CHAPTER IV

THE IMPACT OF THE COLD WAR
ON THE US OCCUPATION POLICY
The beginning of 1948 represented a turning point in the 'social engineering' endeavour of U.S. in the occupied Japan. It assumed special importance in the sense that the changed strategic situation at the international level, with the onset of the cold war, had effected the foreign policy moves of the U.S. and its impact was felt on the approach to the occupied Japan.

Japan after its defeat and surrender was occupied predominantly by U.S. with the sole purpose of making it peace-loving no only to ensure peace in the world, but also to remove any future threat to the U.S. national security interests in the pacific.

To achieve these objectives demilitarization and democratization of Japan had became the prime necessity.

The programme of demilitarization was completed by early 1946. This was followed by a more complicated task of democratization of Japan which continued to be a major concern of the SCAP until the end of the occupation.  

But before the process of democratization could run


2 Justin Williams, Sr., Japan's Political Revolution under MacArthur : A Participant's Account (Athens :
its full course, the idea of a peace treaty ending the occupation of Japan, was mooted by the U.S. The organizational set-up proposed by the U.S. for considering such a treaty and preparing guidelines for it, was strongly opposed by the U.S.S.R. and China.³ Moreover, the War and Navy Departments, and the State Department, especially its policy planning staff headed by George F. Kennan, were also not in favour of signing peace treaty with Japan.⁴ To put into the words of Dunn,

Members of the planning staff were doubtful about attempts to hasten a treaty with Japan. They regarded Japan's social, economic, and political situation as too unstable as yet to cast that nation loose in the hard world.⁵

At such a crucial juncture to leave Japan on its own was considered as providing free hand to the communist block to incorporate it in its orbit. Thus, it was recommended,

that the United States should not push ahead immediately with a peace treaty, that it should use an extended occupation period to clear up many problems which otherwise would have to be dealt with in a treaty, and that Japan should be strengthened economically and politically so that when released she would be stable.⁶


⁴ Dunn, n. 3, pp. 58-62.

⁵ Ibid, p. 60.

⁶ Ibid, p. 61.
Before the conclusion of peace treaty with Japan, her economic self sufficiency and capacity to handle internal upheaval, law and order problems as well as to guard its borders against the external communist threat became imperative.  

This particular line of thinking was not the part of initial U.S. occupation policy towards Japan which aimed at thorough demilitarization and democratization and to leave her to its own to shoulder the burden of building her economy which had been badly shattered by the diabolical moves of its militarist and ultra-nationalist leaders during the World War II. Moreover, it was decided that Japan should not be allowed to have free hand in developing its economy. A condition was imposed on the improvement of her industrial productivity which was not to exceed the level of 1930-1934.

In the present chapter, an attempt has been made to analyze how the emerging form of domestic political set up in occupied Japan was influenced by the external environment. How the east-west tension had changed the basic premises of the U.S. policy at the international level and its consequent affect on the domestic system of occupied Japan. In the post-war international affairs

7 Kennan, n. 3, p. 391.

8 Ward, n. 2, pp. 30-32.

surcharged with the ideological schism between the superpowers, what was being done in the domestic set up of Japan, was in fact done from the angle of its importance to the political moves of U.S. on the chessboard of world politics. In other words, Japan was dragged into the whirlpool of cold war and served as a linchpin for the U.S. East Asia policy. Since Japan was under the U.S. occupation intended to reorient its domestic political system on democratic lines, cold war had its bearings on such course of action because of United States' leading role in the cold war environment. It presented a case of linkages between the domestic politics in occupied Japan and the cold war environment. Since Japan was not then an independent and sovereign but occupied state predominantly controlled by U.S. the impact of cold war environment was not direct. On the contrary its affect was exerted through the U.S. policy towards Japan which in turn got influenced by the U.S. national security interests.

