

22: WARTIME AND POSTWAR JAPAN: TRIUMPH OF THE CHONIN STATE AND SOCIETY¹

a. What were the main consequences, immediate and longer run, of World War II and the Occupation for postwar Japan? Of these consequences, which were good and which bad? In what ways was the Occupation important? What claims for its importance may be overstated?

b. In what ways did postwar Japan resemble prewar Japan before the fascist process got visibly under way? What was genuinely new during the postwar period? When and why then did the postwar period end for Japan?

A. War and Postwar Occupation (1937-45-51)

1. The course of the war (1937-1945)

a. 1937-41: the "China Incident"

Americans tend to think of World War II as beginning when we entered it after December 7, 1941. But for Japan and its Asian victims, the war began at least as early as 1937, when the so-called "China Incident" broke out. The Chinese Communists sometimes date the war to 1931, when Japan took over Manchuria and the Communist Party unilaterally and without effect declared war on Japan. The Japanese escalated into occupation of the northernmost part of China as a buffer for Manchuria in 1935. They launched occasional raids into the Chinese parts of Shanghai earlier in the 1930s.

In 1937, however, when full-blown war erupted, the Japanese could not bring themselves to face up to the impossible situation they had escalated into. They insisted on calling it an "incident." The Chinese called what was going on the

"Great Defensive War."

From the summer of 1937 until the end of 1941 the Japanese moved ever further into North China. To the south, they moved west up the Yangzi valley, occupying much of the eastern third of China up to the north-south axis dividing subzones B1 and B3 from B2 and B4.

All the ports fell into their hands except for those neighborhoods (sometimes the biggest and richest parts of a city) which were still "treaty ports." Since Japan was not yet at war with the Western nations, the English, French and Americans retained privileged positions in these places and China retained limited access to the outside world. The Chinese sections of these cities suffered grievously. Nanking (Nanjing) endured bombing, shelling and face-to-face shootings and bayonetings, killing upwards of half a million.²



Scene from a new Chinese movie on the Nanking Massacre. (*China Pictorial*, 5, 1995.)

² Iris Chang, *The Rape of Nanking: The Forgotten Holocaust of World War II* (NY: Basic Books, 1997), the most recent account, estimates that at least 260,000 and perhaps as many as 350,000 died. One reviewer noted that the higher figure is equal to two months' killing at Auschwitz or all U.S. deaths in action during World War II. Robert B. Edgerton, *Warriors of the Rising Sun: A History of the Japanese Military* (NY: Norton, 1997) contrasts the Japanese army's good behavior against the Boxers in 1899 and against Russia in 1904-5 with its penchant for commission of atrocities during 1937-45. The difference may be that Japan was not yet going through a fascist process during those earlier wars. In his 1999 historical novel, *The Emperor's General*, James Webb follows David Bergamini's thesis (in *Japan's Imperial Conspiracy*) that the emperor was forced into a fellow traveler of fascism position toward the Nanking wholesale atrocities by his own family so as to terrorize China into a quick surrender.

The Chinese Nationalist armies retreated slowly and in order, but by 1939, the eastern third of China and better than two-thirds of all Chinese were behind Japanese lines. However, the Japanese could never fully occupy so large an area. There were simply too many Chinese and too few Japanese.

By 1939 the Japanese reached the end of their tether of communications and supply. They could advance no further. To try to break through this stalemate they turned to attempts to subvert the Chinese. The Japanese tried to set up a puppet government for eastern China resembling the puppet government they had set up for Manchuria after the Mukden Incident of 1931.

But this did not work. Anyone who would collaborate with the Japanese could not win the active support of many Chinese. Enough Chinese could stay out from under Japanese control to carry on a fairly lively guerrilla war behind Japanese lines. The Communists led a significant proportion of this armed struggle, but independent local militias at least nominally loyal to the Nationalists did as much.

The Japanese made a tentative alliance with the Germans and Italians in 1940. They thought they might be able to break the stalemate in China by defeating the common ideological enemy—the Soviet Union—of this loose "Axis" coalition.

The Japanese army promoted this so-called "northern strategy." The Japanese Manchurian garrison launched a tentative attack against Soviet positions along the border between Manchuria and both Siberia and Mongolia. Much to their surprise, the Soviets promptly and badly whipped them. The Soviets' industrialization was behind Japan's, but the Soviet Union was much bigger, and Stalin was considerably more vicious and mobilized what he had more ruthlessly than could the uncertain fascist popular front running Japan. And so this northern strategy failed by the end of the 1930s.

This somewhat undermined the confidence of the Japanese army, which had to bear the responsibility for that loss, and raised the navy's prestige. The navy suggested a southern strategy (which would, of course, enhance its power) instead.

During 1940 the Japanese government began to put this southern strategy into effect. The Japanese informally occupied much of French Indo-China, thereby beginning to close off the southeastern flank

¹ 1st dr., 11/93 5th rev. 9/99. By Edward H. Kaplan.

of Nationalist China. This also threatened Thailand and Burma, occupation of which later on would allow them to control the very difficult but potentially viable south-western route out of China to Northeastern India by way of northern Burma.

By the spring of 1940 the French government had fallen because of the collapse of the French army in the face of the German Blitzkrieg war through Belgium into northern France. The defeated government was replaced by what amounted to a puppet government led by the World War I hero, Marshall Petain. This was the Vichy government, named after its capital, the town of Vichy, south of Paris in the part of France temporarily left unoccupied by the victorious Germans. The Vichy government had no basis for resisting Japan's takeover of their Indo-Chinese colony.

This easy initial victory for the southern strategy produced unwanted side effects for Japan. The occupation of Indo-China persuaded the Dutch in Indonesia, the British in Malaya and Burma, and above all the Americans in the Philippines that Japan was threatening their vital interests. The Americans now perceived that the sweetheart deal between the American and Japanese imperialists dating back to Theodore Roosevelt's administration to lay off each other's colonies had been abrogated by Japan.

President Franklin Roosevelt rightly concluded that America's vital interests (as opposed to its minor and mostly sentimental attachment to China) were now being gravely threatened. Hemmed in by a series of neutrality laws passed by an anti-war Congress since 1937, President Roosevelt could not risk saying this out loud. Nor could he admit that he had also decided that war with Germany was inevitable if America was to prevent the fall of Great Britain, the last holdout in Europe against German power.

Roosevelt quietly defied Congress and solidified his de facto alliance with Great Britain and with the exiled Dutch government (Holland having also been over-run by the Germans in 1940).

