

Chapter 3. Japan after World War II

Contents

Section 1: Occupation

Section 2: Return to the International Community

Section 3: The 1955 System

Section 4: From Reparation to ODA

Section 5: Strains in the U.S. centered International Order

Section 6: Post Cold War

Section 1: Occupation

Japan was a devastated country at the time of its surrender in August 1945. More than 2.5 million Japanese, including more than 500,000 civilians, had perished since Pearl Harbor. Major parts of Tokyo and many other cities had been burnt to ashes. One third of the nation's wealth had been destroyed.

Internationally, Japan was a defeated country waiting for occupation by the Allied Powers. General Douglas MacArthur, Supreme Commander of the Allied Powers, landed at Atsugi airbase in late August to begin the occupation.

Japan formally surrendered to the Allied Powers on the US battleship, USS Missouri, on September 2. Since it was the United States that had defeated Japan, the occupation of Japan by the Allied Powers meant in fact the occupation of a single country, the United States. President Harry Truman rejected the Soviet Union's offer to occupy part of Hokkaido.

According to America's initial Post-Surrender Policy for Japan, the ultimate objective of the occupation was, "to ensure that Japan will not again become a menace to the United States or to the peace and security of the world."

The Japanese military was completely disarmed but the Japanese government was not disbanded. The United States decided to rule Japan through the existing Japanese Government.

Note: This lecture transcript is subject to copyright protection. In using any part of the transcript, the precise part of the text used should be specified and the appropriated acknowledgement of the source of information, the name of JICA who has the copyright of the transcript and the title of the transcript should be given as described below:

Text citation: (Tanaka 2019)

Reference: Tanaka, Akihiko. 2019. "Chapter 3. Japan after World War II." Seven Chapters on Japanese Modernization. JICA-Open University of Japan. Makuhari, Chiba: BS231, Apr.

As in the prewar period, prime ministers were appointed by the Emperor and organized their cabinets. The cabinet would submit draft legislations to the National Diet, which would in turn make them laws for the implementation of the post war reforms.

The entire process of the parliamentary system was conducted under the strong directives of General Headquarters (GHQ). The GHQ ordered a series of sweeping reforms of the Japanese government. Those reforms included dismantling of the *zaibatsu* (business conglomerates that dominated the prewar Japanese economy), agricultural reforms to distribute land to tenant farmers, and labor reforms.

Democratization of politics was also an early and important item on the agenda of the occupation. General MacArthur ordered the Japanese government to draft a new democratic constitution. As the draft prepared by the (Japanese parliamentary) committee struck him as overly conservative, MacArthur ordered his staff to make its own draft reflecting his ideas, including an article that appeared to deny Japan even the right of self-defense.

GHQ ordered the National Diet to use the GHQ draft as the basis for the writing of the new constitution. To transform the National Diet into a more democratic one, GHQ ordered the Japanese government to dissolve the Diet and call the first general election in the spring of 1946.

Universal male suffrage was enacted in 1925 in Japan. At that time GHQ ordered the realization of complete universal suffrage by giving women the vote. Thirty-nine women were elected to the Diet in the election conducted in April 1946.

Subsequently, the Diet democratically reformulated, deliberated the draft constitution, made a limited number of revisions, and passed it in October 1946, to take effect in May 1947. The Emperor at that point became “the symbol of the State and the unity of the people who shall not have powers related to government.”

The constitution included, in accordance with the intentions of MacArthur, Article 9, which states:

“Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.”

Except for a few constitutional lawyers, the overwhelming majority of Japanese thought that the article prohibited Japan from possessing any kind of armaments.

Subsequently, however, as Japan was pressured by the United States to establish its own Self Defense Forces, the Japanese government made a series of interpretations of Article 9 that legally justified Japan's possession of limited defense capabilities.

In many ways, the interpretation of this article was to become the central issue of Japan's security policy to this day.