STRATEGIC IMPORTANCE OF THE FAR EAST IN THE COLD WAR AND ITS IMPACT ON THE U.S. OCCUPATION POLICY

The surrender of Japan and its occupation under the predominant authority of United States was wrought amidst the simmering tension between the two post-war emerged super powers: U.S. and U.S.S.R. Although the onset of cold war and its bearings upon the power politics in Asia
became clearly visible in the beginning of 1948, but its seeds were sown during the World War II when efforts were being made at the international conferences for forging solidarity among Allies.\textsuperscript{10} The concessions given to Stalin by Roosevelt during the Yalta Conference\textsuperscript{11} for Soviet entry into the war against Japan on the side of the Allies is a case in point.

The cold war (says Kindleberger) between the Allies and the Soviet Union broke out, at least in small skirmishes long before the two parties won their military victory over Germany in May, 1945.\textsuperscript{12}

It was due to such uncordial relationship between U.S. and U.S.S.R., which was still under the carpet and did not come on the surface at the time of the end of the World War II, that America bent upon to have had if not exclusive, but predominant control over the defeated and occupied Japan. Soviet Union was deliberately denied any significant role in the occupation's operation both at the policy making level and its implementation stage. Even its (Soviet Union) participation in the two international bodies—FEC and Allied Council of Japan—was nothing more than a token to tag a label of Allied occupation to the otherwise U.S. led operation. With the onset of cold war and the consequent formulation of

\textsuperscript{10} Dana G. Munro, "The First Years of the Cold War", \textit{World Politics} (Princeton, N.J.), vol. 4, No. 4, July 1952, pp. 536-41.


Truman doctrine and the Marshall plan as resistance measure against the proliferation of communism, the tension between U.S. and U.S.S.R. further heightened. "Since these challenges were global in dimension" they also effected U.S. policy towards Japan.¹³

The victory of communists in China in 1949 had further cautioned America about her interest in Far East. Before China was revolutionized into a communist state, U.S. policy towards Far East was based on China as "a very dependable ally."¹⁴ In her post-war world order design, United States considered Asia as a dynamic world force with a democratic China "to serve as the great stabilizer and symbol of that Asia."¹⁵ The dependence status of Asia or her existence as "the passive recipient of western powers" came to an end along with the end of the World War II.¹⁶ Before the triumph of communists in the main land, it was anticipated, that China would re-establish its unity under a government friendly to the United States. It was expected that, with substantial American assistance, the rehabilitation, reconstruction, and modernization of the Chinese economy would get underway, assuring that country the economic strength and stability which would enable it to maintain its newly conceded position of complete independence and of equality with major powers.¹⁷

¹³ Ward, n. 2, p. 31.


¹⁵ Scalapino, n. 1, p. 48.

¹⁶ Ibid.

¹⁷ Vinacke, n. 9, p. 226; see also Aruga Tadashi, "The United States and the Cold War: The Cold War Era in American History", in Yonosuke Nagai, Akira Iriye, eds.,
But these original post-war premises of U.S. policy concerning Asia were turned out as failure. Georgi Dimitrov, a prominent European Communist commenting upon the triumph of communists in China said for the Soviet bloc, it represented "one of the major factors frustrating and upsetting the plans of American imperialists." The failure of premises of U.S. policy could be attributed to the changed equation of the Far East and its importance for Asia against the backdrop of the cold war. The defeat of Japan and its subsequent economic and military castration under the occupation; the weakness of the newly independent or reorganized Asian governments; the "precipitous withdrawal or heavy reduction of western power" in Asia; and the triumph of communists in China, the hitherto most sought-after strategic base by U.S. in the Far East had created a power vacuum in Asia to the dangers of American security interests. On the other hand, it provided Soviet Union a free hand in Asia to strengthen her clout against the U.S. and to use the "growing independence movement throughout colonial Asia as a promising field for propaganda and political manipulations directed at


19 Scalapino, n. 1, p. 48.
undermining the western position." It was against these prevalent factors that U.S. was forced to reformulate its policy towards Japan which was in continuity to its overall policy of containing communism in other parts of the world.