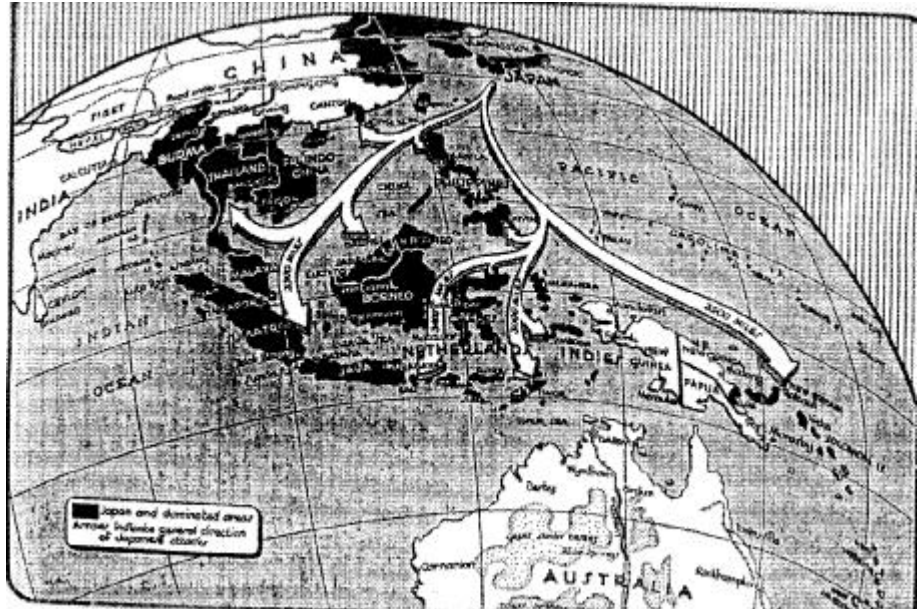
By 1941, the Dutch agreed to deny Japan access to Indonesian oil. The Americans not only blocked U.S. oil but also steel and scrap iron shipments to Japan. Since Japan still had to import most of its steel and all of its oil, its interests were now also being gravely threatened.

The very success of the southern strategy had moved the Japanese decisively closer to war with the Western powers. It put them in the absurd position of going to war with the same people who provided them with the key raw materials for making modern war—oil and steel.

But the Japanese leaders could not imagine grasping the other horn of the dilemma—to say they were just kidding/bluffing and back off from their three-year long undeclared war in China, and revert to the '20s policy of being nice

when they opted for war, he readily agreed that they had. But he added that the first war with China, the one in 1894, also seemed strategically impossible before the fact, as did the Russian war in 1904. Sometimes, he concluded, "you just have to close your eyes and take the plunge."

And so they did. The navy won permission to extend the southern strategy to Indonesia, Malaya and the Philippines so as to create a buffer zone protecting the previous additions to the empire in China.



to the Chinese.

Doing this would have had profound domestic political effects in Japan. The current leaders and the fellow travelers of fascism would have had to leave office in disgrace and turn over control of the state to the Anglophile party politicians, like Shidehara, whom they had recently been threatening to murder. Even the fellow travelers of fascism could not imagine doing any of this. They would have considered it taking a coward's way out. Still worse, it had come to seem un-Japanese for them to go back to the behavior of 19th century classical liberalism or even its rhetoric, something even the Westerners had given up on since World War I.

The only moral-seeming alternative was for the fascists and their fellow travelers to grasp the other horn of this impossible dilemma and decide to go to war.

The Americans, who effectively ran the Tokyo War Crimes trials after 1945, interrogated the wartime prime minister, General Tojo, on this point. Asked if he understood that he and his colleagues had made a strategically impossible decision

Japan conquers the buffer for its old empire during the first six months of the war with America. Francis Brown, *The War in Maps* (1944)

The navy opened the war with a raid in force by air on Pearl Harbor far to the east to block any effective American riposte to the takeover of the oil wells of Indonesia and the lands buffering them. Of course this did nothing to make up for the loss of access to American and British steel.

b. conquering the buffer: 2/1941-7/1942

During the first six months of the war Japan's aim was to conquer a buffer zone between its original inner core of empire and the power centers of its rivals in the central Pacific and in South Asia.

After they took Indonesia and then the Philippines and Malaya, the Japanese moved to extend this buffer further by both land and sea. Their most successful general, Yamashita, called for a bold strike directly against Australia so that the Americans would have no base from which to launch a counterattack. More timid heads prevailed and the Japanese

forces were spread among various fronts.

By land they bullied the Thais into granting them free passage to invade Burma, which they soon conquered, cutting off the highway leading from Yunnan (southern B3) via Northern Burma to Northeast India. This completed China's isolation. (The treaty ports on the coast fell within a few weeks of the start of the war with the Western imperial powers.)

At this point the Japanese came to the end of their tether in peninsular Southeast Asia. They could do no more than try to tempt Indian nationalists into joining them. Though this alarmed the British in India, they proved able to neutralize such Japanese moves.

By sea, the Japanese next conquered American-held Guam (originally taken by the Americans to control one of the routes from Hawaii to the Philippines but never effectively garrisoned) and the British-held nearby islands. They then pushed down to the south as far as New Guinea. They hoped to eventually penetrate as far as the northern and eastern shores of Australia so as to block the island continent's use by the Americans as a base for recovering the Southwestern Pacific approaches to the Philippines. But it was too late to take the direct route to Australia.

Thanks to good intelligence from broken Japanese naval codes, during May 1942 the Americans intercepted a Japanese task force of aircraft carriers in the Coral Sea, the mission of which was to destroy American sea power to the immediate east of Australia. In the world's first all-carrier sea battle the Americans nearly destroyed the Japanese force despite incurring heavy losses themselves. However, Japanese soldiers remained lodged at several points along the northern coast of New Guinea.

Far to the northeast, the Japanese occupied several of the Aleutian Islands to block any American move toward Hokkaido from Alaska. Fortunately for the Americans, the Japanese were at the end of their tether here too. The Americans did not plan to take the Northern Great Circle route to Japan anyway.

In the Central Pacific, the Japanese took Wake Island and prepared to take Midway to Wake's east. This would have put them midway between Japan and the Americans' crippled forward base in Hawaii.

At Midway, however, they ran up against a very well-advised American car-

rier task force which (thanks to the broken codes) knew where the Japanese were going, and when and in what strength they would get there. The Americans could risk using all of their available carriers for this one battle. Despite heavy losses, the Americans prevailed. The Japanese lost most of their carriers and their confidence in themselves at Midway. The Japanese navy never again decisively threatened American sea power during the remaining years of the war.

Though the Japanese leaders had closed their eyes and taken the plunge, six months later they had become more vulnerable than were the Americans six months previously.

By their attack on Pearl Harbor they had also aroused the great mass of Americans from their isolationism to a lust for vengeance, and had done so far more effectively than the sly maneuvers of Franklin Roosevelt ever could have done.

The Japanese had not intended Pearl Harbor to be a "sneak" attack. However, it looked like one because decoding problems inside the Japanese embassy in Washington delayed delivery to the State Department of notification that Japan was breaking off negotiations until after the attack was under way.

Many Japanese vaguely thought they had launched the attack on Pearl Harbor bright and early on a Monday morning, starting the new work week briskly. They forgot about Hawaii and the continental United States being on the other side of the international date line. The Americans plausibly perceived this as a sneak attack launched on the Sabbath by a bunch of alien Buddho-Confucians.

That helped make the war something of a religious and racial-cultural crusade on the American side. An irrational conclusion perhaps, but nonetheless real in its effects. The American government could use this rage to mobilize the mass of the populace against the Japanese. This rage also spilled over against the Germans after they loyally declared war on the U.S. to back their Japanese ally.

This anger buffered the morale of the sorely tried Americans during the months of continuous defeats between December 1941 and May 1942. It sustained them during the long and bloody reconquest of the Western Pacific during the next three years. Unfortunately, it (and Japan's similarly high level of ferocity) got in the way of ending the war at the point when

that was the only rational thing to do during the late spring of 1945.

And yet this irrationality was surely inevitable. People rarely go to war for cold-bloodedly rational reasons. This is particularly true of modern industrial nations. War doesn't pay for most people, and can cost industrial nations' people much more than the inhabitants of less developed nations.