Section 2: Return to the International Community

While Japan was pursuing various reforms imposed by the US occupation forces, world politics was never static. Former British Prime Minister Winston Churchill pointed out as early as February 1946 that the "iron curtain" had descended across Europe. What was eventually to be called the "Cold War" became the dominant feature of international relations.

The United States began to realize the danger of the Soviet Union, and made adjustments to its Japanese occupation policy. In January 1948 US Secretary of the Army Kenneth Royall argued that the U.S. wanted Japan to become "a self-sufficient democracy, strong enough and stable enough to support itself and at the same time to serve as a deterrent against any other totalitarian war threats which might hereafter arise in the Far East" end of quote.

East Asia then saw a series of significant developments. As the efforts of the United Nations to realize a unified Korea failed, the Republic of Korea and the Democratic People's Republic of Korea were established in 1948.

In China, the Communist Party defeated the Nationalist Party and established the People's Republic of China in October 1949. Chairman Mao Zedong, who was strongly committed to the policy of "leaning to one side," went to Moscow that winter and concluded the Treaty of Friendship, Alliance and Mutual Assistance with the Soviet Union, which regarded Japan as a potential aggressor.

Then in June 1950, North Korea, under Kim Il Sung, launched a military attack on the South, starting the Korean War.

In East Asia, the Cold War became hot.

In that tense international situation Japan was given an opportunity to return to the international community as an independent country. The United States hosted a peace conference in San Francisco in September 1951.

The Soviet Union dispatched its delegation to the conference but did not agree to the draft

peace treaty. Neither the People's Republic of China or the Republic of China was invited.

Although some political parties in Japan suggested waiting until all parties agreed to the treaty, the government under Prime Minister Yoshida Shigeru decided to accept the treaty with the United States and other major allied powers.

In his acceptance speech Yoshida said:

“The peace treaty before the Conference contains no punitive or retaliatory clauses; nor does it impose upon Japan any permanent restrictions or disabilities. It will restore the Japanese people to full sovereignty, equality, and freedom, and reinstate us as a free and equal member in the community of nations. It is not a treaty of vengeance, but an instrument of reconciliation. The Japanese Delegation gladly accepts this fair and generous treaty.”

Many parties, including the United States and the United Kingdom, waived reparation claims. They shared the recognition that the harsh reparation imposed on Germany after the First World War brought about huge grievances there that gave birth to the rise of the Nazis, and that a generous peace would be preferable, especially given the Cold War circumstances.

Now that Japan was to become independent, it had to devise its security policy to protect itself. Prime Minister Yoshida, believing that devastated Japan could not afford to maintain a costly military, decided that Japan had no other option than to rely on the United States, which is democratic in the Cold War environment. He concluded a security treaty with the United States on the same day as the signing the San Francisco Peace Treaty, which allowed the United States to maintain a significant military presence in Japan.

The United States, however, insisted that Japan also develop its defense forces, though it was the U.S. who originally imposed Article 9 on Japan. Prime Minister Yoshida, rather reluctantly, committed to making a limited defense buildup.

The San Francisco Treaty allowed the United States to continue its occupation of Okinawa and other islands, a disappointment that Japan had to endure as a cost of its security dependence on the United States.

Among leading Japanese politicians, some argued for the revision of the Constitution to realize full-fledged rearmament, but the series of general elections that took place after the end of occupation did not support the political forces in favor of the Constitutional revision.

Prime Minister Hatoyama Ichiro, though himself an advocate of constitutional amendment, decided to endorse a new interpretation of the Constitution for the purpose of the Self Defense Forces. The government argued that despite Article 9, Japan as a sovereign state

had an inherent right of self-defense and that the minimum forces necessary for such self-preservation were constitutional. The Self Defense Forces were established in 1954.

Another demand to Japan by the United States was the establishment of diplomatic relations between Japan and the Republic of China. John Foster Dulles, US negotiator for the peace treaty with Japan, made that demand to Yoshida, saying that unless Japan chose Taiwan, the US Congress might not give consent to the ratification of the San Francisco Treaty.