The Japanese islands are of high strategic importance to United States security interests in the Far East, primarily because of their geographic location with respect to the trade routes of the North Pacific, the exits and entrances of the Sea of Japan, the East China and Yellow Seas, and, to a lesser degree, the ports of Asia north of the Shanghai-Moonsung area, inclusive. Moreover, the highly disciplined manpower and industrial potentials of Japan further enhanced the importance of Japan in comparison to other Asian countries. It was considered that Japan, again, owing to its geographic location, if went to the side of soviet Russia, it could be used most-effectively as a base for direct or indirect aggressive action against the U.S. bases in the western pacific. Emphasizing the strategic locations of Japan in the Far east George F. Kennan, said that given the opportunity to choose between Japan and China, Soviet Union would opt for the former.

We American could feel fairly secure in the presence of a truly friendly Japan and a nominally hostile China - nothing very bad could happen to us from this combination; but the dangers to our security of a nominally friendly China and a

20 Council on Foreign Relations, n. 18, p. 49.
21 Scalapino, n. 1, p. 49.
23 Ibid.
24 Ibid.
truly hostile Japan had already been demonstrated in the Pacific War. Worse still would be a hostile China and a hostile Japan. 25

The defeat of Japan consolidated the strategic position of the Soviet Union in Asia which comprised the Soviet Far East, China north of the Great wall, Northern Korea, Sakhalin, and the Kuriles. 26 Before her defeat Japan provided a balance of power that "restrained Russian pressures in China and the Pacific ... ." 27 Although, Japan after the war had ceased to be a world power, but still it retained the capability to re-emerge as a significant Asiatic power. 28 In the ideological warfare Japan had come to occupy a very significant position as far as the extended role of superpower in the continent of Asia was concerned. In case of its incorporation into the Soviet orbit, it would have disturbed the balance of world power to the disadvantage of the United States. On the other hand if it stood with U.S., the chances of further proliferation of communism were strongly minimized. 29 After the onset of Cold War, the image of Japan and its prospective status in the Far East got topsyturvy. Both U.S. and U.S.S.R "tended to be less apprehensive about renewed Japanese aggression than about possible use of Japan by one of them to the

25 Kennan, n. 3, p. 375.

26 "NSC48/1, Position of the United States with respect to Asia, December 23, 1949", in Etzold and Gaddis, n. 22, p. 253. [HEREAFTER REFERRED TO AS NSC48/1.]

27 Ibid.

28 Ibid, pp. 254 & 263.

Thus the configuration of political forces in the Far East and its strategic position had undergone major transformation after the defeat and occupation of Japan; victory of communists in China; and the outbreak of the Korean war. Moreover, in whole of Asia, various new developments took place after the end of World War II. A large number of newly emerged independent sovereign states and the entire process of decolonialization attached new meaning to Asia in the policy perspectives of superpowers. In addition, cold war added further importance to the post-war Asia in general and the Far east in particular.

Under such circumstances, Japan became the focal point of the United States cold war policy towards Asia. The Assistant secretary of State, Dean Acheson in his famous speech at Cleveland, Mississippi on May 8, 1947 characterized Japan as a 'Workshop of Asia', corresponding Germany as 'Workshop of Europe'. What he meant by that was to reconstruct Japan to use her as a barrier to contain the influence of Soviet Union. It was in line with the containment policy of the cold war strategists under the Truman administration. On January 12, 1950, Dean Acheson, the then Secretary of State, coined the concept of 'defensive perimeter' in his famous speech to National Press Club. This defensive perimeter ran along the Aleutians to Japan. Then to

30 Council on Foreign Relations, n. 18, p. 455.

Ryukyu, from there to the Philippines islands. He emphasized the strategic importance of these areas for American interests and reiterated their defence. In the Cold war (observes Reischauer) inevitably, Japan has become an international football, we still hold the somewhat slippery ball and are attempting to run with it, but our ideological opponents would be only too happy to stop us and force the ball from our hands. Given the opportunity, they would pick it up themselves and run in the opposite direction.

Japan on the side of U.S. constituted a stumbling block in the way of the Soviet Union to spread the net of communism at wider length to cover the entire region. On the contrary, Japan contained strategically a very important position for the U.S. to check the Soviet Unions' moves to infiltrate further and communize the entire Far East and to emerge as a unchallenged power in the continent of Asia.

Geographically, the Japanese archipelago is seen as the 'latch' on the Soviet bear's cage. Japan is also indispensable to the U.S. military presence in Asia because of its role as supply base for U.S. forces in the Asia pacific region.