A pastoral-nomad coalition from Zone A, for example, needed pay only a nearly zero opportunity cost for going to war. The pastoral-nomad has everything to gain by raiding or conquering the biggest oasis he can reach. All he risks is loss of his diet of aged mutton and fermented mare's milk on the high plains of the north.

Its unprofitability all but guarantees that developed countries will usually only start a war for irrational reasons. They will respond to aggression from which they cannot turn away peacefully by becoming as bloodily irrational as necessary to comfort them for their all too real material and spiritual losses.

c. losing the buffer; 1943-1944

The Japanese did not realize before the fact just how permeable their hastily conquered buffer would equally quickly prove to be. Between mid-1942 and 1944 they lost most of the buffer's effectiveness, even though they kept control over much of the territory they had initially conquered. The Americans simply moved around most of it.

General Doolittle's April 1942 raid on Tokyo flew sixteen light bombers off a single aircraft carrier approaching Japan via the northern great circle route. This was a one-shot affair designed for propaganda purposes. Nevertheless it also demonstrated how easily the buffer could be penetrated.

More important, American submarines got through the buffer to the main shipping lanes approaching Japan right from the beginning. Eventually (it took six months for the Navy to get their torpedoes to go off on contact), the subs sank so many tankers and freighters bringing oil and raw materials from China and Southeast Asia, as to render the buffer economically all but useless to Japan.

German use of unrestricted submarine warfare against neutral American freighters during World War I gave Woodrow Wilson the excuse he needed to go to war

against Germany. A generation later, the Americans used the same technique much more successfully to destroy Japan's ability to make war.

Japan did not have enough resources to run a convoy system like that which the Anglo-Americans used to neutralize the World War I and II German submarine threat in the Atlantic. Actually, the sheer productivity of the American mature full industrial economy made it possible by the end of 1942 (before convoys made the rate of loss fall significantly) for the Americans to launch more new tankers and freighters every month than the Germans could sink.

Japan could not even come close to matching this massive industrial power with their own still not yet mature industrial establishment. The Japanese were from the first further crippled by seeing half their annual supply of new steel disappear once the American embargo started during the year before Pearl Harbor.

By mid-1944, for all practical purposes the buffer had lost all ability to buffer the Japanese from American advances. A military challenge to Japan, though unsustainable, even came from China.

The Americans and British initiated air contact and then reestablished ground supply routes to B3 from NE India by retaking Northern Burma. Advised and marginally supplied by the Americans, China launched an air war from Central China against the Japanese. American Army Air Force types believed then that "victory through air power" (the title of a wartime popular strategy book) alone was possible, and wanted to test their doctrine in China.

All this air war did, however, was to goad the Japanese into launching a counterattack which nearly destroyed the Nationalist armies in Central China. The only thing that saved the Chinese was that the Japanese were so tired and could mobilize so few resources on their now badly extended front line that they stopped their advance, exhausted, before the Chinese could finish collapsing.

Even though the Soviet Union was nominally neutral, the Japanese had to maintain a fourth of their army along the Siberian and Outer Mongolia borders to keep them that way. More than another fourth of Japan's land military remained facing the Chinese. Much of Japan's navy and virtually all of its merchant marine

had been sunk by mid-1944. The Americans continued to advance against Japan even while diverting most of their resources for use against Germany.

During 1943-44, the Americans easily bypassed the small half of the Japanese army scattered about the western Pacific via "island-hopping" campaigns. The Japanese nevertheless inflicted brutally high casualty rates on the Americans on those islands (and all along the north coast of New Guinea) that the Americans felt they could not prudently bypass.

By July and August 1944 the Americans conquered the northern Mariannas Islands, which Japan had taken over from Germany in 1915. This put the Americans within bombing range of Japan using the newly-developed B-29 bombers.

2. The war's political & socio-economic effects

a. economic effects: prolonged bust, 1943-45

Between 1943 and 1945, Japan was cut off from its remaining Chinese and Southeast Asian suppliers of raw materials and oil. Still worse, the peoples of the Europeans' colonies in Southeast Asia began to rebel against the Japanese whom they soon perceived not as liberators but rather as a new set of colonialists, and colonialists who were losing the war that had brought them to Southeast Asia.

The "strategic bombing" of Japanese cities from America's new island bases began by the end of 1944 and continued through the summer of 1945. In the tradition of General Sherman, General Curtis LeMay said he was prepared to bomb the Japanese back into the stone age, and inflicted a peculiarly effective urban renewal campaign of carpet bombing on Japan's cities during the year before the two atomic bombs were dropped. The Americans did far more damage and killed far more urban civilians with TNT and incendiary bombs than with the two atomic bombs.

There is still controversy as to how effective this bombing was. Judging from memoirs and novels about the late war years written during or just after the war, it certainly hurt Japanese morale. How much Japan's ability to produce was affected by bombing as compared to the effect on production of the submarine warfare since 1942 is still an open ques-

tion, but the submarine blockade probably had more effect than the bombing.

In any event, the war resulted in a truly profound economic bust between 1943 and 1945. As nearly as we can tell, even the biased figures for GNP for the war years (kited upward by government accountants assigning arbitrary prices to all the war goods sold only to the state and often made in state-owned factories), show a c. 25-30% drop in GNP between January 1943 and June 1945.

A further one-fourth drop occurred during the first six months *after* the war ended in August because people stopped producing war goods for the state and often lacked the resources or will to start turning out peacetime goods instead. During the autumn of 1945, the food processing and transportation sectors became so incoherent because of lost morale, that many people were on the verge of starving to death.

Japan's GNP fell further during and just after the war than it had during the depths of the Great Depression, 1929-33. Japan was not peculiar in this respect. If you factor out production for warfare in America, the effects of the Great Depression of 1929-33 and its almost equally severe aftershock, the bust of 1937, continued and became even more intense from 1940 through 1945.

You do not change a person's productivity when you take him off the unemployment roles, draft him into the military, and pay him \$24 a month for the privilege of getting shot at for three or four years, plus all the free cigarettes he can smoke. That soldier is still economically unproductive. He is not producing goods to exchange with other producers. Similarly, when you take an idle factory and put it to work making war goods that you soon expend in combat, you have not made that factory *economically* productive.

So you could also plausibly argue that America too remained in a prolonged economic slump during the war. It just *seemed* better off because America's mainland was not being bombed or cut off from its minimal needs for oil and steel.

Of course the economist's view is not the only one possible. Americans got a lot of psychic revenue by taking well-justified vengeance on the Japanese. This kept us from noticing how poor in wealth we remained while gaining that psychic revenue. As the chronic loser after 1942, Ja-

pan's psychic revenue was much less.

b. limited social effects

The social effects of the war were surprisingly trivial for Japan compared to the United States. Japan did not produce very many equivalents of "Rosy the Riveter" compared to the U.S. Its propaganda had no equivalently liberated "Michiko the Machinist" stock figure. This was also true of Germany and Italy. The fascist powers seem to have been diffident about undermining their still partly traditional social orders, whose most traditional elements, such as the subordination of women, they celebrated.

Japanese fascists and their fellow travelers in particular found it hard to even think of mobilizing respectable Japanese women. After all, according to the sentimental archaism that lay behind Japan's fascist process, a middle or upper class woman was supposed to be little more than a loyal wife and a wise mother. She was supposed to walk ten paces behind her husband on the rare occasions when she left home. The last people in Japan to start mobilizing respectable women for working-class war work would be fascists and their fellow travelers. Lower class women could work in factories, but that had always been possible.

