IMPLEMENTATION OF NAKASONE'S IDEAS: I

Nakasone Yasuhiro was not satisfied with the manner in which the Japanese political system developed in the post Second World War period. He was a staunch opponent of the American led reforms. A fierce nationalist, Nakasone never maintained silence on these issues like most other politicians of the time.

The post war Japan enjoying U.S. security umbrella and massive economic as well as technological aid quickly overcame the economic difficulties and achieved an unprecedented level of prosperity. The nature of politics also underwent change. Immobilism became the characteristic feature of Japanese politics. It became status-quoist. The post war defence policy became minimalist in nature and people got used to the 'renunciation linked pacifism' and were even weary of any hints of change in the defence arena. Needless to say, the topic of defence became a 'taboo' in Japan. Similar was the case with the constitution. Nakasone was clearly determined to do away with these taboos, break the inertia that was afflicting Japanese politics and give a new direction to it. The famous slogan 'Final settlement of post-war accounts' indicated this determination of Nakasone.
A NEW KIND OF LEADERSHIP

The Western nations including the United States were getting exasperated at the Japanese inaction on the trade and defence build up issues. The Americans were especially dissatisfied and disappointed because the Japanese government had not done enough to boost its self-defence. Nakasone, after assuming the post of the Prime Minister, tried to assure the Americans and the Western nations about his resolve to do away with the old ways and make Japan more responsive to the needs of the Japan-U.S. military alliance. The ex-Prime Minister Suzuki's faux pas that the U.S. and Japan did not share a military alliance had caused great disappointments in the U.S. But Nakasone soon tried to repair the damage by giving bold and unambiguous statements that the U.S. was "an ally" and that it was Japan's military partner.¹ He also admitted that U.S. demands were certainly reasonable and that Japan in the past had not contributed in proportion to its economic strength. He declared that Japan would keep its "expanded commitments and would strengthen its military position" in order to "uphold unity and cooperation with the United States and the free nations of Europe." He admitted that Japan's past military efforts "have

not been adequate" and recommended that Japan rethink the constitution.² On the American criticism, Nakasone said,

"To me, what they are saying is understandable .... it can hardly be said that Japan has done enough. In my view the extent of our defence efforts has been such that there is some ground for criticism of them."³

The bold and emphatic declarations by Nakasone were welcomed by the Americans. The U.S. media wrote long articles on Nakasone Praising his approach. The U.S. administration was also equally appreciative of Nakasone. Here, finally was a leader, who was supporting the views that the Americans were trying to convey for so many years but with so little effect. His style of functioning really set him apart from the earlier leaders.

Nakasone was far more assertive than the earlier leaders on such issues as economy and defence. He had very clear views regarding the National defence Programme Outline (NDPO) adopted by the Japanese government in 1976. He stressed the need for implementing the overall targets laid down in the NDPO. He believed that the goals of the NDPO were only modest and constituted the barest minimum for modernizing

² ibid.
³ ibid.
Japan's military capability. He also felt that the realization of the NDPO goals would greatly contribute to the strengthening of the Japan-U.S. defence cooperation. In this context, Nakasone emphasised the need for removing certain taboos which stood in the way of improving the defence capability of Japan.

It is difficult to bring about quick changes in a sensitive field like defence. It is particularly difficult in case of Japan in view of factors like the sentiments of the people, the process of decision-making, constitutional constraints, shifting factional alignments and so on. Factional politics inside the LDP often puts check on the Prime Ministers trying to push through their ideas, however sound those might be. Defence policy is such a sensitive national issue that almost all Japanese Prime Ministers in the past had desisted from initiating any major changes. The propensity on the part of any Prime Minister to play safe is very strong. Nakasone, whose faction was one of the smallest, was only too aware of all these constraints. This was quite evident in his first policy speech delivered to the National Diet on 3 December 1982. Despite his long advocacy of constitutional revision, he did not even mention the question in that speech.

Within these constraints Nakasone thought he could still bring
about certain changes in order to remove the obstacles which stood in the way of improving Japan's defence capability. He knew that changes in the defence sphere should be gradual. His initiatives in the defence field were certainly marked with caution and circumspection. He was successful in bringing about some changes in the defence policy of the country. These were, the removal of the 1 per cent ceiling on the defence budget, formulation of a defence build up plan that aimed at surpassing the force level of the NDPO, increased defence spending in the annual budgets, revised interpretation of the three principles on Arms Export and the decision to export weapons technology to the U.S., the decision on Japan's participation in the SDI research of the United States and the commitment to sea lane defence. Each one of these initiatives provoked considerable national debate and needs to be properly examined in detail.

SETTING THE TONE

Soon after becoming Prime Minister of Japan, Nakasone appointed the "Peace Problem Research Council", a personal advisory council to study Japan's defence policy. It was suggested by Professor
Masataka Kosaka of Kyoto University. It submitted a report on the direction of Japanese defence policy in December 1984. The report urged still more defence efforts due to the changes in the international environment, i.e. the Soviet military build-up in the Far East. It suggested that the 1976 NDPO should be reviewed keeping in view the changed military situation in the area and the expected expansion of Japan's international role. The Kosaka Report also proposed a review of the long observed principle of limiting the total defence spending to less than 1 per cent of the GNP. It was considered essential as it had acted as a check against attaining the targets mentioned in the NDPO.

The report also suggested measures for the development of all the three wings of the SDF. The old military thinking that had dominated the organization of the SDF had to be reviewed and modern equipments had

---

4 Other member of the Peace Problem Research Council were Ojiya Yoshihisa, a Director of the Arabian Oil company; Sato Kinko, lawyer; Sato Tatsuro of Jiji Press; Sejima Ryuzo, a member of the Administrative Reform Promotion Committee; Takeuchi Michio, the chairman of the Tokyo Stock Market; Nakayama Motoki, the chairman of the Board of Trustees of International University; Nakayama Motohiro, Professor of Aoyama Gakuin University; Namiki Shogo, President of the food Policy research Institute of the Food and Agricultural Policy; research Centre; Miyata Yoshiji, a Counselor of the United Trade Union of Japan Steel Industry; and Takashi Mukaibo, Acting chairman of Atomic energy Committee.

to be introduced to cope with the "potential threat." The GSDF should be reorganized into smaller units with greater mobility. It should induct sophisticated weapons like precision guided weapons systems. The MSDF should be further strengthened by adding more air power and underwater capabilities. The ASDF should adopt an effective combination of aircraft and missiles. The Report further put emphasis on the establishment of an effective institutional system to meet emergencies including command and control channels from the Prime Minister to the SDF. It also suggested that the Chairman of the Joint Staff Council should be given more powers so that the three services could carry out integrated operations. Emergency laws should also be enacted so that the SDF would be able to use civilian facilities and resources in war time. The report, however, identified certain longstanding defence concepts and strongly supported their retention. Those are the spirit of the American drafted constitution, the three non-nuclear principles, the defensive military posture and the

---

6 ibid., pp. 35-36.
7 ibid., p. 29.
8 ibid., pp. 29-32.
9 ibid. pp.35-36.
Japan-U.S. Mutual Security Treaty.\(^{10}\)

The recommendations of the Peace Problem Research Council set the tone for Nakasone's defence administration. As it was set up by Nakasone its report was seen as reflecting his own long-held views on Japan's defence policy. The recommendations were not binding. None the less Nakasone used the report to bring the public to focus on the issues related to Japanese defence and make a realistic assessment of Japan's defence needs. Nakasone's views on Japan's defence and security in the past had been too frank and controversial to be accepted by the Japanese public that had got used to the war renouncing Japanese constitution along with the minimalist approach to defence issues. On assumption of the office of Prime Minister, Nakasone was aware of the limitations of Japanese politics. So he used the report of the council to bring public attention to these issues instead of doing it himself.

Nakasone's views on Japan's defence issues have been discussed in the earlier chapter. He had definite ideas and opinions regarding the

---

\(^{10}\) ibid., pp. 35-36.

post-war constitution and on the question of defence and security. He had articulated his views in clear and straightforward manner. But the situation changed after assumption of office. There were lot of constraints before him. But he was determined to overcome all odds. He was aware of the fact that the post-war inertia had made the Japanese people complacent. The U.S. security umbrella had been taken by the people as providing total security to them. The postwar policies had helped the Japanese policy makers turn a blind eye to the issue of defence and concentrate totally on the issue of economic build up. But it also faced problems in its bilateral ties with the United States. There were economic frictions and disputes related to the issues of defence. Nakasone, had long been a staunch supporter of strong Japan - U.S. relations. He was committed to upholding it and further strengthening it. The reluctance of the successive Japanese governments to spend more on defence and the tendency to stick to the long-held policies had frustrated the American governments. Nakasone was determined to change this. He gave attention to some areas which had long occupied his mind and which he thought would bring about qualitative changes in Japan's defence posture as well as improve Japan-U.S. security relations. The areas are as follows:

I. The one per cent of the GNP ceiling
II. Transfer of Weapons Technology.

III. National Security Council.

IV. Sea-Lane Defence.

V. Participation in the Strategic Defence Initiative (SDI).

Discussions of the above five issues have been done in two chapters. The first three issues namely, the one per cent issue, the transfer of weapons technology and the formation of the National Security Council (NSC) have been dealt with in this chapter while the other two issues are discussed in the next chapter. This division is done with a definite purpose. The issues that are discussed in this chapter are the ones in which Nakasone met with some definite success. The issues of SDI and the Sea Lane Defence produced mixed results for him. The issue of SDI was a success for Nakasone while the issue of the Sea Lane Defence remained inconclusive. However the SDI project has been scrapped by the U.S. Government and the issue thus has become irrelevant.