Japan negotiated with Taipei for diplomatic relations. Peace was agreed on the same day that the San Francisco Treaty was enacted. The Republic of China also waived reparations by Japan.

Another important country with which Japan needed normal diplomatic relations was the Soviet Union. Because the Soviet Union opposed Japan's participation in the United Nations, normalization of relations with Moscow became an important diplomatic objective. However, the four islands off Hokkaido, which the Soviet Union occupied in late August 1945, became the major issue of contention.

The Hatoyama cabinet, having no prospect of resolving this territorial issue at that time, decided to normalize diplomatic relations with Moscow, leaving the resolution of the territorial issues to future negotiations. The Soviet Union wanting relaxation of tensions globally at that time agreed. With the normalization of relations with Moscow, Japan was finally accepted as a member of the United Nations in 1956.

The first official Japanese economic white paper, published in 1956, declared that the "postwar era" was over. Devastated Japan now finally successfully recovered by 1955. As can be seen in this graph, Japan's per capita GDP, which had fallen to half the pre-war level, returned to the pre-war level by 1955. The white paper argued that "the growth through recovery is over. The growth from now should be supported by modernization."

Section 3: The 1955 System

Under the new Constitution, the prime minister is designated by the Diet from among the Diet members. If the two houses disagree, the House of Representatives, the lower house prevails. Therefore, the results of the lower house elections are critical for the formation of the government.

Many political parties emerged in the early days of post-war Japan, but broadly speaking, there were anti-communist, capitalist-oriented parties, social democratic parties, some of which were sympathetic to communism, and the communist party.

The Katayama and Ashida cabinets during the occupation period were coalition governments including socialist parties, while the Yoshida cabinet was supported by capitalist conservative parties.

After the radicalization of the communist party in 1950, the Socialists were split between Rightists and Leftists; the Rightists were anti-communist and the Leftists were still sympathetic to the Soviet Union.

On the other hand, the capitalist oriented conservative parties went through a series of complex re-groupings.

Finally, in 1955, as the Rightist and Leftist Socialist Parties decided to reunite to form the single Socialist Party, the Liberal Party and the Japan Democratic Party decided to join together to form the Liberal Democratic Party.

Until the beginning of the 1990s, Japanese politics was characterized by the confrontation between these two groups, the LDP and the JSP. However, this was not exactly a symmetric two-party system; the JSP was much weaker. The government was dominated constantly by the LDP. Many political scientists call this pattern the 1955 System; some others call it the LDP-dominant system.

The first crisis of the 1955 System was brought about by the revision of the Japan-U.S Security Treaty. The revision of the treaty itself largely involved clarification of the obligations of both parties; it was ratified by the Diet in January 1960, but it triggered major political turmoil. The opposition suspected that Prime Minister Kishi wanted to introduce conservative authoritarian rule. A large number of demonstrators surrounded the Diet Building until the treaty was enacted in June 1960. Prime Minister Kishi took responsibility for the political confusion and resigned.

The LDP governments in the 1960s, realizing the risks of ideological politics, made all-out efforts for economic growth and expansion of social welfare by adopting many of the policy measures that the opposition had proposed.

Prime Minister Ikeda Hayato, assuming power immediately after the Security Treaty crisis, shifted the public's attention to his policy of "income-doubling." In 1961 all Japanese came under "universal health coverage" in which all citizens were covered by some type of health insurance system.

Japan joined the Organization of Economic Cooperation and Development (OECD) in 1964. Tokyo successfully hosted the 18th Olympics in the same year. Economic growth during the 1960s was anything but remarkable. Japan's GDP grew at a double-digit rate throughout the 1960s, and surpassed that of West Germany in 1968, making Japan the second largest

economy in the free world.

As the LDP government distributed those economic gains throughout the nation, many Japanese came to consider themselves members of the middle class. In 1964, 87% of Japanese reported that they belonged to the middle class.