The English and above all the Americans and Canadians, the feminist historians tell us, revolutionized their societies during the war. Most American anti-feminists as well as feminists tend to agree that the mass mobilization of American women of all classes into the labor force during World War II put teeth in the 19th amendment and constituted the beginning of the new wave of feminism that became overt at the end of the 1950s.

American businessmen who had rejected the NRA in 1933-34 cheerfully volunteered for service on equally corporatist committees to assure that most resources, including the labor of their own daughters, would be massively diverted to war production.

For a variety of reasons, the Japanese did not consider mobilizing even the non-female parts of their society to such an extent as did the Americans during the war. The biggest businesses resisted fascist corporatism all during the period leading up to the war. They had in Meiji times signed up with the warfare state because they wanted influence over government, not government controls over

themselves. Even under early wartime conditions, businessmen sabotaged the corporatist committees that were formed by the government to tell them what to do. Perhaps this discouraged the Japanese government from trying to totally mobilize these large firms' employees.

During the '30s the great mass of the Japanese electorate supported the parliamentary parties rather than the fascist front groups. Perhaps during the war the government feared to rouse this deeply rooted democratic spirit.

Patriotism had some effect during the war, but raw materials shortages and the Japanese industrial economy's sheer immaturity kept this patriotism from finding many effective outlets, though near the end of the war patriotism fueled a willingness to passively suffer and even die.

c. loss of empire & end of the fascist process

Though the act is repugnant to present sensibilities, the American decision to employ the atomic bomb against Japan was inevitable. The pro-war faction in Japan, backed by the people's grudging willingness to passively suffer and die, remained active until the end. The war party was not much impressed even by the first bomb's effects on Hiroshima. A coup attempt by the war party was just barely averted even after the second a-bomb.

The American side had its options foreclosed by the spirit of total war its leaders had encouraged during the preceding three-and-a-half years and the hatred accumulated as a consequence. Public opinion would have called for the head of the untried new president, Harry Truman, if he had not used the bomb.

The hearts and minds of both sides did not, indeed could not turn away from war until various times after the second bomb destroyed Nagasaki. President Truman, purged of hatred by pity for those who had died so horribly and rendered politically more secure by his having used the bomb, was ready to make peace immediately after the second bomb. Only weeks later did Japanese public opinion, already primed by the Showa Emperor's radio broadcast calling for surrender, truly realize how bad the bomb had been and clearly understand that Japan had to give up.³

³ Check your favorite data base for the name of Gar Alperovitz for a contrary argument.

Thanks to the stubborn absolutism of the American war aims and the loyalty of most Japanese to their emperor's decision to surrender, an only slightly conditioned unconditional surrender took place in August 1945. General MacArthur, whose men had fought their way up the Southwest Pacific from New Guinea to the Philippines, became the American "shogun," the Supreme Commander Allied Powers in Japan.

Loss of the war also meant total loss, not only of the newly acquired buffer zones to the old empire, but of the old empire itself in its entirety. The fascists and their fellow travelers who had to take responsibility for this debacle were completely disgraced. Even the Emperor's position was compromised.

The American occupiers accelerated the departure from office of the fascists and the more conspicuous of their fellow travelers. The Americans came in, like Gilbert and Sullivan's Lord High Executioner, with lists of names of people who would never be missed already partly compiled. They quickly added to them, and graded them into several categories working down from Grade A.

They immediately threw out of government several tens of thousands of those in the lesser categories. Over the next few years, they also tried some of those in Grade A as war criminals. Oddly enough most of those on most of the lists showed up promptly to turn themselves in. The rest either committed or attempted suicide. Some (many?) were innocent. For example, Japan's only prominent Austrian School economist, Yamamoto Katsuichi (1896-1987), was jailed for two years despite his well-earned reputation as an enemy of fascist corporatism. The Japanese government had banned his *A Criticism of a Planned Economy* in 1941. (Once let loose from jail Yamamoto took up where he had left off and produced a series of equally stern criticisms of the postwar forms of corporatism.⁴)

3. The American Occupation (1945-1951)

One of the great controversies in American and Japanese history revolves around the role of the American Occupation (be sure to spell it with a capital "O") in Japanese contemporary history. For an

⁴ *Austrian Economics Newsletter*, Winter 1997.

American, where one stands in this controversy usually tells more about one's politics back in America than about what actually happened in Japan after 1945.

a. restoration of pre-fascist Shidehara liberalism

One result of the war was that defeat had settled some old factional conflicts. By default, former Foreign Minister Shidehara, the senior surviving leader of the pre-fascist party-dominated governments of the '20s, could lead a faction of his junior colleagues back into power.

Shidehara's crowd were almost the only politicians not on one of the war criminal lists and were not socialists or communists. One wing of the Occupation was sympathetic to the left, but another was not. MacArthur tended to go along with the latter. So Shidehara got the nod.

There followed during the late '40s a replay of the nicer aspects of the party politics of the '20s. Shidehara himself became the first postwar prime minister. He was pretty old by this time (he died in 1951) and was soon replaced by a slightly tougher and younger new ally, Yoshida Shigeru.

Nevertheless, Shidehara-style liberals remained dominant all during the Occupation and the post-Occupation part of the postwar period.

A big argument still swirls around the question of how much credit for the good stuff that followed during the '40s and '50s should be credited to these sadder but wiser party men who returned Japan to the normal course of the evolution of its polity and economy, and how much should be credited to the American Occupation authorities and the policies they supposedly forced on the party men.

b. New Deal reforms & their limits

The Americans did not form a homogeneous group favoring only one set of policies for the Occupation. Many of the people in key Occupation positions were members of various New Deal brains trusts who had been frustrated since 1937 when the New Deal broke down in America. They hoped to show that the aborted New Deal reforms were viable and should be returned to in America by trying them out first on the Japanese.

These New Dealers in Japan tended to be allied to people in the U.S. State Department who had been sympathetic to China during the '30s and '40s and hence

antagonistic to Japan. They were referred to airily by their opponents in the State Department as the "China Crowd."

On the other side was what the China Crowd called the "Japan Crowd," led by the former ambassador to Japan, Joseph Grew. Grew remained convinced that the conflict between America and Japan had been a horrible mistake that both sides had drifted into during the '30s. While the drift was mostly Japan's fault, the *status quo ante* of collaboration between the two nations which held from 1905 to 1927 should be restored as quickly as possible.

The Japan Crowd made certain that Shidehara (Grew's old friend) and Shidehara's friends were placed in power. They also made sure to keep the Emperor from being accused of war crimes and forced into abdication. Some of the China Crowd, with some justice on their side, wanted the Emperor to assume a large share of the guilt as at least a fellow traveler of the fellow travelers of fascism.

MacArthur maximized his own power by balancing the two "Crowds" against each other. The hitherto dominant China Crowd lost its most important leader with the death of President Franklin Roosevelt in spring 1945. The new President, Harry Truman, was not as tightly connected to the China Crowd. MacArthur's suspicion of the Japanese kept him at arm's length from Grew and his friends, particularly since Grew was serving as Assistant Secretary of State and Acting Secretary of State, head of the bureau most jealous of MacArthur's exalted status as "Supreme Commander" in Japan. In any event, like any shrewd chief executive of a bureaucracy, MacArthur dared not become the pawn of any one faction.