I. THE ONE PER CENT OF GNP CEILING

Successive LDP governments had for a long time kept Japan's
defence spending below one per cent of the country's GNP. The ceiling on defence expenditures of one per cent of the GNP was instituted in 1976 when Miki Takeo was the Prime Minister and Sakata Michita, the Director General of the Defence Agency. The early 1970's had witnessed big jumps in the defence budget (17.7 per cent of the total budget in 1970 and 21 per cent in 1975) and that heightened the public concern on the issue. People wanted tighter restrictions on defence spending. The timing of the ceiling coincided with the National Defence Programme Outline (NDPO). Both these policies were seen as a natural consequence of the global detente and a new hope for a peaceful world.

Under the changed international scenario, the Japanese defence policy had to go for the required changes. 'It was time to redirect defence planning, set definitive targets for the defence build-up, redress the imbalance between the fighting units and rear support capabilities, establish spending limits for the JDA and above all gain greater public understanding and support for the SDF. These factors, along with the general feeling that a Soviet invasion of Japan was unlikely, were largely responsible for the one per cent policy'.

The Miki Cabinet decided on 5 November 1976 to impose a

---

ceiling on defence expenditure. The one per cent figure found wide
support among the general public, politicians and bureaucrats. It was
the time of rapid economic growth. So people supporting increased
defence spending knew that even moderate growth in the economy
would bring in more funds for defence. Those who opposed increased
defence spending, were also satisfied, as the one per cent ceiling
removed their anxieties about rapid rearmament. The one per cent
figure also offered psychological comfort to the people as it looked a
minuscule growth statistically at least.

The Japanese Defence Agency (JDA) had no complaints as long as
the economy grew at the rate of five or six per cent. But the economy
had run out of steam by the beginning of the 1980's. The 'bubble
economy' had burst. The GNP growth began to slow. As a result the
NDPO also suffered and its goals were deferred because of lack of
funds. The JDA got increasingly concerned. America's criticism that
Japan was not doing enough for its own defence grew more. They were
reluctant to shoulder Japan's defence burden. American Congress, the
bureaucracy and also prominent politicians started accusing the
Japanese as being insensitive and enjoying free-ride at the cost of the
Americans. There was tremendous pressure on the Japanese
government for a policy change. But it was a difficult job. Over the
years the one per cent policy had got solidly ingrained in the public mind. Moreover, due to the sluggish economy, the government under Prime Minister Suzuki had been forced to introduce fiscal austerity measures. There started a tussle between the Ministry of Finance (MOF) and the Defence Agency (JDA). The MOF frustrated all attempts of the JDA which was for increasing defence spending. Rather most of the time, the MOF cut defence budget requests in the name of austerity.

The one per cent policy put a check on the growth of the SDF and as a result the National Defence Programme Outline (NDPO) suffered. Weapons procurement had to be delayed, defence build up goals had to be adjusted and schedules of defence plans had to be changed. The Japanese government also conceded that it would not be able to meet the timetable for the defence build up plan. 12

Each services of the SDF had felt the brunt of the 1 per cent policy. Replacement of old equipments had been rather slow. Defence equipments of the GSDF had been two generations old. In the era of modern warfare such old weapons were virtually useless. MSDF vessels

12 ibid. p. 50
were too weak in electronic warfare and in the use of anti-air and anti-ship missiles. The MSDF also had almost obsolete torpedoes and mines in its possession. The ASDF was to have received 27 sets of short-range surface-to-air missiles over 5 years but by 1984 it had received only 4 sets. Almost from the beginning of the NDPO, the government began to lag behind in its implementation. Whereas, 40 per cent of weapons purchase were to have been made under NDPO guidelines by 1984, only 27 per cent were acquired.\textsuperscript{13}

The above analysis clearly shows how seriously the one per cent policy had affected the SDF defence capabilities. By the time Nakasone took over as the Prime Minister, the Japanese government had almost come to grips with that reality. Pressures had been growing for more funds for the SDF. The American exhortations were also helpful, but the Prime Minister had to convince the Japanese people that removal of the one per cent ceiling was in Japan's own national interest and that it was not being done to satisfy the United States.

The assumption of the Prime Minister's office by Nakasone saw animated debates and discussions in the political and media circles.

\textsuperscript{13} ibid.
Even the general public showed keen interest in the discussion as to what direction the Japanese defence would move under Nakasone. Though a realist by attitude Nakasone had to walk a tight rope, due to sensitive nature of Japanese politics. Despite his earlier utterances, Nakasone by and large tried not to create any major dislocations in the defence field. Initially he wavered in his statements on such issues. But he declared to follow his predecessors in the sense that he would abide by the one per cent limit. However, Nakasone, though supported the one per cent ceiling in principle, had stated that the limit was only an artificial figure and that the standard must rather be what was needed for Japan's defence.

THE CAMPAIGN

After the adoption of the NDPO in 1976, the successive LDP governments, for nine years stopped formulating a governmental defence build up plan. The Nakasone cabinet, in 1985, drew up a defence build up plan - the Mid-Term Defence Programme (CHUGYO), a sub-plan to carry out the NDPO. The 5 year plan gave various estimates concerning the major projects to be carried out by the SDF and was used as a reference when the Defence Agency requested annual budgetary appropriation in April 1984. The JDA began work on the
1984 MTDPE that was to cover the period from FY 1986 to FY 1990 and completed the task in May 1985. One major point of the 1984 Estimate, which was also acknowledged by the National Defence Council (later named National Security Council), was a "firm resolution to attain the force levels laid down by the NDPO" by the end of FY 1990.14

The purpose of the MTDPE (Table-5) was to achieve all the targets set in the NDPO. But the expenditures required to attain the NDPO goals inevitably meant that the one per cent ceiling would have to be broken. Nakasone hoped to do that in the first year of the MTDPE i.e. in 1986, since that would be his last year in Office as per the two terms stipulation. From the beginning, Nakasone himself took the lead in the campaign for upgrading the MTDPE to an official plan and thereby breaking the ceiling on defence expenditures.

Table - 5
Scale of Procurement under the Mid-Term Defence Programme (FY 1986-FY 1990)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Equipment</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDSF</td>
<td>Tank (including new type of tank)</td>
<td>246</td>
</tr>
<tr>
<td></td>
<td>Artillery</td>
<td>277</td>
</tr>
<tr>
<td></td>
<td>Armored Personnel Carrier</td>
<td>310</td>
</tr>
<tr>
<td></td>
<td>Surface-to-Ship Missile</td>
<td>54 launchers</td>
</tr>
<tr>
<td></td>
<td>Anti-tank Helicopter (AH-1S)</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>Transport Helicopter (CH-47)</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Equipment and Material for improvement of Surface-to-Air Guided Missile (Hawk)</td>
<td>4 groups and educational unit</td>
</tr>
<tr>
<td>MSDF</td>
<td>Escort Ship</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Submarine</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>(Total Tonnage)</td>
<td>(Apx. 69,000 tons)</td>
</tr>
<tr>
<td></td>
<td>Combat Aircraft</td>
<td></td>
</tr>
<tr>
<td></td>
<td>P-3C</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Anti-submarine Helicopter (including new type of anti-submarine helicopter to be mounted on ships)</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>Minesweeping Helicopter 9MH-53E)</td>
<td>12</td>
</tr>
<tr>
<td>ASDF</td>
<td>Combat Aircraft</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F-15</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>Transport Aircraft (C-130H)</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Transport Helicopter (CH-47)</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>E-2C</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Medium-level Jet Trainer (T-4)</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>Surface-to-Air Guided Missile (Patriot)</td>
<td>5 groups</td>
</tr>
</tbody>
</table>