Thus under the perceived threat of the Soviet Union to communize the entire region and denying American any role in the Far East as well as in the entire Asia, the U.S. occupation policy towards Japan was revised to that effect. Under the cold war U.S. occupation policy, Japan was transformed from an enemy into the 'Superdomino' in


Asia. The entire U.S. economic and military strategy in the Pacific, South Asia, and the Middle East was based on the alignment of strong Japan with America. From the military and economic point of view, U.S. policy towards Japan during the cold war was to help her emerge as the launching pad for its policy of containment in South East as well as North East. It was precisely because of Japan's strategic location, developmental potential and trained manpower, as discussed above.

Hence the key to shift in the U.S. occupation policy towards Japan "lies not so much in Japan itself as in American cold war policy toward Asia." In Asia, the Far East in particular assumed special importance in the backdrop of various crucial developments took place in that region. "Economic, political and social change in post-1945 Japan has been shaped (and misshapen) by this. Japan's post-war role in all Asia has little meaning apart from this." In other words, the cause of political developments in occupied Japan was motivated by the influence of external environment as against the domestic requirements.


36 Ibid, p. 103.

37 Ibid, pp. 103-5.


39 Ibid.
THE COLD WAR AND THE ECONOMIC REHABILITATION OF JAPAN

Before 1948, the main motive of the U.S. Occupation of Japan were to render her military ineffective and to introduce her to democracy. But with the beginning of 1948, a new objective was informally added: the economic rehabilitation of Japan. Now "the reformulated basic objectives of the occupation", says Ward, "may, therefore, be stated as a trilogy: remilitarization, economic rehabilitation, and democratization."  

In fact, economic recovery of Japan had taken the place of economic reform which was on the agenda of the initial occupation programme. Before 1948, the concern of the U.S. occupation for economic reform was based on the formula to stimulate reform and prevent disease and unrest. As far as the economic reconstruction of the devastated and ruined economy was concerned, as it was provided in the initial post surrender directives, the responsibility was put on the Japanese who were held solely accountable for that sort of economic affairs among others. Thus the economic rehabilitation of Japan

41 Ibid., p. 503.
44 Ward, n. 2, p. 32.
was not an altogether new item on the agenda of the occupation programme. Actually, it represented a major shift in the economic policy of the U.S. occupation towards Japan which was geared from 'reform' to 'recovery'.

In the beginning of the occupation, in fact, before the end of the war, the focus of U.S. policy towards Far East, particularly Japan was set on the basis of the prevalent conditions in the world and their calculations and combinations for the security interest of the U.S. Accordingly the state-war navy coordinating committee and its sub-committees decided to weaken the economic structure of Japan which had collaborated with the militarists in their drive to conquer the world. The goal was to ensure peace in the region and to check any further threat to U.S. security interest over there. But as the war-time solidarity among the Allied powers crumbled and U.S. and U.S.S.R. became virtual adversaries, the post-war world assumed an altogether a different form. The shift in the U.S. economic policy of occupation towards Japan was one manifestation of such changes.

However, in some scholars opinion the causes for the shift from 'reform' to 'recovery' or 'reverse course', were attributed to the necessities of internal conditions in occupied Japan and their resultant burden on the U.S. treasury. It was considered, that for the first several years of the occupation Japan experienced severe inflation and a very serious food crisis, and that reparations, industrial
ceilings, labor agitation, and the like impeded recovery from the widespread devastation of the war.\footnote{45}

In January 1948, the level of industrial production in Japan was forty seven percent of the 1930-1934 average.\footnote{46} If this pathetic condition of the economy left to continue, it would not only incur more and more financial strain on the American tax payers, who were already singularly bearing the mammoth burden of executing the U.S. led occupation of Japan, but also, as argued, hinder the democratization of Japan. There was a growing realization that it was futile to expect the Japanese people to show inclination towards peace and democracy unless they could look forward to a reasonably satisfactory economic future.\footnote{47} Thus, if Japan had to stand on its own feet economically in order to preserve the 'reforms' and to relieve the American people of the burden of tax (some half billion dollars annually) the shift from reform to economic recovery became indispensable.\footnote{48} Such a view considered economic crisis in Japan as the first and foremost factor behind the shift in the U.S. occupation policy towards Japan.\footnote{49}


\footnote{48} Dower, n. 35, p. 113.