The New Dealers got to put in some of the reforms they wanted. They got war crimes trials and the purges of lesser officials. The land reform was their doing. They also started to trust-bust the *ie*. Just as they had called large, multi-part firms in America "trusts," they preferred to call the *ie zaibatsu* (financial cliques). However, the Japan Crowd's Japanese friends got to administer these policies and to temper, if not subvert, them right from the beginning.

By 1947 the New Dealers imposed a new constitution on the Japanese. It begins "We the people of Japan . . ." and reads as though it was translated from English, which it was. Though it retained him as the symbol of the state, the 1947

Constitution de-sacralized the emperor. He was no longer the descendant of Sun Goddess Amaterasu. He was merely the mortal symbol of the Japanese state.

How seriously should we take all of these externally imposed reforms?

If you look beyond the first paragraphs of the new constitution, which not only de-sacralized the Emperor, but also de-titled the aristocracy and overtly eschewed the right to make war (under Article Nine), you find the familiar institutions of the Constitution of 1889. Now, however, the lower house of parliament had much more power. The cabinet was responsible to it alone. No soldier could any longer constitutionally destroy a cabinet by resigning from the Army or Navy Ministries.

Article Nine of the Constitution of 1947, supposedly inserted at the insistence of General MacArthur, formally made Japan eschew any military power at all. Japan would have neither army nor navy. It would forego the right to declare war on any nation. Eventually Article Nine was interpreted to permit a "Self-Defense Force" incapable of operating outside Japan. Even so, no other major country has ever had such a provision in its constitution. The China Crowd proudly claims parentage of Article Nine.

In fact, however, Article Nine seems to have been part of a fundamental compromise brokered by Shidehara. He linked it to the preservation of the monarchy, Article Nine being the price of keeping the monarchy. By linking the two, Shidehara made sure no civilian party faction with links to the military could steal the Emperor from the civilian party men as happened after 1927. MacArthur and both the Japan and China Crowds went along with this, how consciously we cannot tell.

The new constitution gave the Emperor's powers (with his blessing) to the cabinet, now dominated by the plutocratic parties. They had finally gained legitimacy in their own right, if only because there was no longer any military alternative to them and the bureaucracy was (at least temporarily) bullied out of its arrogance by the Occupation's purges. Party factions could rule through the cabinet so long as they commanded a majority in the lower house. Shidehara's successors made sure they maintained such a majority for nearly another two generations.

The cabinet presided over the end of *zaibatsu*-busting during 1947. They got

away with defying the China Crowd on this issue because the Americans finally perceived the Cold War as being under way, and were afraid of undermining Japan's still slow and uncertain recovery of its industrial power.

The end of such "trust-busting" made little difference. What really was limiting *zaibatsu* monopoly power was competition among the *ie* and the ongoing rise of new corporations. In electronics, for example, Matsushita (Panasonic brands in the U.S.) had been around since 1919, but after 1945 had to start competing with the newly established Sony. Honda expanded in the postwar period from motorcycles to small cars, providing competition for Toyota, as did the old truck and bus manufacturer Nissan, which also expanded into automobiles. Nearly a dozen new and old firms eventually played a major role in auto production.

The same happened in other fields. Entry of new firms neutralized any tendency for industry-wide monopolies to form. The Occupation trust-busters had actually strengthened the old *ie* by forcing out their founding families. This opened the way for each *zaibatsu's* constituent firms to be coordinated by the house-owned bank, a much more powerful coordinating instrument than the rather decadent founding families.

The land reform was completed before the Cold War brought other drastic reforms to an end. The land was indeed distributed more or less equally to the cultivators. One might argue, though, that it worked only because the maturing industrial economy of Japan was able to absorb the surplus labor the reform created.

Even with most of the younger generation moving off the farm to take factory jobs, those who remained on the land had such small holdings that they could only make a living if guaranteed high prices through excluding foreign farm products. This the party cabinets were happy to do. In exchange, the farmers gratefully gave the parties their votes.

The weak Supreme Court created by the Constitution of 1947 was unable to order one-man one-vote American-style reapportionment. This preserved the disproportionate electoral power of the rural districts, allowing the farmers to continue to express their gratitude to the party cabinets with the votes of their "rotten boroughs" all during the postwar period and beyond.

c. favorable comparison with other occupations' reforms

It should be obvious that I sympathize more with the Japan Crowd than the China Crowd and am heavily skeptical of the New Deal reforms' efficacy. But even I must concede that compared to the reforms attempted by other modern occupations of defeated enemies, the American Occupation of Japan, for all the New Deal foolishness it promoted, was a conspicuous success. This was not just because the failure of the more destabilizing reforms assured that the situation never had a chance to turn really bad.

The 1947 Constitution still stands, unamended. The politicians fear that if they start amending it, they will be tempted to change Article Nine. They understand that to do so would upset the most fundamental compromise that has made possible both preservation of the monarchy and a decent political life for Japan over the last half century.

The Japanese politicians who made that compromise, Shidehara and Yoshida, still rule from the grave. Contemporary Japanese anglophiliac and americophiliac politicians still echo the style and substance of Shidehara's politics. The slightly nativist and gruffer type of leader still echoes the substance as well as the manner of Yoshida's politics. The two types still alternate in power within the party structure anticipated by these two founding fathers of the contemporary Japanese state. The September 1995 rivals for the presidency of the once-dominant Liberal Democratic Party, Kono and Hashimoto, still echo the style of Shidehara and Yoshida. (Alas, Hashimoto won, but he soon left office in disgrace, yielding to the Shidehara-like timid but nice Mr Obuchi.)

However little credit one may be inclined to award the Americans for this result, at least they did not block its achievement. No other modern occupation has had such good and long-lasting effects and no other has ended voluntarily.

Compare the American Occupation of Japan with Napoleon Bonaparte's equally short occupation of Italy in the 1790s. Napoleon's occupation ended involuntarily. Supposedly it enforced French Revolution style democracy on the city-states and territories of Italy. Actually it radically destabilized Italy for the next three-quarters of a century and set it up for the non-excluding revolution of mid-century which made possible Mussolini's Fascist

domination from 1920 to 1943.

Consider also the long and only semi-voluntarily ended English occupation of Egypt as a protectorate from the 1880s to the late 1940s. Long as it was, it had remarkably little influence on Egypt's development then or later. Part of the reaction to it was Gamel Nasser's anti-British low-grade fascism in the '50s and '60s.

The third and most profoundly influential occupation of the modern period to be similar enough to be compared with the American Occupation of Japan was, surprisingly, the Japanese occupation of China. This lasted from the onset of the China Incident in 1937 until 1945. We could push back its beginning to the occupation of Manchuria as a sphere of influence in 1905 or to its acquisition as an outright satellite since 1931 to make it significantly longer than America's Occupation.

Like the New Dealers in the American Occupation, the Japanese intended all along to do good in China. They were as much genuine liberal imperialists as Theodore Roosevelt and Woodrow Wilson. They were better in some respects. They made sure to channel much investment into China for infrastructure building and industrialization. They tried very hard to collaborate with any Chinese who would collaborate with them.

And yet, look at how nastily it all turned out. Japan was summarily expelled from China in 1945, leaving many prisoners of war behind for the Russians to work as slave laborers in Siberia.