Interestingly, even in July 1985 Nakasone maintained that Japan’s defence budget would not exceed the ceiling of one per cent of the
nation's GNP. Reacting to a certain statement attributed to him in a French newspaper, *Le Figaro*, his aides claimed that he had been misunderstood and denied that Japan's defence capability was being enhanced. However, only after a couple of weeks the Prime Minister and his aides were talking about the scrapping of the one per cent limit. Nakasone had realized that it was almost inevitable that the spending would exceed one per cent of the nation's GNP next in the following fiscal year if Japan had to meet the targets of the NDPO. There was also growing realization within the government and the LDP that the one per cent ceiling did not have any military rationale and that the lifting of the limit could not be helped if there was a new restraint.16

**CAUTIOUS APPROACH**

Having staked his credibility on the one per cent issue, Nakasone moved about his goal in a very systematic manner. Speaking at an LDP seminar in July 1985 at Karuizawa, Nakasone declared that he would upgrade JDA's new five year defence plan to the status of a government programme with the approval of the cabinet and the NDC (later NSC). He also gave hints about scrapping the ceiling and declared his intention to use the MTDPE to revitalize the defence consciousness of the people.17 Kanemaru Shin, the LDP Secretary General, speaking at the

same seminar, declared his support for the plan. He said,

"It is strange for the nation's defence spending to be influenced by the scale of the GNP which could either shrink or expand with varying economic situations." 18

The move to scrap the ceiling instantly brought out sharp reactions from important political personalities. Three former Prime Ministers - Suzuki Zenko, Fukuda Takeo and Miki Takeo - advised Nakasone to be cautious in abolishing the limit. During a meeting between the former Prime Ministers and Nakasone, they justified the defence spending ceiling as it had been widely supported by the people. 19 Miki who was responsible for the adoption of the ceiling, asked the government to weigh all aspects involved in lifting the one per cent ceiling for the nation's defence outlays. He advised caution when the JDA Director General Kato Koichi and the Chief Cabinet Secretary Fujinami Takeo called on him and sought his understanding on the government plan to replace the one per cent ceiling with a new defence buildup plan. On being explained the difficulties of maintaining the defence outlays at less than one per cent of the GNP ceiling once the government accepted the annual pay raise for the SDF personnel that was to be recommended by the National Planning Agency (NPA) shortly, Miki pointed out that the one per cent ceiling had played an important role in winning public understanding of the nation's defence

policy. Miki told Kato and Fujinami that there was an impression that the government was trying rather hastily to remove the ceiling and he called on the government to deal with the issue carefully.20

Former Prime Minister Suzuki Zenko also stressed that the government should act prudently in lifting the ceiling on defence outlays, contending that the fixed limit of one per cent of the nation's GNP had played a crucial role in preventing "militarism from being revived in Japan." In a meeting with Fujinami, he said that the one per cent ceiling had helped win the confidence of the neighbouring countries, especially the ASEAN. He stressed that the new arrangement that might replace the one per cent ceiling should be acceptable to the entire public.21

Witnessing such deep concerns and apprehensions about the defence plan, Nakasone, on his part, adopted a cautious approach. Speaking at Hiroshima, after attending a ceremony marking the 40th anniversary of the dropping of atom bombs, he said, it was necessary to be careful while changing the nation's policy of limiting its defence spending to less than one per cent of its GNP. He said he would deal with the problem cautiously and would follow all necessary procedures

20 Japan Times, 3 August 1985.

21 Japan Times, 6 August 1985.
if any policy changes were to be made.\textsuperscript{22} Four important Cabinet Ministers - the Chief Cabinet Secretary Fujinami Takeo, the JDA Director General Kato Koichi, the Finance Minister Takeshita Noboru and the Foreign Minister Abe Shintaro, in a meeting agreed that the government must act prudently on the issue. They voiced concern that the way the government had handled the issue might have given the impression that it had taken for granted the possible lifting of the ceiling.\textsuperscript{23}

The NDC met on 7 August 1985. The JDA Director General Kato submitted the report on the 5-year defence plan for fiscal 1986-90. It showed that the total expenditures needed for that plan would cross the existing spending limit of one per cent of GNP. Following this, Prime Minister Nakasone formally instructed his cabinet ministers to start working earnestly on the next 5-year defence build up plan to attain the target level of Japan’s defence capabilities set in the 1976 NDPO. In a clear move to allay any kind of suspicions about the plan, he instructed the ministers to work out the plan by paying full consideration to the need to ensure civilian control under the nation’s three non-nuclear

\textsuperscript{22} \textit{Japan Times}, 7 August 1985.

\textsuperscript{23} ibid.
principles and other basic defence policies.  

**INTRA-MINISTERIAL DISCUSSIONS**

Defence related Cabinet Ministers exchanged views in the next meeting of the NDC on 20 August 1985. The foreign Minister Abe Shintaro expressed concern about moves in the U.S. Congress citing his talks with the U.S. Senate majority leader Robert Dole. Dole had pointed out that there were possibilities that the issue of Japan-U.S. trade friction might lead to renewed pressures from the U.S. on Japan to increase its defence spending. It was also stressed that Japan should bear a greater share of defence costs as allies of the U.S. should share appropriate financial burdens in defence spending at a time when the U.S. was having financial difficulties. 

The LPD Vice President Nikaido Susumu, in a meeting with Chief Cabinet Secretary Fujinami and JDA Director General Kato, urged the government to make more efforts to create a consensus among LDP members on the ceiling issue. He said that it should also be acceptable to a majority of the Japanese people. The two ministers claimed that a new policy had become inevitable. The government was supposed to increase pay for the SDF personnel and the wage increase would

---


certainly force the government to cross the one per cent ceiling limit in its next annual defence outlay.26

Nakasone reaffirmed that the government would handle cautiously the controversial issue of whether or not to lift the one per cent of GNP ceiling in the nation's defence spending. He wanted to establish a consensus quickly within the party and to handle the issue in a manner to be clearly understood by the public. He also stressed that Japan's new 5-year defence build up programme should be formulated in accordance with the policy of attaining the target level prescribed in the 1976 defence build up guidelines and ensuring appropriate civilian control.27

The four important ministers - Chief Cabinet Secretary Fujinami, the JDA DG Kato, the Finance Minister Takeshita and the Foreign Minister Abe after a great deal of discussions agreed on 27 August that the adoption of a new defence build up plan setting an aggregate sum of defence expenditures over a period of 5 years would best serve as a new ceiling for the nation's defence spending replacing the one per cent ceiling.28 They agreed that the upgrading of the agency's new 5-year programme into a formal government plan spelling out a fixed amount of money with budgetary sanction was the best option under the then

26 Sankei Shimbun (Tokyo), 22 August 1985.
prevailing circumstances. They also discussed the idea of setting a new defence spending ceiling at "around one per cent of the GNP." The ministers reported their conclusions at the NDC meeting held on 27 August 1985, requesting support from other cabinet ministers and LDP executives.29

INTRA-PARTY DISCUSSIONS

The issue had entered a crucial phase. On the one side there was growing realization of the need to boost defence efforts, but on the other side many top leaders of the LDP were questioning Nakasone's attempts of crossing the one per cent ceiling limit. Nakasone took the help of the LDP Secretary General Kanemaru Shin at this crucial juncture. Following an exhaustive discussion on 2 September 1985, both Nakasone and Kanemaru agreed to boost efforts to establish an LDP consensus for the proposal to replace the one per cent ceiling with a new defence build up plan setting a 5-year defence expenditure total.30 As part of the strategy Kanemaru convened a meeting of top party executives on 4 September 1985 to exchange views on the issue and bolster support for the plan. He informed the LDP executives about Nakasone's anxieties on the mounting anti-Japanese sentiment in the U.S. over trade imbalance and a critical perception of Japan's defence efforts. Kanemaru also quoted Nakasone as saying in effect that he


30 Asahi Shimbun (Tokyo), 3 September 1985.
would risk his political life on the scrapping of the one per cent ceiling for the benefit of the country's future generations. The LDP party executive agreed in principle to endorse the proposal to upgrade the new 5-year defence build up programme as a formal government plan. But at the same time they shared the view that some measures had to be taken to ensure that the nation's defence budget would not be permitted to keep increasing without restraint.\(^{31}\)

In the meantime the Chief Cabinet Secretary Fujinami announced at the NDC meeting about the government's intention to upgrade the new 5-year plan into a government plan and a new ceiling to replace the existing one. The JDA DG Kato, the Finance Minister Takeshita, and the Foreign Minister Abe met with Fujinami and agreed that the new 5-year plan should be adopted as an official plan and the one per cent ceiling should be scrapped simultaneously.\(^{32}\)

Meanwhile Kanemaru held separate meetings with former Prime Minister Fukuda and another LDP faction leader Komoto Toshio. They cautioned against Nakasone's attempt to scrap the ceiling. The LDP vice-president Nikaido Susumu and the Executive Council Chairman Miyazawa Kiichi also conveyed to Kanemaru their strong objections to the Nakasone plan. The other LDP executives also expressed reservations about the issue. Some party members reportedly warned

\(^{31}\) *Japan Times*, 4 September 1985.

