, and liberal and Marxian intellectuals. The epitome of the contest at the time was whether or not to accept "Cold War" structure under U.S. tutelage. The issue of "overall peace" vs. "separate peace" was the center of the controversy, the former meaning having peace settlement in which the Soviet Union, Communist China, and the Eastern European countries participated, while the latter link peace treaty to a military agreement with the U.S. which was unacceptable to the Soviet Union and its allies. Conservatives advocated the latter, and the progressives, the former. As will be discussed, through gaining upperhand over the progressives and utilizing opposition forces, conservatives pushed and pulled Japan to accept "Cold War" structure, and interacted with the U.S. in establishing Japan as OASIS both domestically and internationally. The pushing and pulling between conservatives and progressives gradually formed what Igarashi calls "the postwar Japanese domestic system for foreign Affairs" (Igarashi, 1985), in which the opposing positions complement each other in consistently establishing Japan as OASIS. It seems that Igarashi's concept of "the postwar Japanese domestic system for foreign affairs" refers to internalization of a specific identity and interests of Japan if applied to U.S.-Japan relations.

8. THE GOJUGONEN(1955) DOMESTIC SYSTEM FOR FOREIGN AFFAIRS

In general, until the breakup of LDP, the core of conservative coalition in Japan refers to LDP, supportive business organizations (Zaikai), the closely allied elite of the civil service

bureaucracy, and agriculture (Pempel, 1978, 1982, 1993, Burks, 1991, Dower, 1993).⁴¹ The main foreign policy line of this conservative coalition has been pro-American, econo-centric adaptation, especially in relations with the U.S. As Japan has been consistently dominated by this conservative coalition since 1955, it is often said that Japan's national interests have actually been those of conservative coalition. In fact, their pro-American, econo-centric policy line matches perfectly with Japan's characteristic as OASIS in bilateral relations. However, the identity and interest of conservative coalition cannot be said to have been formed exclusively by the conservatives alone even domestically. Rather, through pulling and pushing during the occupation period between conservatives and progressives, there established a kind of system that constantly delimits conservatives' radius of action in that direction. Thus, in order to understand domestic base of OASIS, it is necessary to look at the internal Japan from a systemic perspective, focusing the whole juxtaposition of conservative coalition and its oppositions. The origin of that juxtaposition can be found in their domestic interactions during occupation period over the issue of "overall peace" vs. "separate peace." The system began to be consolidated from the day of conservative merge in 1955 between Liberal and Democratic parties, forming Liberal Democratic Party (LDP). Accordingly, the foreign policy system of Japan can be labeled as the *gojugonen* ('55) domestic system for foreign policy.⁴²

The issue of "overall" and "separate peace" involves Japan's decision whether or not to accept U.S. dominant Cold War structure during the occupation period. The progressives who supported "overall peace" rejected Japan's incorporation into the U.S. dominant Cold War structure leading to exclusive security and political alignment with the U.S. The conservatives who supported "separate peace" tried to accept the reality of international politics at the time and use it in their advantage by gaining U.S. support in consolidating domestic power position. The postwar emergence of what can be called conservative "separate pacifists" dates back to the days of occupation period reverse course, when, in the words of Dower, "U.S. policy makers began to jettison many of more radical democratic ideals and reforms" (Dower, 1993-a: 14).

Initially the U.S. occupation policy of demilitarization and democratization as a whole was quite progressive. War criminals were brought to trial and alleged militarists and ultranationalists were purged from the public life. Sweeping land reforms were carried out during 1946-47, and laws were enacted in support of labor unionization and the right to strike. The *zaibatsu* was busted and policies calling for economic deconcentration, industrial demilitarization, and reparations to Japan's war victims were announced. Politically, even the Communist party was made legal, and police was decentralized. However, from the 1947, the seemingly progressive course of U.S. occupation policy began to be reversed gradually reflecting U.S. Cold War thinking in the Far East.⁴³ The resurrection of the conservatives was gradually accomplished as follows:

A general strike planned for 1 February 1947 was banned by General Douglas

⁴¹ According to Pempel (1993), agriculture, represented by *Nokyo* has been gradually alienated from the conservative camp due to demographic changes.