At least the Americans had the sense to end (or at least transform) the Occupation peacefully. They negotiated a unanimous treaty of peace during 1950-51. Though the U.S. stayed on (and is still there) it was not as an occupier, but as a participant in a mutual security treaty. For nearly half a century, this has shielded the Japanese from the destabilizing effects on their politics of removing Article Nine, and (less nobly) from the expense of having to pay for their own defense.

If one had to give an overall judgment on the Occupation, even from the skeptical perspective of the Japan Crowd or even using the more demanding standards of ideational determinism, we can only say "it could have been a lot worse." In the damned 20th century, that is about as much as anyone has a right to expect from any long-running, profoundly influential political intervention. If that is praising

with faint damns, so be it.

B. Post-Occupation Postwar Japan (1952-1971)

1. *Postwar politics*

Japan's postwar period may be said to have continued for another two decades after the Occupation ended formally at the end of 1951.

The post-1951 American security link allowed Japan to concentrate on domestic life, especially on the maturation of its full industrial economy. For the most part, it avoided having to have a foreign policy in anything but name. For all practical purposes, the Occupation continued as before. The control of events by the party men merely became a bit more obvious.

While some things changed, the basic political framework remained the same. The 1947 Constitution remained in effect. No amendments to it were approved or even seriously proposed either during the remainder of the postwar period or since. The conservative core of the 1947 document has become ever more evident. The work of the New Dealing China Crowd has, whatever they may have intended, come to seem ever more pointless.

a. the postwar parties

The old prewar parties reconstituted themselves in largely unchanged form during the first few years after the war. Because each party was too small to rule on its own, coalitions were the norm. New personal factions budded off from time to time to form new parties. This was as much true of the socialists as of the plutocratic parties. Only the Communists remained a rigidly unitary sect.

But in the early 1950s, not long after the Occupation ended, several of the most important left wing parties finally overcame their impulse to split into factions and clustered together to form the Japan Socialist Party (JSP). Before the JSP coalesced, one of its eventual components for a brief period put together a short-lived coalition government with one of the more leftist of the old governing parties. Once formed, the JSP entered into an on-again off-again alliance with the Japan Communist Party (JCP). The JCP was not, however, either an attractive or a very reliable partner. It had trouble after 1949

deciding whether it would align itself with the Russian or the recently victorious Chinese Communist Party.

Once the JSP coalesced, the two most important non-socialist parties, the Liberal and Democratic Parties, associated with the heirs of Shidehara and Yoshida respectively, felt obliged to come together as well. They did so in 1955 under the umbrella-label, Liberal-Democratic Party (LDP).

This was done less because the two parties had come to some kind of consensus on policy than to counter the JSP and its sometime partner, the JCP. A few other non-socialist parties (like the inaptly named Democratic Socialist Party (DSP) which was actually rather less statist than the LDP, on and off collaborated with the LDP as did various personal factions which from time to time also budded off from the LDP.

The net result was a kind of two party system comprising the LDP and JSP, but with one of them—the LDP—always in power. This was partly because of malapportionment of the lower house favoring the farm districts which supported the LDP, and which the Supreme Court could not remedy under the 1947 Constitution⁵ It was also because the voters were deeply suspicious of the JSP's links to the JCP.

The American academic consensus tends to underestimate the power of the parties under the Occupation, and so mistakenly assumes that the post-1951 parties were equally powerless. What neither the academic consensus nor the material determinists can stand, however, is the unwillingness of both the LDP and the Japanese electorate to allow any power to the JCP.

b. breakdown of or delay in fitting the West German analogy

Many academic consensus political scientists and the occasional historian ensnared in the ambiguities of contemporary history have used postwar West German politics as a kind of leading indicator of Japan's domestic political future.

There were historical grounds for doing this. Japan had already in part patterned itself in succession after Bismarck's and then Hitler's Germany. They might, therefore, at least roughly, pattern

themselves on the Germany of the Christian Democrat Konrad Adenauer and his Social Democrat successors.

The postwar German pattern also started with domination by a conservative umbrella party—the Christian Democrats (CDs) of the Catholic Konrad Adenauer and the vestiges of the prewar Liberal Party led by the Protestant Austrian School economist, Ludwig Erhart. This coalition dominated West German politics from the late '40s through most of the '60s, much as the LDP dominated Japanese politics after 1955.

But then the German Social Democrats (the analog of the JSP) took advantage of the CD's weakening after Adenauer retired to form a "Grand Coalition" with the CDs. At first the CDs were the dominant partner. Soon the SDs were on top. Finally, the SDs ruled in their own right. Thereafter the two parties have tended to alternate in power at irregular intervals, with the CDs mostly in power.

But contrary to the expectations of the political scientists nothing like that ever happened during Japan's postwar period. Only in the mid-1990s did the JSP share power, but only temporarily and under circumstances wildly different from those in 1960s Germany.

The SDs in West Germany were always firmly anti-Communist. Their first two postwar leaders had been mayors of West Berlin during and after Stalin's blockade of the city in 1948. That and observation of the bitter experience of East Germany under Communism rendered it inevitable that the SDs would never ally with the Communists.

In Japan, however, the JSP was forever playing footsie with the JCP. That so scared voters that they stuck with the LDP despite its numerous sins. The LDP weakened during the '60s, but thanks to voter fear of a JCP government, it was able to hang onto power long enough to figure out how to recover during the '70s.

All through the postwar period, and even well into the contemporary period starting in the early 1970s, the Japanese kept on *not* following the West German analogy. By 1980, I stopped using it. By 1993, with the JCP (like all Communist parties) virtually dead, a not-so-grand coalition was finally consummated between a weakened LDP and an all but moribund JSP, which even had to wimpishly proclaim its retreat from socialism by changing its name to Social Democratic

⁵ The China Crowd created a weak court in the new constitution of 1947 because it wanted to prevent judicial overturn of any Japanese New Deal as happened to the NRA in 1934.

Party, Japan (SDPJ). So even when it finally seemed to occur, the West German analogy proved not very apt.

2. Postwar domestic economic life: industrial maturation

a. limited effects of Occupation, Korean & Vietnam Wars, MITI

The Occupation probably did have some effect on the maturation of the Japanese full industrial economy, though not nearly as much of one as has been claimed by historian proponents of the New Deal-China Crowd wing of the Occupation bureaucracy.

The Occupation's main contribution was probably to provide a period of relative calm during which not too much interventionist economic mischief was done.

Though the land reform did not cause short run mischief, over the long run it created an overly protected agriculture that overcharges urban consumers for food and keeps contemporary Japan in hot water with those of its trading partners that have competing agricultural products (rice, apples, cherries, etc.) to sell.

Japanese agriculture produces overpriced rice because the land reform created plots of land too small to adequately absorb labor and capital. As a result Japanese rice has to be priced much higher than the world market price for rice farmers to make money. Competition is excluded by non-tariff barriers which no amount of price cutting by foreigners can get around. Similar problems arise with other crops. It was not until well after the postwar period that Japan began to slowly peel away these non-tariff barriers.

The Korean War had a mildly stimulative effect. It became for Japan a war like those England used to have during the 18th century: other people's capital was being violently depreciated somewhere else. Japan, like the *chonin* of *Sengoku jidai* times, could make a profit by signing supply contracts with their castle town's local daimyo. The daimyo and his samurai (roles here played by the Americans) were the ones who got shot at.⁶

But being sutler for the Korean War constituted a very modest gold mine compared to the large size of the Japanese

economy by the early '50s. By then the Japanese economy had regained its prewar level and was beginning to accelerate toward a double-digit compound annual growth rate of its mature decades.