\(^{32}\) ibid.
Kanemaru that if Nakasone took a unilateral decision to adopt the new defence plan, ignoring the party's opinion, the JSP and the Komeito might move a no-confidence motion against the government in the extraordinary session of the Diet that was to be held soon. In such a situation some LDP members critical of Nakasone's plan might indirectly support the opposition parties by abstaining themselves from voting, they cautioned.33

MTDPE ELEVATED AS GOVERNMENT PLAN

It was, evident that there was general support for the 5-year defence plan but there were strong reservations about the attempt to scrap the one per cent ceiling. The government and the LDP finally reached a settlement by agreeing to upgrade the JDA's new 5-year defence building programme into a formal government plan without scrapping the controversial one per cent of GNP ceiling on defence expenditure at least for the time being. The agreement reached at a meeting of Prime Minister Nakasone and the LDP secretary General Kanemaru came as an apparent compromise between the government, which had tried to lift the one per cent ceiling simultaneously with the adoption of the new defence plan and the ruling party the majority of which had remained cautious about scrapping the ceiling in force since 1976.34 The MTDPE was officially adopted as a government plan on 18

34 Japan Times, 7 September 1985.
September 1985.

What were the reasons behind the attempt to upgrade the 1984 programme Estimate to an official government plan? The most important reason was to scrap the one per cent rule which had acted as a stumbling bloc to the early attainment of the NDPO targets. The annual defence outlays for FY 1983, 1984 and 1985 stood respectively at 0.978, 0.991 and 0.997 per cent of each year's GNP (Table-6). The Defence Agency had got the NDC's endorsement for the attainment of the NDPO's force levels. The Defence Agency demanded total defence expenditures of 19.3 trillion yen for the 1986-90 plan that would constitute 1.089 per cent of the estimated total amount of GNP of the five years. Nakasone tried to resolve the situation, i.e. the existence of two incompatible government decisions, - observance of the one per cent rule and the attainment of the NDPO targets within the period of the 1984 Programme Estimate. His solution was the preparation of a government authorized five-year defence build-up plan with specified financial allocation so that the targets of the NDPO were met as per schedule. Since there was general consensus on the NDPO it was wise to ask for its implementation than harping on the sensitive issue of crossing the one per cent barrier.

---


Table 6

Japanese Defence Spending Over The Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount (Y billion)</th>
<th>Change %</th>
<th>% of GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>134.9</td>
<td>-3.3</td>
<td>1.781</td>
</tr>
<tr>
<td>1965</td>
<td>301.4</td>
<td>9.6</td>
<td>0.107</td>
</tr>
<tr>
<td>1975</td>
<td>1,327.3</td>
<td>21.4</td>
<td>0.84</td>
</tr>
<tr>
<td>1980</td>
<td>2,230.2</td>
<td>6.5</td>
<td>0.90</td>
</tr>
<tr>
<td>1981</td>
<td>2,400.0</td>
<td>7.6</td>
<td>0.91</td>
</tr>
<tr>
<td>1982</td>
<td>2,586.1</td>
<td>7.8</td>
<td>0.903</td>
</tr>
<tr>
<td>1983</td>
<td>2,754.2</td>
<td>6.5</td>
<td>0.98</td>
</tr>
<tr>
<td>1984</td>
<td>2,934.6</td>
<td>6.55</td>
<td>0.99</td>
</tr>
<tr>
<td>1985</td>
<td>3,173.1</td>
<td>6.9</td>
<td>0.997</td>
</tr>
<tr>
<td>1986</td>
<td>3,343.5</td>
<td>6.58</td>
<td>0.993</td>
</tr>
<tr>
<td>1987</td>
<td>3,517.4</td>
<td>5.2</td>
<td>1.004</td>
</tr>
<tr>
<td>1988</td>
<td>3,700.2</td>
<td>5.2</td>
<td>1.013</td>
</tr>
</tbody>
</table>

Source: *Defence of Japan* (Tokyo, Defence Agency)
Various Issues.

The result came as a political setback for Nakasone who had stated to Kanemaru that he would stake his political life on the scrapping of the one per cent ceiling. His plan was at least temporarily negated by other senior LDP members who included Miki, Fukuda and Zenko Suzuki, all former Prime Ministers and LDP's factional leaders and several premier hopefuls such as Miyazawa and Komoto.

There were several reasons which compelled these leaders to take
an opposite stand. First, there was a very strong popular support for
the one per cent rule. One public opinion poll conducted by the *Nihon
Keizai Shimbun* in September 1985 revealed that 65.6 per cent of the
respondents supported the ceiling and only 7.7 per cent opposed it.37
Second, competition for political power among LDP factions often
influences major policy decisions in Japan. The unusual popularity of
Nakasone as Prime Minister among the Japanese people and with the
U.S. government worried the faction leaders to a great extent. They
were worried because Nakasone would enjoy greater U.S. support if his
attempt in removing the one per cent ceiling succeeded and that could
further delay the future plans of the faction leaders.

The Nakasone Cabinet thus took a round about route to remove
the ceiling. The MTDPE as officially approved entailed a total defence
expenditure of 18.4 trillion Yen over the 5 year period of the plan.
Looking at the projected GNP growth over the duration of the plan, it
was certain that defence spending would have to break through the one
per cent limit at some point during the 5 year plan. Once it was
approved as an official plan, it was only a matter of time before the
limit was crossed. Thus despite his failure to cross the one per cent
ceiling in FY 1986, Nakasone knew that he had not failed completely.
The official acceptance of the MTDPE meant for, it was Nakasone's
victory, since the total expenditure entailed in the plan was in the
excess of one per cent of GNP.

Nakasone, however, had not given up completely on the issue of the one per cent ceiling. He was confident of achieving that elusive goal before he stepped down from office. Despite the LDP regulations of a maximum of two terms or four years for a Prime Minister, Nakasone was confident of getting an additional year on the ground that stability was essential to see through a difficult phase in Japan-U.S. strategic, political and economic relations. The unpreparedness of the 'new leaders' - Miyazawa, Takeshita and Abe also had been 'favourable' to his claim for another extension. Nakasone decided to call for a "double election" for both houses of the National Diet in the summer of 1986 in order to take advantage of the situation. The LDP secured a resounding victory in the July 1986 double elections. It got 300 seats on the Lower House. It won 72 seats on the Upper House and increased its totally to 140. The success of LDP at the polls comprehensively demonstrated the huge popularity that Nakasone enjoyed. It was also seen as a popular endorsement of the policies followed by Nakasone and a mandate for the continuation of policies that were yet to be implemented. Nakasone was granted a one-year extension of his term in office.

Nakasone showed his political acumen while forming his new

---

38 For a detailed analysis of the 1986 Double Elections, see M.R. Pujari: "Nakasone Yasuhiro and the 1986 Double Elections". (M.Phil Dissertation, School of International Studies, Jawaharlal Nehru University, New Delhi, 1987).

39 ibid.
cabinet. The key portfolios were defence, finance, foreign affairs and the chairman of the LDP's Policy Affairs Research council (PARC). Nakasone allocated all of these except the foreign affairs to the Suzuki faction in order to ensure minimum opposition to his plans on defence spending.

NAKASONE OVERCOMES THE BARRIER

As the budget preparation for the FY 1987 started, it was understood that any growth of more than 4.8 per cent in the defence budget would mean exceeding the one per cent ceiling. The MOF, being conservative in its attitude was interested in keeping fiscal expenditure down. The JDA had favoured a 6.5 per cent increase in its budget over FY 1986. But MOF announced its proposed budget that allowed an increase of only 4.1 per cent. 40 The MOF under Miyazawa refused to make any concessions to the JDA chief. On 28 December 1986, Nakasone asked the Cabinet Secretary Gotoda Masaharu to try to break the impasse without worrying too much for the LDP's position in the Diet. 41

Two rounds of discussions between the Finance Minister Miyazawa and the JDA Chief Kurihara Yuko did not produce any

40 Japan Times, 26 December 1986.

41 Ushio S., "One per cent Waku' Kekkai No Nichi" [500 Days of resolving the 'one per cent probiem'] Chuo Koron (Tokyo), April 1987, p.148
result. Then Gotoda intervened and suggested that the matter be solved through discussion between himself, Finance Minister Miyazawa and the top party leaders including LDP Secretary General Takeshita, LDP Executive Council Chairman Abe and Head of LDP's PARC Ito Masayoshi. It was a shrewd move as the hitherto inter-ministry issue now became an intra-party affair. The meeting which was held at the Prime Minister's residence finally reached a compromise formula by agreeing to raise the defence budget by 5.2 per cent bringing it to 1.004 per cent of the anticipated GNP.