That extremely high growth brought about undesirable changes too. Because the growth was realized by the expansion of heavy and chemical industries, air and water pollution became serious in many urban centers. As a result of deficient regulations, poisonous water contamination caused many tragic deaths and widespread illness, as in the case of Minamata.

Roads were perpetually congested and traffic accidents became one of the major sources of death. In 1970, 16,765 people were killed in traffic accidents (16.33 deaths per 100,000.)

Section 4: From Reparation to ODA

Internationally, normalization of relations with the countries of East Asia remained to be achieved. Several countries required Japan to pay formal reparations as a condition for restoring peace and normalizing relations.

Japan agreed to extend such formal reparations to Burma, the Philippines, South Vietnam, and Indonesia. Legal circumstances varied widely, so with a number of countries, instead of formal reparations, Japan normalized relations by agreeing to extend, what was called “quasi-reparation” in the form of economic assistance.

The negotiations with South Korea were the most difficult. Japanese negotiators argued that because Korea was not an independent country at war with Japan before 1945, it was not entitled to demand reparations from Japan, an opinion that Korean negotiators could hardly agree on. Finally, both countries settled on an agreement in which Japan would extend economic assistance worth 500 million dollars in exchange for a promise by South Korea not to make further claims related to Japan’s colonial rule.

The other countries that received quasi-reparations from Japan were Laos, Cambodia, Thailand, Malaysia, Singapore, and Micronesia. One such project was the construction of a hydroelectric power station in the place called Baluchaung, Burma. Japan provided the necessary materials, machines, and engineers to complete the project.

Another example was the Brantas River Basin Development project, the Indonesian and Japanese governments agreed to expand the scope of the project to transform the entire Brantas River Basin into a huge agricultural area by constructing many dams and irrigation

systems. Japan provided a series of concessional ODA loans and technical cooperation. When the project was completed in the middle of the 1980s, the basin had in fact turned into a large agricultural area.

Section 5: Strains in the U.S. centered International Order

The 1960s saw significant changes in international relations, especially with respect to U.S. economic and security policy. The recovery of Western Europe and Japan was a major achievement of the Cold War policy of the United States. However, that success began to undermine the foundation of the dominant American position in the international economic system.

Under the prevailing international economic system, commonly known as the Breton Woods system, the major currencies including the Japanese yen were pegged to the U.S. dollar, which in turn was fixed to gold. Because the exchange rates between the U.S. dollar and other currencies had not been adjusted much (and for that matter the yen-dollar exchange rate had never been changed), frustration had accumulated in the U.S. as it saw imports pouring from Europe and Japan deteriorating the American balance of payments.

Militarily, the U.S. involvement in the Vietnam War became not only an economic drain but also a political disaster. Fortunately for Japan, the reassessment of U.S. strategy for reducing its stretched commitment in Asia worked in favor of Japan's request for the return of Okinawa. The two governments agreed in 1969 to return Okinawa to Japan in 1972.

However, the strategic reassessment also involved a move that many Japanese leaders had never anticipated. On July 15, 1971 President Richard Nixon announced that he would visit the People's Republic of China in the following year. As this toppled the Japanese assumption of U.S.-China confrontation in East Asia, it came to be referred to as the "Nixon shock."

But another "Nixon shock" was in store. The following month, President Nixon announced that the U.S. would no longer adhere to its commitment to exchange the U.S. dollar for gold at a fixed price. This decision ushered in a new era, the era of the floating exchange system. Another basic assumption that of the fixed exchange rate, was gone.

In 1973, the Nixon administration further terrified the Japanese by announcing an embargo on soybean exports from the United States because of bad weather. Although this decision was not actually implemented, the Japanese began to wonder if yet another assumption, a stable supply of food, might be in question.

A more devastating shock came when the Organization of Petroleum Exporting Countries

announced an oil embargo on countries perceived as friendly to Israel after the Yom Kippur War in late 1973. The free flow of energy, another of the basic assumptions of Japanese international relations, became doubtful.