Academic consensus Keynesian analysts argue that at least these 1950 American orders for supplies counteracted the constraints imposed on Japanese money supply growth by the Dodge Report of 1949. This could be, but good ideational determinist economic theory suggests that any flattening of the growth rate would have soon been followed by renewed growth even if no Korean War orders had appeared. After all, growth accelerated after 1953, even as war orders rapidly tapered off.

Fifteen years later, in 1965, the Americans became embroiled in the Vietnam War. Once again Japanese industry served as quartermaster for the Americans. By then, however, it was clear that the Japanese full industrial economy had already become mature. High single- and double-digit growth was already the norm.

Some agree that Japan's success was mainly from internal sources. Unfortunately, they argue it was mostly due to superior planning by the Ministry of International Trade and Industry. MITI was the central government bureau responsible for coordinating the Japanese economy's industrial sector.

But that argument does not hold up even under cursory examination. Now in the 1990s that Japan does not seem so inevitably a world-beater as before, people are beginning to notice that MITI's political science graduate bureaucrats often did not give any better advice earlier than they do now.

For example, they advised Sony to forget about licensing the transistor from Bell Labs. They told Honda they could not possibly compete with the other Japanese auto makers, much less the Americans. They told the other auto makers to forget about increasing production. Japan was too crowded and people would always prefer to take trains. Without a big domestic market it would be impossible to sell cars at a viably low price abroad to compete with the world-beating American auto industry. Think about that the next time you get stuck in a Tokyo traffic jam, or back home cannot pick out your own Toyota from the thousand others parked in the shopping mall's parking lot.

MITI also gave positive advice,

though it was often just as wrong. It advised Kawasaki Steel to expand into the northeast of Honshu during the early 1970s. MITI political economists were sure steel would continue to be a growth industry. All the bureaucracies of the developing world were saying this. The result was a worldwide glut of steel as manufacturers began to shift to aluminum, plastics and even ceramics. By the mid-'80s poor Kawasaki had to close the mill it had built barely a decade earlier. MITI gave similarly bad positive advice to the shipbuilders and ship repairers during the '70s. Those poor souls were about to lose much of their business to the South Koreans.

Maybe the Lords of Merit of MITI were not so omniscient after all, even though most had graduated from Tokyo University (no longer called Tokyo *Imperial* University or Tokugawa Confucian University).

During the '80s, a few smart aleck American and then Japanese historians began to notice the significance of the fact that MITI was merely the latest name for a bureau that went back to the late 1920s and which was associated from 1927 to 1945 with the unsuccessful attempts at fascist corporatism made by the fascist fellow traveling regimes of those years. MITI's personnel got into the habit during those sad years of forming tripartite committees of its own bureaucrats, the management of almost but not quite tame business firms and their labor unions.

Nor did the wartime versions of MITI ever succeed in fully mobilizing the Japanese economy. So we should not be surprised that MITI's track record of intervention is so mediocre. When MITI's pillars of what the American academic consensus has come to call "industrial policy" are right, they resemble a stopped clock, which will give the correct time twice in each twenty-four hours. But for a goodly proportion of the time and in some of the most critical situations, they often were and still usually are dead wrong.

Sometimes industry listens to MITI and gets into trouble. Fortunately, more often than not Japanese industrialists did not and still do not listen to MITI, and have profited enormously from their disobedience.⁷

⁶ In more colloquial American terms, Japan got the gold mine; the Americans got the shaft.

⁷ For the story of how the numerically controlled machine tool industry ignored and manipulated MITI and thereby came to dominate the world machine tool industry, see David Friedman's *The Mis-*

If it was not MITI, then what matured the Japanese industrial revolution?

b. powerful effects of 1600-1937, loss of empire, restoration of free trade

Surely the biggest role in causing the maturation of Japan's full industrial economy was played by everything that had happened to the Japanese marketplace from 1600 to 1937: the Tokugawa early industrial revolution did it; the Meiji (1868-1912) run to full industrial takeoff did it; the Taisho (1912-26) and Showa (1926-1989) runs to industrial maturation would have finished the job during the '30s or '40s but for the distractions and drag of empire-building and fascist escalation into total war. But even these distractions only slowed things down by a decade or so, if that much.

By 1945, the war was lost. Since losing the war was the price of losing the empire that was holding industrial maturation back, the war was well lost. Within a half a decade of the end of the war, once the rubble had been swept off the machines, and more or less free trade with the West had resumed under the benign tutelage of restored Taisho liberalism, the wartime depression gave way to sustained recovery. Soon thereafter growth toward maturation could smoothly resume.

As we will see in the next section, far more important quantitatively than Korean and Vietnam War supply contracts was multi-level trade with the Americans and other nations using dollars as their freely convertible medium for international exchange. Once you notice this larger aspect of Japan's international trade, you can place the war contracts in their proper context as playing a minor role.

For all of the above reasons, but especially because of the long run consequences of the trends established much earlier in Japanese history, there is no question that some time between 1956 and 1960 this magic point of full industrial maturation had been reached.

c. industrial maturation by 1956/60

It took the Japanese a while longer to realize that they had reached industrial maturity by the end of the 1950s. They did not *look* rich, and certainly they did

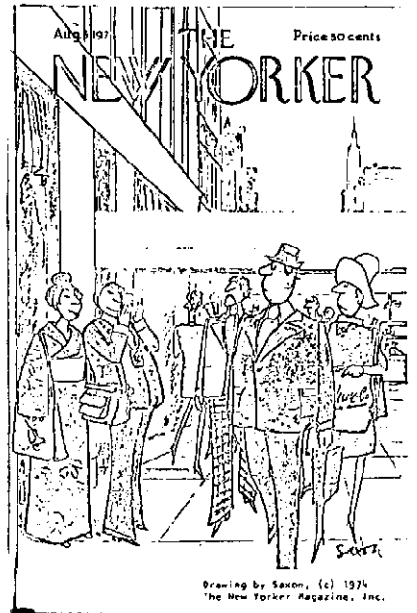
understood Miracle, the title of which plays on the title of Chalmers Johnson's *MITI and the Japanese Miracle*. Johnson's is the standard work on MITI from the academic consensus perspective.

not *feel* rich by 1956 or even by 1960. But the more farsighted of at least the plutocratic party politicians intuited what was becoming possible. They started projecting growth rates of 7% by the late '50s.

Much to their delight, and their surprise, the Japanese economy then started consistently growing at 10% or better, falling to or a bit below 10% only during what the wise guys of North America began to call "a Japanese Recession."

Soon, Japanese products began to build up a reputation for quality and not just cheapness of price on the export market. During the remainder of the postwar years the rest of the world finally realized Japan had entered what I characterized earlier as the happy three or four immediate post-maturation decades. By the mid-'70s, the Japanese even began to admit to themselves that they were becoming rich

As during the Occupation, American policy had some effect on achievement of this happy result.



The *New Yorker* finally notices in 1974 that the Japanese are becoming rich.

3. Postwar international economics & politics

a. Bretton Woods & the Pax Americana

The "American Century" or *Pax Americana* (American Peace), as the more latinate of American political theorists and historians sometimes called it, drawing analogies to the pre-1914 *Pax Britannica* and the ancient *Pax Romana*, was created not by a fleet second to none like

England's, or by the legions of Roman antiquity, but by America's possession, at first exclusively, of atomic weapons.