The political situation was favourable to Nakasone at this moment. Fukuda and Suzuki who had been his staunch opponents had stepped down in favour of Miyazawa and Abe respectively. The new leaders would rather have the issue resolved by Nakasone than keep it pending and face the problem themselves if they were successful in their bid for leadership.

On 30 December, 1986 the Nakasone cabinet approved the FY 1987 budget which provided for defence spending totaling 1.004 per cent of the estimated GNP that year.

---

42 Japan Times, 30 December 1986.
43 ibid., For defence spendings at various years see Table - 6.
44 Japan Times, 31 December 1986. For a good analysis of the crossing the one per cent ceiling, see, Iida Tomoharu., "Nichi Bei Anpo to Boei Seisaku" (Japan-U.S. Security and Defence Policy)
The move immediately provoked sharp reactions from the opposition parties and the media. The press was sharply divided in its view. The *Sankei shim bun* alone supported the decision to scrap the one-per cent limit. The *Asahi Shim bun* and *The Mainichi Shim bun* opposed it. The *Yomiuri Shim bun* and the *Nihon Keizai Shim bun* more or less approved the plan.

The opposition political parties reacted sharply to the decision. Doi Takao the chairperson of the JSP described the government's decision as an "outrageous one" which broke the spirit of Japan's "Peace Constitution" and she demanded the government should retract the defence budget.\(^45\) Okubo Naohiko, Secretary General of the Komeito, criticising the decision said there had not been sufficient debate on the issue. He said one per cent ceiling was proof of Japan's peaceful intentions and to drop the limit meant tearing down the popular consensus on defence.\(^46\) The JCP Secretary General Kaneko Mitsuhiro declared that his party would refuse to allow the Nakasone cabinet's "limitless expansion" on armaments.\(^47\) The DSP Secretary General Ouchi Keigo, however maintaining his party's hawkish posture on the defence issue, said his party did not regard the increase in defence


\(^{46}\) *Japan Times*, 31 December 1986.

\(^{47}\) ibid.
spending as tantamount to putting Japan on course to becoming a major military power. He, however, cautioning against the free growth of defence spending in future, proposed that the select committee with the responsibility of national security should be upgraded to a standing committee in order to strengthen the Diet's "Civilian Control." 48

The Japanese business leaders, however praised the cabinet for increasing the nation's defence outlay to more than one-per cent of GNP on grounds that Japan would not be allowed to continue expanding its economy while asking the U.S. to shoulder part of its defence costs. In fact much before the decision to cross the one-per cent ceiling limit was taken many business leaders had supported the plan. Ishihara Takashi, the chairman of the Japan Committee for Economic Development (Keizai Doyukai) and Goto Noboru, President of Japan Chamber of Commerce and Industry had conveyed their support for the plan. 49

The decision was appreciated by the U.S. government. Casper Weinberger, the Defence Secretary stated in Washington on 30 December 1986, "we greet this with great pleasure from every point of view." 50 However, it generated some concern among the neighbouring countries. The Chinese government voiced its apprehension that Japan

48 ibid.


was becoming a military power. Nakasone who had maintained a low profile throughout the development, praised the one per cent ceiling limit at a Press Conference on 30 December 1986 as a useful guideline in the past years but added that the slowdown of the economy had rendered the ceiling limit both impractical and an obstacle to the realization of the MTDPE. He was also careful to remove any fears that Japan would become a great military power. He gave the assurance that Japan would continue to be guided by the spirit of the decision taken by the Miki cabinet. The total outlays for the MTDPE would be 18.4 trillion Yen which would come to 1.02 per cent of the GNP on a yearly basis.

II. TRANSFER OF WEAPONS TECHNOLOGY TO THE UNITED STATES

The rapid economic growth in Japan and the consequent export boom coincided with serious strains in the trade relations with the United States. The U.S. trade deficit against Japan grew to such an extent that many a times it created tensions in bilateral relations. The textile dispute was the first major issue which created great resentment

52 Japan Times, 31 December 1986.
53 Ushio S., n. 41, p. 141.
54 Japanese Trade Surplus against the United States had constantly increased over time. It was $ 400 million in 1967 $ 1.2 billion in 1968. It reached $ 3.7 billion in 1984.
in American textile sector. Many textile workers had been laid off due to increased automation and also because of increased imports. A coalition of manufacturers, unions and politicians from the affected areas lobbied for protection of the industries and simultaneously demanded restrictions on imports from Japan. The U.S. government had to resort to some strong measures including the threat to impose unilateral quota on Japan. An agreement on voluntary restrictions was reached in 1972 following negotiations between the two countries.

The textile dispute was followed by similar incidents over Japanese steel and car exports. In both the cases the Japanese side accepted voluntary restrictions on their exports. Agricultural products constituted another area of dispute between the two sides. The Japanese government provided protection to the local production of beef and oranges causing great resentment in the American agricultural sector.

The Japanese economic success and the American trade deficit inevitably came to be linked to the defense question. By the beginning of the 1980s Japan had gained a competitive edge over the U.S. in the economic field. The reason for this was attributed to the low defence costs - less than one per cent of the GNP that Japan continued to spend on defence year after year. While most of the Western nations spent as high as 6 to 7 per cent of their GNPs, Japan continued to spend a very small amount and thereby it was able to invest substantially in the modernization of plants, install more robots and other technologies.
Japan was accused of getting a free ride at the expense of the U.S. who had to spend considerably more on defence. The Americans started demanding that as a world economic power Japan should take its responsibility on the defence field.\(^{55}\)

Nakasone's election as the Prime Minister of Japan pleased many Americans. He spoke in favour of strengthening the Japanese defence capability. He assured President Reagan about the Japan-American alliance and also informed him that Japan was willing to shoulder its share of responsibility for its own defence.\(^{56}\) Nakasone was clear in his view that apart from shouldering the responsibility for its own defence, Japan, being a member of the western camp, should also contribute adequately to uphold the East-West military balance. The Defence Agency White Paper of 1983 held that,

"the improved Japanese defence capability would eventually contribute to the maintenance and enhancement of the credibility of the Japan-U.S. security arrangement, and contribute to the maintenance of security in the western camp

\(^{55}\) This view was strongly put forward by Holdridge John H. Assistant Secretary of State for East Asia and Pacific Affairs, in *United States-Japan Relations Hearing before the Committee on Foreign Affairs House of Representatives and its subcommittees on International Economic Policy and Trade and on Asian and Pacific Affairs, 97th Congress, 2nd Session*, (Washington, 1982), p. 79.

\(^{56}\) Suzuki's *faux pas* on the Japan - US alliance had created a great deal of confusion among the Americans. On assuming office, the first thing that Nakasone did was to dispel any doubts that Suzuki's declaration had created.
in the area of East-West military balance".\textsuperscript{57}

It also stressed that Japan was required to play a role that matched its economic position and that it should build an independent, high quality defence capability.

The erstwhile Soviet Union had numerical superiority in weapons, but they were quite inferior in advanced military technology. The Soviets remained several years behind in electronics, the key component of Western technological superiority in weaponry.\textsuperscript{58} The western edge over the East in the military field was, in fact, dependent on this technological gap. That is why the Reagan administration was actively involved in curtailing the leakage of U.S. defence technology to the Warshaw Pact nations and in negotiating with other Western Nations about export bans on the so-called multi-purpose technology.\textsuperscript{59}

The Americans were very much concerned about "severe leakage" of technological know how from Japan to the Soviet Union. The Stratton Act was passed by the U.S. Congress in 1982. This law prohibited the transfer to other countries of U.S. military technology under direct government control. This legislation was inspired by allegations against Hitachi and other Japanese high technology firms

\textsuperscript{57} For details see \textit{Defence of Japan, 1983}, (Tokyo, 1983)

\textsuperscript{58} \textit{The Arms Race and Arms Control, 1983}, p. 150.

\textsuperscript{59} ibid.
accused of carrying out industrial espionage.\textsuperscript{60} Japan-Soviet commerce, involving sophisticated technologies also influenced the passage of the bill.

As a member of the COCOM, Japan restricted its exports to the communist countries for a long time. But with its industrial development and economic growth it became a major exporter and a trading partner. It extended economic assistance both to the USSR and China although these were communist countries. The western European countries also deviated by showing interest in doing trade with these countries.

By the beginning of the 1980s there were strong concerns in the U.S. that it was about to lose its superiority in the field of advance technology.\textsuperscript{61} It was felt that the decline of the U.S. technological superiority was related to the unilateral licensing of high level technology in the past. The American request for a two-way arms technology trade with Japan was a fallout of this realization.