In addition, international attitudes toward Japan became much tougher. The United States became very critical of Japan's trade practices and demanded that Japan "voluntarily" restrain its exports of many products, such as automobiles.

Toward the end of the 1970s, the U.S. began to criticize Japan for not making a large enough contribution in the area of security while at the same time making profits from huge exports of electronic equipment and automobiles.

Asian countries also began to display a distrust of Japan. When Prime Minister Tanaka Kakuei visited Thailand and Indonesia in January 1974, he arrived to anti-Japanese riots in Bangkok and Jakarta. The protestors charged that the Japanese were now engaged in an economic invasion instead of the previous military invasion. In other words, Japan faced a more and more unpredictable international environment with increasing risk in food and energy security. The Japanese also realized that they had failed to gain the basic trust of their most important ally, the United States, and of their neighbors in Asia.

Under those circumstances, the policy instrument that Japan turned to was official development assistance (ODA).

Single-minded commercial activity in the private sector simply created the image of "an economic animal" within Asia and the image of "a free-rider" in the United States. Anything military was seen as counter-productive to cope with this, however. As a result, ODA was chosen as the only measure that Japan could rely on to regain trust and to demonstrate that Japan was not simply free-riding.

In 1978, Prime Minister Fukuda Takeo promised to double Japan's ODA in the following five years. The primary focus of Japan's ODA was Southeast Asia and China. The graph shows the increase in Japan's ODA to East Asia and the Pacific region, in comparison with that of other G7 countries to the same region.

A typical example of Japanese ODA at that time in East Asia was, what was called the Eastern Seaboard Development Project in Thailand. It was an ambitious project to transform a large rural coastal area east of Bangkok into a modern industrial zone. In total, Japan provided 27 ODA loans, approximately 180 billion yen for 16 core projects, with technical cooperation from 1982 to 1993. Now, that area has become one of the thriving centers of industrial production in Southeast Asia, with more than 1,400 plants including many Japanese firms.

Another example of Japan's ODA in East Asia during that period was development cooperation with China. Japan normalized its diplomatic relations with the People's Republic of China in 1972, after the dramatic Sino-American reconciliation. China then agreed not to demand reparations from Japan, too.

Ohira Masayoshi, foreign minister at the time of normalization, must have felt deeply indebted to the Chinese for their generosity. When he became prime minister in late 1970s, he decided to extend large scale ODA to China, which had just started its ambitious "reform and opening" program under the direction of Deng Xiaoping. The scope of cooperation was huge: projects included large-scale infrastructure creation, poverty reduction in rural areas, health improvement, industrial management and environmental protection.

By the second decade of the 21st century when Japan ended its ODA to China, Japan provided ODA loans worth 3,316 billion yen for 231 projects as well as grant aid worth 157 billion yen and technical cooperation worth 182 billion yen.

It is widely known that the economies of East and Southeast Asia achieved remarkable growth in the 1980s and 1990s. That was a sea change from the 1960s, when East Asia was regarded as a region even poorer than South Asia and Sub-Saharan Africa.

It was an achievement of East Asian peoples, but Japan's ODA played an important part in building its foundation.

Section 6: Post Cold War

1989 was an extraordinary year in world history. The Cold War, which seemed as if it would last almost forever, suddenly ended with the collapse of the Berlin Wall and the communist governments in Eastern Europe. The Soviet Union itself was disbanded by the end of 1991.

The complex dynamics that brought about the end of the Cold War caused profound changes throughout the world, including Japan. However, it is difficult as of now to properly capture the essence of the new period starting with the end of the Cold War, both globally and in the context of Japan's society and its international relations.

However, we can at least point out several features of the post-Cold War period in Japan.

First, the era of high growth ended. Japan in the late 1980s experienced the hype of the bubble economy. Tokyo was full of conspicuous consumption. Trade friction with the United States, though agonizing, gave the Japanese a strange sense of satisfaction and even arrogance. Many perceived the fear and frustration that the Americans displayed as evidence of Japan's excellence.