In this view (noted Dower), strategic cold war considerations were secondary to more practical economic concerns within Japan itself, and the United States did not really repudiate its generally idealistic original goals for Japan. However, given the East West tension; fear of the proliferation of communism on the continent of Asia; the indifferent attitudes of American conservatives and businessmen towards the occupation reform measures in Japan; and the mounting burden on American tax-payers of maintaining U.S. occupation and to take care of Japanese economic conditions, it seems quite wishful to attribute shift in the U.S. occupation policy only to the domestic conditions of Japan. While critically examining the causes of the shift in the U.S. occupation policy, Dower writes,

With the notable exception of mainstream American scholarship on the subject, most observers have attributed this to the cold war geopolitics- that is, the reverse course is seen primarily as part of America's larger strategic decision to contain the Soviet Union and, increasingly, impede the course of revolution in China and throughout Asia.

To quote him further,

recent documentary collections such as the Pentagon papers, the John Foster Dulles papers, and the papers of Joseph M. Dodge, who engineered the reverse course in occupied Japan, make continued adherence to the American Altruism Abroad School of postwar Japanese history increasingly a matter of mythical commitment.


50 Dower, n. 35, p. 113.


52 Dower, n. 35, p. 113.

53 Ibid.
Even the internal economic distress as was referred to as a cause of shift, assumed importance only in the wake of containment strategy.\textsuperscript{54}

Japan came to be looked upon as a part of the American strategic system which could not be allowed to fall into the Soviet orbit; accordingly, it was an American interest that Japan be made a growing concern, that it not be allowed to remain in a state of grave economic weakness, either during or after the occupation.\textsuperscript{55}

Japan's economic self-sufficiency was linked with the U.S. strategy to ensure Japan to become its strong ally in the region to act as an anti-communist bastion in Asia.\textsuperscript{56} Thus, behind the economic rehabilitation programme of Japan, there had been "a definite political objective ... ",\textsuperscript{57} to create "a counterpoise to Soviet influence in the Far East ... ", which "was more than once officially denied ... ".\textsuperscript{58} Hence during cold war, Japan, the enemy of 1945 became the friend of 1946.\textsuperscript{59}

The economic recovery programme in Japan was in continuance of the U.S. global strategy, underpinned with the cold war environment, to save world from the encirclement of communism and to ensure in it the free flow of democratic values and international trade. The

\begin{itemize}
\item \textsuperscript{54} Dower, n. 45, p. 174.
\item \textsuperscript{55} Council on Foreign Relations, n. 9, p. 279.
\item \textsuperscript{56} Carleton, n. 51, p. 38; and Dunn, n. 3, pp. 76-77.
\item \textsuperscript{57} Dunn, n. 3, p. 77.
\item \textsuperscript{58} The Annual Register : A review of Public Events at Home and Abroad for the Year of 1948 (London : Longmans, Green & Co., 1949), p. 329. [HEREAFTER REFERRED TO AS AR.]
\item \textsuperscript{59} John K. Fairbank, and others, East Asia : Tradition and Transformation (Tokyo : University of Tokyo Press, 1976), Modern Asian edn, p. 824.
\end{itemize}
modus operandi to achieve this was worked out in detail in the 'Truman Doctrine'\textsuperscript{40} and the 'Marshall Plan'.\textsuperscript{41}

This strategy was also influenced to a great extent by the famous, anonymous article written by George F. Kennan under pseudonym 'X' in \textit{Foreign Affairs} in July 1947.\textsuperscript{62}

These documents emphasized that economic chaos in a country provided fertile ground for communists abroad to maneuver and manipulate the situations in their favour to the loss of U.S. led crusade of democracy and free trade in the world. To tackle this ideological threat launched through the use of economically shattered domestic political set up of a country, economic recovery of such a country emerged as an economic weapon against the proliferation of communism. "The same reasoning clearly apply to Japan."\textsuperscript{63}

The proposal by the Assistant Secretary of State Dean Acheson to convert Japan into the 'workshop of Asia' was in line with the U.S. cold war policy to help economic recovery of Europe and to aid Greece and Turkey in their struggle against the armed insurgency of communists supported from abroad.\textsuperscript{64}

The departure of U.S. from its basic objectives of democratization can be illustrated with reference to several actions of the occupation administration. The

\textsuperscript{60} For text see Brockway, n. 11, pp. 149-51.