Before we discuss the main issue of transfer of weapons technology it would be pertinent here to examine the various restrictions on arms exports - constitutional, legal government guidelines and principles.

\textsuperscript{60} ibid.

\textsuperscript{61} For details, see William H. Davidson, \textit{The Amazing Race: Winning the Technorivalry with Japan}, (USA, 1984).
(i) **The Preamble**: In the preamble of its constitution, Japan renounces the right to wage war. It holds that Japan should preserve its security by trusting in the justice and faith of the peace-loving people of the world. This was the starting point of Japan's defence policy as well as the restrictive arms export policy. Restrictions on arms exports were not introduced immediately after the war. It was only after Ikeda Hayato became the Prime Minister in 1960 that the policy of not approving arms export was adopted as a general principle. The policy was "not to permit export of arms that would directly kill or injure people. Export of soft items, such as military uniforms, or medicine, would be allowed".

(ii) **The Three Principles**: The Japanese government under Prime Minister Sato adopted the three principles governing weapons export in 1967. Replying to a debate in the House of Representative Audit Committee, 55th Special Diet (21 April 1967), Prime Minister Sato said "The export of Weapons is restricted by the Export Trade Control Ordinance and is subject to approval by the Ministry of International Trade and Industry (MITI). As a rule, approval is not given in the following cases:

(a) When export are bound for Communist nations and are subject to COCOM-embargo.

---

62 See Preamble of *The Constitution of Japan*

(b) When exports are bound for countries to which the export of weapons is banned under the United Nations resolutions.

(c) When exports are bound for countries involved in international conflict or countries which might be involved in international conflicts.  

(iii) The Unified View of the Government: Following the 1973 Oil Crisis and the resultant depressed economy, the Japanese government allowed industries to export certain items which would not be used in combats. During the debates in the Diet, Prime Minister Miki declared his intention to strengthen the three principles of weapons export. The 'Unified View of the Government', which was announced at the Budget Committee of the House of Representatives, 77th Regular Diet (27 February 1976): reads as follows,

"The government has been carefully dealing with the question of the export of weapons from the standpoint of a peace loving nation and in order to avoid its furthering international disputes. The Government will pursue the following policies in dealing with the question and will not promote the export of weapons: (a) The export of weapons will not be approved for areas covered by the three principles (on the export of the

---


65 In 1975, the Japan Airplane and Space Industry Association requested the government to allow the military transport plane, C-1 and the rescue helicopter, US-1 that were being manufactured for the Japanese SDFs. The government gave permission in 1976. See, Japan's Contribution to Military, Stability in Northeast Asia, US Arms Control and Disarmament Agency, 1980, pp. 63-69.
weapon); (b) For areas other than those covered by the three principles, the export of weapons will be carefully dealt with in accordance with the spirit of the Foreign Exchange Law and Foreign Trade control Law; (c) In exporting equipment exclusively used for the manufacture of weapons (Items 79 and 109 of the Annexure-I of the Export Trade Control Ordinance), Such equipment will be treated the same as weapons". 66

In 1978, the MITI announced that technology related to arms production would also be restricted. 67

(iv) The Diet Resolution of March, 1981: In January 1981, the export of gun barrels and parts of artillery to a Korean arms producer was revealed. 68 Hotta Hagane, an Osaka based export company was exporting these items produced by Mitsubishi Heavy Industries and Japan Steel Works. The company claimed that it had marked the items correctly so that the custom officials would know what was exported. The company labeled gun barrels as "tubes". The custom officials told that several thousand tons of steel goods labeled as tubes passed through their office every day. Due to shortage of staff and time many examination had to be on paper only.

The opposition political parties, especially the Social Democratic Party and the Communist Party urged the government to draft a new law

68 Yomiuri Shimbun, 3 January 1981.
against arms export. They did not succeed in getting any new law approved by the Diet against arms export. However, they managed to get the Diet adopt a resolution declaring that the government should deal with weapons export strictly and carefully and that it should devise more effective measures for this purpose.\textsuperscript{69}

After Nakasone became the Prime Minister of Japan in November 1982, efforts were intensified by Washington to obtain Japanese weapons technology in certain sophisticated areas where the Japanese had an edge over the Americans. Following a lot of deliberation Tokyo finally agreed to export its weapons technology to the U.S. as an exception. Before we go in to the details of the bilateral talks it would be relevant here to look into the potentials that the Japanese defence production related industries offered.

Japan does not have a powerful defence-linked industrial sector like the United States. The number of companies dealing with defence procurements is quite limited. But Japan's defence industry overlaps with many other industries. Still many companies including shipbuilding, aircraft, telecommunication and electronics do not depend on defence procurements even if their turnover might account for some percentage of the military demand. However, there are a number of companies involved in defence production like Mitsubishi Heavy Industries, Ishikawajima-Harima Heavy Industries, Kawasaki Heavy

\textsuperscript{69} For details, see Marie Soderberg, \textit{Japan's Military Export Policy}, (Stockholm, 1986).
Industries, Hitachi Shipbuilding, National Electronics, Toshiba, Shin Meiwa, Mitsubishi Electronic, Fuji Heavy Industries, Japan Steel Works etc. Defence procurements involve, to a degree, the whole industrial structure of Japan.\(^{70}\) (See Table - 7 and also Appendix - VII).

Japan had to adopt a very cautious approach in the field of defence production because of the pre-war militarism which was still fresh in people's mind. The Korean War offered some opportunities to the Japanese industries but in non-military items. But as the U.S. world view changed after the consolidation of the communists in China and North Korea, the Defence Agency was established in 1954. With that came more opportunities. Defence production got a big boost due to the four defence build up plans. As a result, areas such as tanks, armoured vehicles, rocketry, radar, missile, equipments and transport planes benefited the most. However, the government was cautious not to provoke any domestic controversy and left the research and development work to private industry.

Table - 7

The 20 Major Japanese Suppliers to the Defence Agency During Fiscal Year 1982.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mitsubishi Heavy Industries;</td>
</tr>
<tr>
<td>2</td>
<td>Kawasaki Heavy Industries;</td>
</tr>
<tr>
<td>3</td>
<td>Mitsubishi Electric Corporation;</td>
</tr>
<tr>
<td>4</td>
<td>Ishikawajima Harima Heavy Industries;</td>
</tr>
<tr>
<td>5</td>
<td>Toshiba Corporation;</td>
</tr>
<tr>
<td>6</td>
<td>Nippon Electric Company;</td>
</tr>
<tr>
<td>7</td>
<td>Fuji Heavy Industries;</td>
</tr>
<tr>
<td>8</td>
<td>Japan Steel Works;</td>
</tr>
<tr>
<td>9</td>
<td>Sumitomo Heavy Industries;</td>
</tr>
<tr>
<td>10</td>
<td>Komatsu Limited;</td>
</tr>
<tr>
<td>11</td>
<td>Nippon Oil Company Ltd.;</td>
</tr>
<tr>
<td>12</td>
<td>Mitsui Ship building Company;</td>
</tr>
<tr>
<td>13</td>
<td>Fujitsu;</td>
</tr>
<tr>
<td>14</td>
<td>Nissan Motor Company;</td>
</tr>
<tr>
<td>15</td>
<td>Hitachi Limited;</td>
</tr>
<tr>
<td>16</td>
<td>Maruzen Oil;</td>
</tr>
<tr>
<td>17</td>
<td>Oki Electric Industries;</td>
</tr>
<tr>
<td>18</td>
<td>Daikin;</td>
</tr>
<tr>
<td>19</td>
<td>Tokyo Keiki;</td>
</tr>
<tr>
<td>20</td>
<td>Daikyo Oil Company Limited.</td>
</tr>
</tbody>
</table>

Source: Collected from the Defence Agency, Tokyo.
The U.S. Government had been pushing the Japanese government for bilateral cooperation in the sphere of weapons technology. It was pointed out that cooperation in this field had essentially remained one-sided with the U.S. side supplying its know-how to Japan. It was considered acceptable in the initial post-war years. But as and when Japan made massive strides in the technological arena the U.S. started demanding reciprocity from the Japanese side. The 1970s also witnessed bitter trade frictions between the two countries. Taking refuge under the various regulations (discussed earlier) the Japanese government pleaded its inability to respond positively to the U.S. demands.

The Americans, however, continued to put pressure on the Japanese for the export of weapons technology. The U.S. had transferred weapons technology to Japan on a liberal basis. Japan used to get large amounts of equipments as outright grants under the provisions of the Mutual Security Treaty. This practice was replaced after 1967 by government-to-government transactions under which the U.S. Government sold defence items to Japan.\textsuperscript{71}

The 1970s and 1980s saw a spate of license production agreements signed between Washington and Tokyo. In 1978 Washington decided to treat Japan at par with NATO countries in matters related to transfer of weapons. Mitsubishi had signed a contract with McDonnell

Douglas in 1981 for joint production of F-15 fighter planes. Kawasaki had also signed an agreement with Lockheed for manufacturing P-3C Orion anti-submarine patrol aircraft.