⁴² The conservative hegemony in Japan since 1955 is generally called "1955 system (*Gojugonen Taisei*)" in Japan.

⁴³ For the detailed analysis of the development of U.S. Cold War strategy in Japan, see John Dower, "Occupied Japan and the Cold War in Asia," in Dower (1993-b).

MacArthur. Pro-labor legislation was watered down beginning in 1948. The immense power of the bureaucracy—augmented by a decade and a half of mobilization for “total war”—was never curtailed by the Occupation reformers (beyond abolition of the prewar Home Ministry), and the financial structure remained largely untouched despite initial proposals to democratize it. Fairly ambitious plans to promote economic democratization through industrial deconcentration were abandoned by 1949. Individuals purged from public life “for all time” because of their wartime activities or affiliations began to be depurged in 1950, and by the end of the occupation only a few hundred persons remained under the original purge designation. At the same time, between late 1949 and the end of 1950, U.S. authorities and the Japanese government collaborated in a “Red purge” in the public sector, and then the private sector, that eventually led to the firing of some twenty-two thousand individuals, most left-wing union activists. In July 1950, in the midst of this conspicuous turn to right, the rearmament of Japan began. (Dower, 1993-a: 14)

The ideas shared by most of these resurrected conservatives about Japan's future was that Japan and themselves had to accept capitalist U.S. hegemony for their own political survival, and Japan's economic reconstruction and military protection. The U.S., represented by Kennan, and Dulles also had the idea of making Japan pro-American, strategic base in the Far East by signing early peace treaty that was “as brief, as general and as non-punitive as possible.”⁴⁴ Thus, there arose a cross country coalition between Japan's conservatives and the U.S., especially State Department. On the other hand, Japan's progressives represented by the Communist and Socialist Parties, and mostly Marxist intellectuals opposed “separate peace” and rearmament, and supported Japan's neutrality. However, the situation got increasingly unfavorable to progressives. As U.S. demand for early peace treaty intensified, and as Korean War broke out in June of 1950, the cooperative movement within conservatives for pushing “separate peace” progressed between Yoshida's Liberal Party and the National Democratic Party. In the meantime, within the progressives, too, seeing a war breaking out in the Korean peninsula, right wing Socialists gradually took more realistic approach of accepting peace treaty while opposing security treaty with the U.S. As for Communists, they followed a two track approach to the postwar settlement. Outside the bounds of legal activities, there were cross-national revolutionary movement in Japan involving Soviet Union, China, JCP (Japanese Communist Party), some Chinese and Koreans in Japan.⁴⁵ Within the legal bounds, Communists maintained their position of “overall peace.” MacArthur, receiving the reports of JCP's revolutionary movement, ordered the so-called “Red Purge” of all members of the JCP Central Committee on June 6, 1950, and of Communists in private companies after the outbreak of the Korean War. Members of mainstream faction went underground (Igarashi, 1985). As shown in the table 1 and 2, most of the conservatives ratified both peace and security treaties in the 1951 Diet, and oppositions rejected either both treaties or only security treaty with the U.S. From then, against continuing presence of Socialist opposition, conservatives gradually established their foreign policy line of pro-American, security dependence, which gained a big momentum by the 1955 conservative merger creating LDP. In January 1955, Sohyo--the

⁴⁴ This was George Kennan's proposal adopted in NSC 13/2, quoted in Igarashi (1985: 328).

⁴⁵ For the details of cross-national revolutionary movement, see Igarashi (1985: 339-343).

General Council of Trade Unions, which was closely affiliated with the left-wing Socialists--mobilized about eight hundred thousand workers for what would be subsequently institutionalized as Shunto (spring wage offensive). That same month, the left and right wing factions of the Socialist Party, which had formally split in 1951 over the issue of "separate and overall peace" agreed to reunite. This would pose a great threat to the conservatives because in the general elections of February 1955, the two Socialist factions together won slightly more than one-third of the seats (156 of 453) in the critical House of Representatives. This gave them sufficient combined strength to block constitutional revision, which required a two-thirds vote of approval in the Diet. The LDP merger in November 1955 was in considerable part a response to this Socialist challenge.