\textsuperscript{61} For text see \textit{Ibid}, pp. 156-8.

\textsuperscript{62} For details see, "The Sources of Soviet Conduct", \textit{Foreign Affairs} (New York), vol. 25, No. 4, July 1970, pp. 566-82.

\textsuperscript{63} Dunn, n. 3, p. 76.

\textsuperscript{64} \textit{Ibid}, pp. 76-77; and Dower, n. 45, pp. 176-7.
most important of such actions was the cancellation of general strike by Douglas MacArthur on January 31, 1947. So far as right of strike is a democratic right, the cancellation of the general strike scheduled for February 1, 1947, has been interpreted as a move symbolizing a departure away from the political objectives of democratization in Japan. Similarly, Dean Acheson's famous speech delivered at Cleveland, Mississippi on July 8, 1947 symbolized a trend putting the clock back on the U.S. initial objectives of the occupation administration. But, it was in fact not until 1948 that the focus of the occupation changed openly from reform to stabilization, from making Japan safe for democracy to building her up as a potential ally and to encouraging the conservative forces and processes, considered suitable for this end.65

The prelude to the 'reverse course' in the U.S. occupation policy towards Japan was made by Mr Kenneth C. Royall, U.S. Secretary of the Army, on January 6, 1948 in his widely quoted speech.66 He touched upon the need to re-examine the U.S. policy towards Japan under the newly emerging situations in world politics and economics. He pointed out if the economic deconcentration programme continued unabated it would not only further impair the ability of Japan to make war but at the same time block its industrial capacity to stand on its own feet. He was sceptical about the complete demilitarization of Japan. He also spoke in favour of taking back the former


military and economic leaders of war-time Japan and sought their help in the economic recovery of Japan. This new trend in U.S. occupation policy found further expression in a statement, by the United States representative on the Far Eastern Commission (McCoy) on the revival of the Japanese economy, made before the Commission on the January 21, 1948.67 After briefly highlighting the first two years accomplishments of the occupation of Japan, General Frank R. McCoy, pointed out that

the establishment of a self-supporting economy in Japan without which the achievement of the occupation cannot be consolidated has not yet been accomplished .... It is the view of the United States Government that if fundamental objectives of the occupation are to be achieved, and if there are to be established the conditions necessary to enable Japan to make its proper contribution to the economic rehabilitation of world economy and to take its place in the community of nations, a much greater effort must be made to bring about the attainment of a self-supporting Japan with a reasonable standard of living.

In the following month the United States suspended its participation in discussions in the Far Eastern commissions on its earlier proposal (popularly known as FEC-230) which was under active consideration in the commissions FEC-230 was supposed to recommend harsher measures for the economic deconcentration.68

To make assessment of the prevailing situations in Japan, a number of missions of American businessmen and Army officials were sent to Japan. The two of them which


rad significantly influenced the U.S. policy towards Japan were the so-called Strike and Draper Missions.** The Strike mission was headed by Mr. Clifford S. Strike, President of Overseas Consultants, Inc. It submitted its report (Report on Industrial Reparations Survey of Japan to the United States of America, February 1948) to the Secretary of the Department of the Army on February 26, 1948. It was released for publication on March 10, 1948.7° The Report fixed 1953 as the "target" year by which Japan might reach the standard of living which she enjoyed in the years 1931-1937. For that it recommended higher industrial capacity and drastic scaling down of the reparations programme as proposed by the Pauley Commission. The concluding section of the report manifested "the new perspective of the influential American opinion about the changing nature of the U.S. policy towards Japan. The emerging trend from reform to recovery was also emphasized in an unofficial statement made by the Under Secretary of the Army, Mr William H. Draper, to the press. Draper too selected 1952 or 1953 year as the target for Japan to achieve self-sufficiency in economy.71