Under this nuclear "umbrella" the American Cold War liberals allowed multilateral almost-free international trade to be pursued during the '40s '50s and '60s. Those nations that took advantage of this opportunity grew rich. It is ironic that the Americans' former enemies, Japan and Germany, did so, but its World War II allies, Britain and France did not.

The framework the Americans provided for restoration of multilateral trade for the first time since 1930 was not ideal. It was worked out in 1944 at a conference of Keynesian economists and central bankers held on an estate in the New Hampshire countryside called Bretton Woods. These men created the World Bank and the International Monetary Fund to manipulate (along with the U.S. Treasury and Federal Reserve) an international monetary system that linked only the dollar to gold.

The interwar system had tried to link both the pound sterling and the dollar to gold, but the wise men of Bretton Woods now gave up on the pound sterling. Britain was too weak (really too chronically hypointustrial) to maintain a world-class currency by then. The British, along with everyone else, would peg their money to the value of the dollar, and the dollar would alone be pegged to gold.

Since the Americans were willing to multiply the number of dollars and then lend them to others, that allowed people like the Japanese to multiply the quantity of yen that their central bank would create to get the transiently stimulative as well as medium-run inflationary effects of such monetary manipulation. Only then, when it was drastically depreciated, would they peg their money to the dollar.

During 1945-47 the Japanese were allowed to devalue the yen to 360 to the dollar from the 50-60 prewar rate. At ¥360:\$1 the yen was undervalued in terms of the dollar, but this was probably about right for the reconstruction period of the late '40s. But soon thereafter, as the Japanese approached industrial maturation, 360 became too cheap. Maintaining that rate made Japanese goods appear cheaper than they should have been to foreigners buying them with dollars converted to yen. Conversely it made foreign goods appear too expensive to buy when Japanese converted their yen to dollars to buy

them.

At least in the short run even the Americans put up with an undervalued yen since it discouraged the Japanese from buying foreign consumption goods and limited their use of scarce foreign exchange to buying capital goods that would enable the Japanese economy to grow faster. The Americans also liked the idea of raising their own consumption levels by buying cheap but increasingly nice Japanese goods.

b. Japan's *chonin* state & society

Cheap, undervalued money; hard work; high investment; low consumption; not having to divert savings to taxes to support an army: all these things allowed what Japanese political scientists of the '70s were beginning to call their "*chonin* state" and its society to grow rich while being only nominally subordinate to the American daimyo state. The Japanese *chonin* state managed the Americans' quartermaster corps and provided an even fancier red-light district for them during the Vietnam War than it had during the Korean War or at the beginning of the Occupation.

Stated in terms less historically Japanese, Japan was enjoying a wholesome regression to a 19th century Western liberal style of minimal state, at least in its foreign policy and in its businessmen's apolitical pursuit of foreign trade.

In a refreshing change from its prewar persona, postwar Japan represented a danger to nobody. It would send out its trading company salesmen as though they were Jews *with* a country—pariah entrepreneurs rooted in a particular place, but who would go anywhere and trade with anyone who would trade with them. They bought raw materials and semiprocessed goods from the foreigners and licensed new technological recipes from them, and sold to foreigners the finished goods produced in Japan using these recipes.

A few Japanese traditionalists who still remembered the glories of empire, such as they were, of prewar Japan, were a bit unhappy. But at least they could be prosperously unhappy, and the vast majority who were newly well-off but lacked even fictive aristocratic pretensions could at least afford to have their women take up such aristocratic pastimes as the tea ceremony. Middle class women now had more leisure to indulge themselves with high culture than did their workaholic "sa-

laryman" husbands and sons.

c. America turns overtly hypoinustrial

Japan prospered in the shade of the American nuclear umbrella until the early 1970s. The LDP government renewed the mutual security treaty of 1951 in 1960 despite student riots encouraged by the Socialist and Communist opposition. It was renewed much more peacefully thereafter, since even or especially the politicians of the left did not want to face the prospect of paying for their own defense. Nor did they want, any more than did politicians of the right, to destabilize the compromise of 1945-47 that was embodied in Article Nine of the constitution.

The Mutual Defense Treaty is still in force. If North Korea should lob a nuclear missile at western Japan, the U.S. is obligated (using its constitutional mechanisms for doing so) to come to Japan's defense, even unto lobbying another nuclear missile back at the North Koreans. The same is true for Chinese missiles, which is even more unsettling, since the Chinese undoubtedly possess atomic weapons with range to lob back at America. So far, fear of playing nuclear hardball has inhibited missile lobbying by all sides.

But the effectiveness of such deterrence became problematical after the early '60s as it became ever more evident that the *Pax Americana* was becoming a *Pax Wizard-of-Oziana*—more bluff than substance.

Part of the reason for this was that the Americans had early in the '60s entered the overt substage of their hypoinustrial stage. The weakening of the American daimyo showed up in many ways.

The Americans elected a string of increasingly strange presidents from 1960 to 1980 (Kennedy, Johnson, Nixon, Carter; two timid satyrs, a brilliant neurotic and an incompetent). American productivity growth began to fall during the same period. After having to settle for a draw in Korea in 1953, the Americans lost outright in Vietnam by 1975, and destabilized both their army and ruling class in the process.

In the Yom Kippur war between Israel and the Arabs of 1973 the Russians faced down the Americans led by a president lurching toward impeachment. This was followed by a phony oil embargo by the Persian Gulf Arab states. The Americans lacked the character to call their bluff. If they had eschewed price controls, a short

economic bust and fall in demand would soon have forced an oil price collapse. As it was, U.S. price controls only delayed the collapse of oil prices by a decade.

The Japanese were deeply frightened by the oil embargo and by the sudden increase in oil prices that accompanied it. They were frightened as much for what these events revealed about American weakness and loss of nerve as because of the genuine bad effects they had on Japan's economy. Japanese acted rationally to meet the economic problems by shifting into atomic energy to generate electricity. They also drastically increased the fuel efficiency of their cars and trucks.

Even so, it was soon evident that their growth rate would never see 10% again. Indeed, even after recovering from the 1971-73 recession, the growth rate kept slipping to below 7% and then to 5% and less. Though not yet over, the end of the post-maturation decades was in sight.

But the Japanese economy was so big by then that even a 5% or less growth rate still yielded an enormous amount of extra stuff per capita every year. Hence Japanese consumers finally began to feel prosperous during the latter years of the '70s.

But even before that point we can talk of the end of the postwar era having arrived. This was not just because of the bust of 1971-73 or its self-conscious prosperity aftermath. It was primarily because Japan also began to realize that the American daimyo might no longer be able to protect them.

Nevertheless, they did not as yet fundamentally change their political or economic behavior. Everyone still feared fiddling with Article Nine, and Japan could not acquire an overseas-capable military much less atomic weapons without doing that. Everyone kept working hard and saving much. The yen was still undervalued.

Not until the collapse of the Soviet Empire, well into the contemporary post-postwar age, did fear of the JCP and its sometime ally the JSP finally end. As a consequence, the JSP began to disintegrate because the fall of the Soviets also discredited its semi-radical position. Once the JSP was no longer a danger, the LDP could disintegrate as well.

All of that, however, would not begin to happen until after 1989. The other aspects of the postwar political configuration have even now, in the late '90s, still not altogether unraveled. EHK