Table 1. Distribution of Ratification Votes in the House of Representatives

Political Party	<u>Peace Treaty</u>		<u>Security Treaty</u>	
	For	Against	For	Against
Liberal	221	0	234	0
National Democrat	49	3	44	4
Right-Wing Socialist	24	0	0	23
Left-Wing Socialist	0	16	0	16
Communist	0	22	0	22
Independent & Others	13	6	11	6
Total	307	47	289	71

Source: Asahi Shinbun, Oct. 27 and November 19, 1951, quoted in Igarashi 1985).

Table 2. Distribution of Ratification Votes in the House of Councilors

Political Party	<u>Peace Treaty</u>		<u>Security Treaty</u>	
	For	Against	For	Against
Liberal	74	0	74	0
National Democrat	24	0	26	0
Ryokufukai	43	1	42	1
Right-Wing Socialist	26	0	0	29
Left-Wing Socialist	0	30	0	30
Communist	0	3	0	3
Independent & Others	7	11	5	13
Total	174	45	147	76

Source: Asahi Shinbun, Oct. 27 and November 19, 1951, quoted in Igarashi 1985).

At the same time, 1955 merger constituted "the open wedding of big business with Japan's right of the center politicians" (Dower, 1993-a: 16). The Zaikai (big business) not only played a decisive role in promoting the 1955 conservative merger but also mobilized the business community at this time as the major ongoing source of money for the LDP. The vehicle for assuring tight control of this political funding also was set up in those busy early months of 1955 in the form of an Economic Reconstruction Council (Keizai Saken Kondankai) established in January and supported by all four major big-business organizations: Nikkeiren (the Japan Federation of Employers' Association), Keidanren (Federation of Economic Organizations), Keizai Doyukai (Japan Committee for Economic Development), and Nissho (Japan Chamber of Commerce). Although some big business funds were made available to Socialists, the vast bulk of contributions funneled through the Economic Reconstruction Council (96% in 1960) went to the LDP. Reorganized as the Kokumin Kyokai in 1961, this consortium provided over 90% of LDP funding through the 1960s and 1970s. This consolidation and rationalization of the relationship between the zaikai and conservative politicians constituted two legs of the "tripod" on which conservative power rested over the ensuing decades. The third leg was the bureaucracy, which drafted most of the legislation introduced in the Diet and also provided a steady exodus of influential officials into the LDP (Dower, 1993-a).

In countering Socialist opposition with considerable public support, the conservatives created an ideology of economic liberalism that designated the primary task of the state as guiding the nation in its economic reconstruction, eventually creating a greater climate of social and political stability (Muramatsu and Krauss, 1987). In accomplishing economic reconstruction, the conservatives needed not only U.S. aid but the bureaucracy that emerged more intact than any other institutions from the war and the Occupation's reforms.⁴⁶ In the words of Muramatsu and Krauss, "the bureaucracy and its resources and expertise formed a natural ally for conservatives attempting to legitimize themselves as a governing party and to penetrate society" (Ibid.:520-21)

Considering Zaikai's interests in U.S. advanced technology, aid, market, and security protection, and also considering conservative politicians "interests in promoting rapid economic growth aligning with Zaikai and the bureaucracy, it can be said that Japan as OASIS did not contradict their interests and identity in relations with the U.S.

In sum, the gojugonen domestic system for foreign policy established certain constraints upon the conservatives (represented by LDP) in delimiting its radius of activities within two principles: first, the priority was given to the "economic line" and second, a close political relationship with the U.S. needed to be maintained (Muramatsu and Krauss, 1987). Conservatives came to base their approach to U.S.-Japan bilateral relations upon the acceptance of the new democratic constitution and dependence on the security treaty with the U.S.

9. SUMMARY OF THE STRUCTURE, IDENTITIES AND INTERESTS

The interactions at the systemic and domestic levels examined above suggest that the constructed social structure between the two countries, and identities and interests of the

⁴⁶ For a detailed description on this, especially MITI, see Johnson (1982).

U.S. and Japan are as follows.

First, the structure can be termed as SF system of NRDR. Here, the SF system of NRDR consists of three bases of structural practices: (1) 1947 Peace Constitution; (2) U.S.-Japan Security Treaty and U.S. Military Bases in Japan, and; (3) Hierarchy in Economies.