But this arrogance was completely dispelled by the burst of the bubble. Japanese economy since then has shown very low growth if any.

Many countries in East Asia have achieved high living standards similar to or even higher than Japan's. Japan is no longer the only advanced industrial country in Asia. In the past, world famous brand names from Asia were all Japanese: Sony, Toyota, Panasonic, and so on. Now, Samsung, Hyundai, and Huawei are everywhere in the world. China surpassed Japan in terms of GDP in 2009 to become the world's second largest economy.

Another prominent feature of contemporary Japan is its demography. Japan is one of the most aged societies. While Japan's life expectancy has long been one of the highest in the world, the fertility rate was in continuous decline until quite recently.

The combination of slow growth and aging appear to give big constraints on Japan's future.

The three decades of Heisei was a period of political reforms, too. In 1993, the general public voted out the Liberal Democratic Party for the first time since 1955. Japanese politics under the 1955 system, though stable, appeared to many of the public as wasting too much money, often in corrupt ways, and as ossifying, dated systems without the capability to play more active role in world politics.

Japan's paralysis when it faced the Gulf Crisis in 1991 appeared to have demonstrated the incompetence of the political system that had governed the nation since 1955.

Political reform legislation passed in 1994 introduced new electoral district systems and political fund regulations. Administrative reform became the task of the subsequent administration, bringing about mergers of many ministries by the beginning of the 21st century.

During those changes of government, however, attempts were made to strengthen the power of the prime minister by giving more resources to the prime minister's office.

Internationally, the challenges facing Japan are enormous. The end of the Cold War eliminated the threat from the Soviet Union but ushered in a host of new uncertainties. North Korea has continued its nuclear weapons and ballistic missile programs. China has been building up its military very rapidly; its official military expenditure was smaller than Japan's in 1989 but now it is more than three times larger than Japan's.

Facing these challenges, Japan has made many adjustments to its security policy, most importantly its efforts to strengthen the function of the Japan-U.S. alliance. During the Cold War, U.S. determination to confront the Soviet Union was rock-solid, although the U.S. complained frequently that Japanese efforts were inadequate.

In the post-Cold War environment, although the U.S. finds it in its own interest to keep its presence in East Asia, the alliance would function more effectively if Japan could cooperate with the U.S. without much restriction, legal and otherwise.

The recent change of the interpretation of the Constitution was made with the motivation of facilitating more effective cooperation between the SDF and the US military in cases of emergency.

Japan is no longer the largest ODA provider in the world.

I think that Japan should increase its ODA quantitatively, but the quality of Japan's ODA appears to be improving as a result of long years of experiences. Particularly noteworthy is the increase of many small-scale but effective technical cooperation projects that do not require too much funding.

Kaizen projects to improve management quality in developing countries, agricultural projects empowering small-holder farmers, science-mathematics education programs for primary and secondary school, to name but a few, are all welcomed in many developing countries.

Overall, the reputation of Japan as an effective ODA provider appears quite high. The Human Development Index calculated by the UNDP is one of the standard statistics for measuring the quality of life of a country. Japan is 19th in the standard HDI in 2017, but according to a recently devised new measure, the inequality adjusted Human Development Index, which takes the degree of inequality into account, Japan ranked second after Iceland.

Does Japan continue to have the resources to maintain such quality of life? The prospect of slow growth and aging tends to indicate limitations. However, as a result of globalization of Japan's business activities over the past several decades, Japan is still the largest net creditor in the world, with a constant current account surplus. Although the accumulated deficits of the government are the highest among the advanced economies, almost all of those debts are domestic.

In other words, if domestic politics is managed responsibly, there is reason to believe that Japan will continue to possess the necessary resources to maintain and even improve the current quality of life.

The international environment can be critical, too.

So, in the end, the sustainability of Japan's high quality of life appears dependent on the effective functioning of politics that can navigate Japan positively through domestic and international turbulence.