The Republican administration under President Reagan made it clear from the very beginning that it would seriously work to establish reciprocity on the question of transfer of weapons technology. The ball was set rolling in June 1981 when Omura Joji the then Director General of the Defence Agency visited Washington. Casper Weinberger, the then Secretary of Defence, in his meeting with Omura formally requested Japan to supply the U.S. with defence related technology. He told that as both countries were bound together by an alliance system, it was essential that they should abide by the principle of reciprocal obligation. 72

This event got wide publicity in Japanese newspapers. The Japanese press spoke of new pressures and demands from the United States. The question however did not attract any headlines in the American newspapers. The American press was rather more interested in increased Japanese defence spending. 73 But the U.S. administration kept on pressing the same issue of transfer of weapons technology in all subsequent official talks. Frank Carulucci, the then Deputy Secretary of

72 Japan Times, 30 June 1981.

Defence visited Tokyo in December 1981 to discuss the issue.\footnote{Far Eastern Economic Review (Hong Kong), 4 December 1981.} The demands were brought up again when Weinberger visited Japan in March 1982. He warned the Japanese Government that it should not avoid shouldering its share of responsibilities.\footnote{International Herald Tribune (Paris), 29 March, 1982.} He also referred to the annoyance of the Congress which felt that Japan had not done enough on the issue of transfer of weapons technology.\footnote{New York Times, 27 March 1982.}

The Congress, the military and the arms industry in the U.S. demanded that Japan should pay back to the U.S. for its huge investments in rebuilding Japan after the war.\footnote{Hokaji Mino, "U.S. Asks for Two-Way Exchange of Military Technology", Business Japan (Tokyo), February, 1983, p. 18.} It was questioned why Japan should restrict its arms related technology which the U.S. had shared through license production and still helped in improving the technological skills of the Japanese.

In August 1982, the LDP held a joint meeting of its five committees concerned with foreign affairs and defence to discuss the issue of weapons technology transfer. It was trying to find a way out of the situation which had arisen due to the various regulations that the government faced. Most of the members of these committees were inclined to maintain status quo and were apprehensive of hostile public
reactions in case any changes were brought about. Because of the sensitive nature of the issue the leaders preferred not to touch it. So no new ideas emerged. The meeting decided to take more time to study the matter further.\textsuperscript{78}

The issue, however, got a boost when Nakasone became the Prime Minister of Japan. The Americans had great expectations from him. Nakasone was also equally worried about the issue that seemed to cause irritation to Japan-U.S. bilateral relations. He had to find a way to satisfy the Americans who demanded reciprocal Japanese commitments. The anti-Japanese feelings were growing stronger in the U.S. Congress.\textsuperscript{79} Some members of the Congress harped on the familiar criticism of low Japanese defence spending.\textsuperscript{80} Mike Mansfield, the American ambassador in Japan, met most of the important cabinet ministers and impressed upon them the need for weapons technology transfer to the U.S. The Foreign Minister Abe Shintaro in his talks with Mansfield, conveyed to him that the Japanese government was likely to

\textsuperscript{78} ibid.

\textsuperscript{79} The so-called Houdaille case involved a US Senate resolution urging the President to deny investment for credit to Houdaille Industries for the purchase of certain machine tools. See, \textit{New York Times}, 27 December 1982. Also See, \textit{Asian Wall Street Journal} (Hong Kong), 20 May 1982.

\textsuperscript{80} Stephen Neal, the Democratic Representative proposed in October 1981 that Japan should pay two per cent of its GNP to the U.S. as "defence tax".
reach a decision soon on the issue.  

Nakasone, on his part, seized upon the opportunity to expedite a solution to the question of weapons technology transfer. On 31 December, 1982, Nakasone made a reference to the question when he said, "In regard to the problem of military technology, the U.S. has supplied secrets to Japan to a considerable extent so far, and that Japan, on the other hand, has not supplied any. It is necessary after all, to give thought to this point." It was evident that the issue of defence would be a major topic of discussion during Nakasone's first trip to the U.S. as the Prime Minister which was scheduled for the third week of January 1983. Therefore, any positive signal from the Japanese side before the summit would create a favourable atmosphere during the visit.

The Defence Agency was for the transfer of weapons technology. The Foreign Ministry also favoured it. But the MITI initially opposed it. However, opinion was divided within the MITI also. Nakasone a seasoned politician, knew well the cumbersome procedure of decision making in Japan. In a clever move he had put Yamanaka Sadanori, his own faction member as Minister in charge of MITI. Abe was shifted from the MITI to Foreign Ministry. Before 1983, when the Foreign Ministry wanted to allow transfer of weapons technology the MITI used

---

81 *Japan Times*, 1 December 1982.

82 Quoted in K.V.Kesavan, n.70, p. 27.
to oppose. But by putting Yamanaka in the MITI and Abe in Foreign Ministry, Nakasone was in a position to expedite the issue. Moreover it is well known that the foreign ministry bureaucracy is basically pro-American and they always try to please the Americans. Thus, the positive inclination of the foreign ministry was a major factor in deciding the issue. Gotada Masaharu, the Chief Cabinet Secretary also played a crucial role by showing strong leadership and guiding the issue in a favourable direction.

On 14 January 1983 the Nakasone Cabinet decided to adopt the policy of approving export of Japan's weapons technology to the U.S. The Government clarified that the new policy would make the U.S. an exception by excluding it from the application of the three principles on weapons export. It was decided that the export of weapons technology would go through the framework of the Japan-U.S. Mutual Defence Assistance Agreement (MDA). Chief Cabinet Secretary Gotoda who announced the new policy stated

"It goes without saying that our country, basically intends to maintain the three principles firmly and to respect the purport of the Diet Resolution concerning the problem of exporting weapons, etc., which was passed in March, 1981".

---

83 Interview with Kobayashi Katsumi, former Private Secretary to Nakasone.

84 ibid.

85 Quoted in Nishijima Ryochi, "Japan-US New Age : Japan's Offering of Weapons Technology to the US : Promise Made But
Prime Minister Nakasone during his U.S. visit in January 1983 conveyed to President Reagan, the Japanese Government's decision to supply weapons technology to the U.S. President Reagan appreciated the new policy as "a positive response". The step was also appreciated by both the Houses of the Congress as well as the Pentagon. Nakasone's personality and his cordial relations with Reagan were greatly highlighted by the American media. The Japanese press also covered the trip in great details. But it was his outbursts like the 'unsinkable aircraft carrier' that created more news than anything else. Statements like 'alliance relations' and 'shared destiny' somewhat diverted the attention from the issue of weapons technology transfer.

Back home, Nakasone received harsh criticism from the opposition parties. The JSP, Komeito and the JCP strongly criticized the decision as an apparent violation of the Diet Resolution of March 1981. The JSP said the decision was a "challenge to the principle of parliamentary democracy and can never be tolerated". Expressing concern at the "dangerous nature" of the Nakasone government, the

---


86 ibid.


88 ibid.

182
Komeito argued that the decision would eventually lead to virtual abolition of the three principles of non-export of weapons. The opposition parties were so severe in their attacks on the government that the debate in the lower house budget committee was halted several times. The Prime Minister justified the new decision as that would secure the effective operation of the Japan-U.S. security arrangements. He refuted that the new arrangement would be in violation of the Diet Resolution of March 1981. He declared,

"The Government has no intention whatever of changing its standing policy of basically observing the three principles on arms export and respecting the spirit of the Diet resolution".

The business community in Japan generally welcomed the decision to supply weapons technology to the U.S. Nagano Shigeo, the President of Japanese Chamber of Commerce and Industry said,

"There is nothing wrong with granting over military technology to the U.S. a friendly nation that wants it".

Inayama Yoshihiro, President of the Keidanren said, "We may have second thoughts about the policy since it is most important for Japan to take relations with the U.S. into account".

---

89 ibid.