Second, by restraining Japan's role in military area, by institutionalizing vulnerability in Japan, and by humiliating Japan by assigning identity in international economic realm as "dependent economy with a negligible possibility of future competitive threat," SF system of NRDR constrained Japan's interest and identity as econo-centric, offensive positional, adaptive, system-conservative satellite to big brother-the U.S. which was relatively benign to Japan's mercantilist trade practices. The characterization of Japan as OASIS reflects these aspects of Japan's identity and interests in bilateral social structure of SF system of NRDR.

Third, domestically, the interests and identity of Japan constructed at the systemic level were not conflicting with those of conservative coalition.

Fourth, the SF system of NRDR shows the context within which Japan exchanged loyalty to the U.S. with economic and security benefits from the U.S. Japan's adaptive behaviors to U.S. demands can be understood as reflecting Japan's identity and interests within the bilateral structure. It can be said that the bilateral structure defines the power relations between the two countries. Especially in trade and high technology areas, due to Japan's domestic limitations on radical restructuring of its defense posture, and also due to Japan's dependence on the U.S. not only for its security but for its "comprehensive security," Japan's bargaining position becomes quite adaptive to U.S. demands.

10. FORCES THAT COULD HAVE CHANGED THE STRUCTURE, AND FORCES THAT RESISTED THE STRUCTURAL CHANGE

Social structures between and among nations change for various reasons. At the systemic level, as Wendt argues, structures may change due to state interactions increasing, for example, dynamic density of interdependence (Wendt, 1994). At the domestic level, structures can be changed due to the beginning and ending of certain state practices that may redirect state interactions into forming new identities and interests. On the other hand, structures may endure in spite of the forces that may bring instability back into the structure. At the systemic level, as Wendt argues, structures, thus state identities can be reinforced by such strategies as Axelrod's tit-for-tat. At the domestic level, structures may extend its life span when domestic forces cannot mobilize national momentum in the direction of ending old practices and beginning new wave of interactions with other states for the sake of new identity formation. Furthermore, there may be a point where systemic forces are resisted by domestic forces and vice versa, This may be a transition period if the resistances are finally overcome. In the following section, I will list forces that may and may not change the existing social structure between the U.S. and Japan, and analyze the structural situation between the two countries in the late 1980s and the early 1990s.

10.1. Forces That May Push For Structural Change

10.1.1. At the Systemic Level

At the systemic level, Cold War Structure came to an end between what was called Soviet bloc and U.S. bloc. The security arrangements made between the U.S. and Japan under the assumption of Cold War started to lose some of their rationale, and the somewhat tolerant economic practices of the U.S. toward Japan could hardly be seen as helping a U.S. ally against communist threats. The breakdown of Cold War structure could give incentives to Japan's nationalistic domestic forces in attempting to revise Japan's Peace Constitution.

Another systemic level force that may bring instability to the structure was the narrowed gap in economic capability between the two countries.⁴⁷ Economic capability is a concept which is hard to measure. However, there seems to have been an intersubjective understanding among major nations that Japan had caught up with the U.S. in many areas, especially high technology. Japan was often called an economic superpower. Thus, the third structural element of "hierarchy in economies" was changing into a very weak base for structural practices. In fact, this is the major area where the destabilizing pressure toward structural change was the strongest. U.S. complaints that Japan was not behaving as it should be considering its position and status as an economic superpower reflects this weakening influence of the third structural element. U.S. pressure toward Japan to open its market to U.S. exports, and to stop mercantilist trade practices of Japan was a direct ramification of the weakening third structural element. The identity of Japan as "a dependent economy with a negligible possibility of future competitive threats" was gone. U.S. identity of "benign" big brother was also becoming a history. On the other hand, Morita Akio and Ishihara Shintaro's book, "The Japan That Can Say No," among others, reflects a part of Japan that saw its international position changing, especially in the late 1980s due to Japan's enormous economic success. It was also often argued by many Japanese that Japan's financing of U.S. federal deficits upgraded Japan's leverage and position vis a vis the U.S.⁴⁸

10.1.2 Domestic Level

At the domestic level, two major changes can be mentioned that could affect gojūgonen domestic system for foreign policy. First, the whole juxtaposition of conservative coalition and oppositions over the issue of "overall or separate peace" became gradually meaningless. Radical momentum that had been building toward 1970 against existing security relations with the U.S. drastically slowed down since massive left-wing defeats across the nation's university campuses in 1968 and 1969 (Pempel, 1987). The ideological lines between LDP and opposition parties gradually got blurred as on some issues opposition parties did not try

⁴⁷ Recently, due to Japan's slow recovery from the recession started from the burst of bubble economy in early 1990s, and also due to US astonishing economic performance based on the so called "New Economy," the gap in economic capability between the two countries seems to be again widening.

⁴⁸ A very strong expression of this view is found in Tetsuya Kataoka, *The Truth About the Japanese "Threat": Misperceptions of the Samuel Huntington Thesis*, Hoover Institution on War, Revolution and Peace, Stanford University, 1995

to differentiate their policy lines from LDP, and on others LDP moved to the left, trying to accommodate numerous opposition criticisms (Ibid.). Thus, the yin-vs-yang like juxtaposition of the gojungen foreign policy system lost much of its steam. With the end of Cold War structure, it could be possible that this weakened juxtaposition transform itself into a more independent political arrangement than the adaptive arrangement of gojungen system.

Secondly, as a result of Japan's economic success, large Japanese firms acquired technological prowess of world class and required less capital. Consequently, Japan's Zaikai became increasingly less dependent on the Japanese state (Yamamura, 1994). This implies that if Japan's adaptation in trade practices was to be done through MITI's guidance against Zaikai's interests, Zaikai's seemingly stronger position against the state could have changed Japan's adaptive behavioral patterns

10.2 Forces Resisting Structural Change

10.2.1 At the Systemic Level

At the systemic level, as Wendt argues, U.S. identity reinforcement strategies such as threat of or actual trade retaliations in the form of Super 301 or antidumping measures may work against Japan's efforts to escape from the existing social structure. Those strategies would remind Japan of their subordinate position vis a vis the U.S. and interests of adapting to U.S. trade demands. Especially, when the alternative options of Japan to adaptation look uncertain, the identity reinforcement strategy may be quite effective. The cost benefit calculation of adapting vs defecting would be constrained by the reinforcement strategy pushing Japan to refer to a certain payoff structure that had already been constructed in the past, rather than to look for risky alternatives.

10.2.2 Domestic Level

Japan's domestic structure was increasingly headed toward a centrifugal direction characterized by decreased cohesion of conservative coalition, such as interministerial rivalries concerning turf battles, less dependent Zaikai, increasing number of zoku (policy tribes in the Diet), and by rising role of non-bureaucratic institutions like Diet, LDP, local governments, and courts (Pempel, 1987; Calder, 1988; Anderson, 1988; Yamamura, 1994). This decentralized domestic structure made Japan's policy making process very complex (Pempel, 1987) and would hinder or at least delay domestic initiatives at new identity and interest formation of Japan so long as input for identity and interest formation did not come from without. To the extent that outside input (U.S.) aims at reinforcement of Japan's existing identity and interests, it is likely that Japan would remain adaptive to U.S. demands for quite some time. This is where Calder's "reactive state" thesis becomes useful in constructivist understanding of Japan's passivity in new identity and interest construction vis a vis the U.S. The beginning of new kind of interactions leading to the construction of different social structure may have to come first from the U.S. inducing Japanese constructivist reactions. However, U.S. input for new identity and interest construction was amply provided by the U.S, because the U.S. wanted to keep commanding position.

In terms of interests of the so called conservative coalition, being continuously adaptive

to U.S. trade demands could still be a viable option. For Zaikai, U.S. trade demands to open Japanese market or reduce exports to the U.S. in exchange for keeping U.S. market open to Japanese exports or investment could be adaptable as long as Zaikai could still find a way to take advantage of U.S. market and necessary technologies. Even if Zaikai and Japan's conservative coalition may have enough leverage to counter U.S. retaliation threats, U.S. strategy of tit-for-tat in market liberalization, in fact, could push Zaikai's interest calculation in a certain direction, hindering Japan's radical departure from the existing calculation framework. In fact, conception of one's own leverage can be a result of construction. For example, it is hard to measure who have more leverage between children and parents as children grow up. Perhaps, in many cases, parents try to enforce certain interaction patterns on their children in order to construct asymmetrical leverage relations. In international arena, too, measuring who is dependent on whom, and who is more powerful than whom is not an easy task as Baldwin (1979) insightfully showed. It seems that through certain inter-state practices, an actor's calculation of leverage and interests is constrained in a certain way until conception-changing practices are newly tried either accidentally or intentionally.