90 Quoted in K.V.Kesavan, n.70, p.28


92 ibid.
The decision to export weapons technology to the U.S. was certain to open up possibilities of technology transfer in such important areas as electronics, missiles, semi-conductors, optical fibres and new ceramics. In fact there was a tremendous potential for such exports. In the field of missile technology, the Japanese were considered to be very advanced. The air-to-ship missile ASM-1, was in fact rated very highly because of its fine hit rate and also because of its low price. The U.S. had already approached the Kawasaki Heavy Industries for the transfer of its anti-tank missile technology. Japan was far more advanced than West Germany, Britain and France in this field.93 The U.S. was also interested in acquiring Japan's electronics-connected high technology including semi-conductors represented by very large-scale integrated circuits (VLSI), Laser and robots. The Japanese high technology should enable the U.S. to reduce the size of the weapons, increase their efficiency and at the same time reduce the cost of production.94

Once the decision to transfer weapons technology was taken, discussion began regarding its modus operandi. The Americans asked for a simple procedure that would cut down the bureaucratic red tape. There was still some amount of resistance in some sections of the government. The MITI in particular was divided on the issue. Some officials wanted first to know what items of technology the Americans looked for. Negotiations continued for ten more months before the

---

93 Kesavan, K.V., n. 70, p.29.
94 ibid., p. 30.
agreement was signed between the two sides on 8 November 1983 (Appendix-V). The agreement made it clear that so called multi-or dual-purpose technology always had been and would be free from restrictions.

The Americans showed active interest in highly advanced Japanese technologies, such as Mitsubishi Electric's charge coupled device (CCD) or NEC's microwave absorbing ferrite paint for stealth aircraft. After two groups of technical experts from the Department of Defence visited some Japanese companies, interest in gallium arsenide semi-conductors for high fibre and ceramics was voiced. The U.S. Defence Science Board Task Force on Industry-to-Industry International Cooperation published a list of items that were of interest to the U.S. arms industry:

- Gallium-arsenide devices (micro-wave, high-speed logic)
- Microwaves Integrated Circuits;
- Fibre-Optic Communications;
- Millimeter waves;
- Submicron Lithography;
- Image and Speech recognition;
- Artificial Intelligence (knowledge based computer architecture);

---

95 *Japan Times*, 4 January 1984.

- Electro-optical devices;
- Ceramics (for engines, electronics);
- Composite materials;
- Rocket propulsion;
- Computer-aided design (CAD);
- Production technology (including robotics/mechatronics)\textsuperscript{97}

In the Summer of 1985, after the visit of several U.S. delegations to Japan, the U.S. finally asked for the first item of Japanese technology, the TRDI's Toshiba image-homing device.\textsuperscript{98} The device avoids jamming by using infra-red rays and radar. In May 1985, the Pentagon mentioned 38 Japanese high technology products as of interest to the U.S.\textsuperscript{99} On 27 December 1985, both governments signed detailed arrangements for military-related technology originating in Japan (See Appendix -VI). In January, 1986, the U.S. side presented to Yamada Katsushita, Chief of the Defence Agency Equipment Bureau, a list specifying the technologies in which the U.S. military was interested.\textsuperscript{100}

The successful conclusion of the policy of transfer of weapons technology was another goal that Nakasone had worked on from the


\textsuperscript{98} Asahi Evening News, 4 September 1985.

\textsuperscript{99} The Daily Yomiuri, 1 June 1985.

\textsuperscript{100} Jane's Defence Weekly, (Surrey), 8 February 1986.
very beginning. Nakasone in fact had handled the issue rather well. Despite some resistance by the bureaucracy he could push through the decision. The opposition parties could not mobilize much popular support against the move. People in general also showed not much interest in it. The issue had been debated in Japan for a long time. But many Japanese seemed to have lost interest and probably did not even notice when the agreement was signed in November 1983. Moreover, the issue was too technical for many people to grasp. The implications of the agreement were also not clear. For the Japanese industry, it was an opportunity for their technology to move in to an increased market as well as for mutual research and development in the field of weapons technology. The deteriorating bilateral relations between the U.S. and Japan further proved to be a boon in disguise for Nakasone in moving ahead with his plan. People were aware of the mounting U.S. criticism about the lack of reciprocity from the Japanese side. Hence there was a positive appreciation of the U.S. demand. Though a major policy departure, the issue did not evoke much response from the press or people. After assuming office Nakasone had spent a good deal of time stating his views on such controversial issues as the revision of the constitution and increase in defence spending. These acts had drawn sharp reactions from different quarters. When the issue of transfer of weapons technology came up it did not evoke much response as it was considered an issue of bilateral relations and a quick decision could be taken smoothly.
III THE NATIONAL SECURITY COUNCIL.

Defence decision making, for Nakasone was too serious a matter to be approached in an ad hoc and casual manner. He had made thorough studies of the American decision making systems. His frequent interactions with American policy makers had exposed him to the way major security related decisions are taken in the U.S. He was greatly impressed by the authority and independence that the U.S. President enjoyed in this regard. Nakasone was seriously concerned about the institutional limitations that the Japanese Prime Minister faced in these matters.101 The authority of the Japanese Prime Minister over defence and security policies was much less in comparison to that of the U.S. President. The Japanese Prime Minister could not speak for his country on security matters with the same kind of authority as that of the U.S. President. The U.S. President has total freedom in framing his cabinet. In Japan the Prime Minister has to appoint senior LDP politicians to cabinet posts so that factional balance is maintained. The Prime Minister does not, as such enjoy much freedom in choosing his cabinet.

The Japanese Prime Minister faces another limitation in the form of lack of expertise in the security field. In U.S. the Department of Defence has a highly skilled bureaucracy adept in security related affairs. It employs more than a million people and is considered "a primary employer, contractor, purchaser, owner and spender in the

nation". In comparison the Japan Defence Agency (JDA) which employs only 28000 people is not even a full-fledged ministry. Its scale of operation is limited. The low priority given to security and defence over the years has not helped the bureaucracy develop extensive analytic skills. The JDA takes a low profile on mostly policy questions, except on such issues as weapons procurement and deployment of military forces. The JDA mostly defers to the Foreign Ministry all issues of foreign and security policies. But the Foreign Ministry also does not have a bureau within it that specialise on issues of military security.

The U.S. President has one more advantage in the form of the National Security Council (NSC) which coordinates interdepartmental views and suggests policy alternatives. The National Defence Council (NDC) was the Japanese counterpart to the NSC. The NDC established in 1956 was the highest advisory body to the Prime Minister of Japan on defence matters. It consisted of the Prime Minister, Finance Minister, Director General of the Defence Agency and Director General of the Economic Planning Agency. Other regular attendees were the Minister of International Trade and Industry, the Director General of the Science & Technology Agency, the Chief Cabinet Secretary, and the Secretary General of the NDC. The Secretary General of the NDC was assisted by nine counselors and other staff members totaling 27 personnel all of whom were civilians.\textsuperscript{102} The Chairman of the Military Joint Staff Council could be summoned by the Prime Minister to give expert advise only when required. The NDC was scheduled to meet twice a year but in

\textsuperscript{102} Harrison, M. Holland, n.11, p. 1.
some years it did not even meet once. The NDC seemed to have lost its relevance over the years.

The loss of influence of the NDC could be due to the fact that the NDC members could not devote much time to their responsibilities as NDC officials. Most of the key members, being cabinet ministers had to devote time to their own ministries. Thus, the main responsibility for NDC decision-making fell on the members of the NDC secretariat. Even these members had other duties in their own ministries so they could give very little time to the NDC. On most occasions it was seen that the NDC tended merely to approve what had already been decided. The consensual style of politics makes it extremely difficult for the Japanese Prime Minister to enjoy much freedom in taking policy decisions on matters related to defence and security. It consumes a lot of time and energy. But a Japanese Prime Minister has to adhere to the existing consensus. 'It would be almost inconceivable for a Japanese Prime Minister to conduct foreign and defence policies with the secrecy and concentration of power that characterized Nixon-Kissinger diplomacy'\footnote{Daniel Okimoto, n. 101, p. 11.}

Nakasone was determined to rectify the situation. The special Advisory Committee on Administrative Reform, headed by Doko Toshio, recommended on 22 July 1985 that the National Defence Council be reorganized into the National Security Council with "teeth" to promote better defence management and assure continued civilian
The National Security Council (NSC) replaced the NDC as per the recommendation in July 1986. The NSC is now composed of the Prime Minister as the Chairman, the Foreign Minister, the Finance Minister, Chief Cabinet Secretary, Director General of the Defence Agency, and the Chairman of the National Public Safety Commission. The NDC secretariat was abolished and a security room was established in the cabinet secretariat which is headed by an official of Vice-Ministerial rank. The NSC with greatly enhanced authority thus, became an organ directly subordinated to the cabinet, which was not the case with the NDC. Some attempts had been made in the past to restructure the NDC, but support from the key politicians in the LDP and from the Ministries of Finance and the International Trade and Industry had not been forthcoming. But with strong support from the Doko Commission and Prime Minister Nakasone, the reorganization could be carried out smoothly. The full impact of the reorganization was not visible during the tenure of Nakasone as it was brought about towards the end of his term as the Prime Minister. Moreover the issue did not evoke as much adverse reactions as was the case with the other issues discussed in this chapter and the next.

---

104 Harrison M. Holland, n. 11, p. 2.

105 ibid.