For certain bureaucracies like MITI, Ministry of Finance, and Ministry of Foreign Affairs, U.S. demands for internationalization and liberalization of Japanese economy may have not affected them negatively (Pempel, 1993, Yamamura, 1994). It seems that these bureaucracies had increasing interests in internationalizing Japanese economy, in general. In addition, in turf battles with other protectionist bureaucracies or in a tug of war with businesses, these bureaucracies tried to use foreign (U.S.) pressures in its advantage. It seems that MITI or other actors receptive to U.S. demands could find an adaptive solution that may not go against the interests of their domestic constituencies including Zaikai, or could construct the Zaikai's interests along the lines of their adaptive solution, such as by emphasizing the importance of "comprehensive security" or reemphasizing econo-centric merchant nation identity.⁴⁹

As for conservative politicians, demographic changes that decreased the influence of traditional agricultural population while increasing the influence of reasonably affluent, white-collar workers living in urban or suburban settings⁵⁰ (Pempel, 1993) seem to have made Japan's adaptation to U.S. market opening pressure not very costly.

11. ASSESSMENT AND CONCLUSION

As seen above, both at domestic and international levels, there seem to have coexisted

⁴⁹ A typical example of MITI's efforts at constructing Zaikai's interests by emphasizing Japan's identity is MITI's vice minister at the time of VER in auto negotiations, Naohiro Amaya's argument that since Japan is a merchant nation, Japan has to pay with economic favors for military protection from the U.S. See Naohiro Amaya, "Chonin koku nihon, tedai no kurigoto: Kokusai shakai o shitatakana "chonin" toshite ikinuku tameni," Bungei Shunju, March 1980, pp. 218-236.

⁵⁰ They are what Murakami calls "Japan's New Middle Mass" that generally favors "internationalization" in foreign economic policy. See Murakami Yasusuke, *Shinchukan Taishu no Jidai* (Tokyo: Chuo Koronsha, 1984)

pushing and resisting forces in terms of changes in social structure between the U.S. and Japan in the early 1990s before the breakdown of LDP dominance in 1993. However, it seems that those forces that could push for structural changes were changes in the environment providing actors with opportunity for different course of actions than before. There is no guarantee that mere presence of opportunities will change the structure. In order for real changes to occur, opportunities have to be translated into actual practices for change. On the other hand, those resisting forces were the factors that directly or indirectly control actions or inaction. For example, centrifugal forces in Japan or reinforcement strategies of the U.S. did not just involve range of opportunities, but related to action or inaction of certain actors. Considering that social structures are maintained by practices, and end by new practices, those factors that pertain to the area of actions or inaction, rather than the area of mere opportunities can be said to have had upper hand in resisting or changing an existing social structure. In this regard, it may be possible to argue that the social structure between the U.S. and Japan did not change drastically especially as long as U.S. reinforcement strategy kept reimposing Japan's current identity upon quite centrifugal Japan.

In solving the two puzzles, the discussion so far suggests that (1) the recurrent Japan's adaptive pattern in U.S.-Japan trade disputes even after the seeming structural change, and (2) continuing U.S. confidence in its gaiatsu capability can be understood as the results of actual continuation of the bilateral social structure of SF system of NRDR, during the time-frame of this paper. These two puzzles and the solution of them through a revised Wendtian constructivist framework show that despite changes in the distribution of material capabilities among advanced industrialized countries in the direction of more symmetrical power relations, policy coordination through asymmetrical power politics can be continued among the members of advanced industrialized countries. It seems that this continuation of asymmetrical power politics can be better understood by a constructivist framework than (neo)realism or liberal institutionalism.

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