After the 'Strike Report', the second major report which had further cleared the way for the shift in the


70 Ibid, p. 128.

U.S. policy was the "Draper Mission's" report, officially known as the "Report of the Johnston Committee." This report was submitted to the Secretary of the Army on April 26, 1948 and was released for publication on May 19, 1948.\(^{72}\) It repeated the recommendations proposed in the Strike's Report. It emphasized the industrial recovery of Japan to achieve self-supporting economy. It also stressed the importance of self help and self-sacrifice on the part of the Japanese to control internal price, reduce national expenditure, increase tax revenues, expand domestic production of food, coal, and products from other Japanese resources; and to balance the national budget. These measures, as stressed in the report, would contribute in the direction of maximum utilization and proper use of the American assistance, which in turn speed up the economic recovery project.

George F. Kennan, Chief of the State Department's policy planning staff also recommended similar course of action after his visit to Japan in March 1948.\(^ {73}\) In Kennan's analysis the greater threat to the security of Japan lay in the internal weakness of Japan which would provide opportunity to the communists design.\(^ {74}\) He was highly critical of the Occupation's reform measures which he considered, were "such as to produce just at that time a high degree of instability in Japanese life generally."\(^ {75}\)

\(^{72}\) For text see, Ball, n. 71, Appendix II, pp. 210-37.

\(^{73}\) Kennan, n. 3, p. 391.

\(^{74}\) Ibid, p. 394.

\(^{75}\) Ibid, pp. 387, 388-90.
In order to overcome these hurdles he emphasized shift from reform to 'economic recovery', relaxation in the regime of control by SCAP; reduction in occupation costs, end of purges, abandonment of reparations, and encouragement to Japanese to develop independent responsibility. These recommendations finally got the presidential approval and played an important role in the shift of occupation policy towards Japan.

Although the shift in the U.S. occupation policy started becoming visible in the beginning of 1948, but an official declaration in this regard was made on December 9, 1948 before the Far Eastern Commission by the U.S. representative. It announced the abandonment of industrial deconcentration programme in Japan. The deconcentration programme was considered as essentially completed. Out of the 325 companies originally designated for the reorganization, only 30 were investigated, others were left without inquiry.

However, the response of the Japanese Government to the economic rehabilitation was poor. In reaction to that SCAP issued a directive to the Government, on December 10, 1948, for adopting a stringent economic stabilization

76 Ibid, p. 391.


78 For text see, World Peace Foundation, n. 67, pp. 163-5.

79 Ball, n. 71, p. 173; Dower, n. 45, p. 176; and Dunn, n. 3, p. 75.
programme. Details of the programme were given in a joint statement by the Department of State and the Department of the Army on Japanese economic stabilization, released to the press on December 18, 1948. It required the Supreme Commander to
direct the Japanese Government to carry out an effective Economic Stabilization Programme calculated to achieve fiscal, monetary, price and wage stability in Japan as rapidly as possible, as well as to maximize production for export.

The Japanese performance in carrying out the directive would be "weighted in connection with future requests for appropriated funds for Japan." SCAP in its letter (December 20, 1948) addressed to Prime Minister Shigeru Yoshida highlighted the urgency of such programme.

The swing in the political events in the international environment which had led to the abandonment of the United States deconcentration proposal under FEC 230, further influenced its views on reparations. A major shift in U.S. reparation policy was announced by General Frank R. McCoy, U.S. member of the Far Eastern Commission, on May 20, 1949. He stated that the United States had unilaterally decided to terminate all reparations removals from Japan during the period of occupation. Japan, it was decided, to be allowed to


81 For details of the Programme, see, World Peace Foundation, n. 67, pp. 165-6.

develop its peace-time industry free from any limitations of the level of productive capacity. The problem before the U.S. Government, McCoy said, was "not one of limitations on Japan's peaceful industries, but of reviving the industries to provide the people's barest wants." To speed up the reconstruction task of the Japanese economy, liberal rules and regulations were adopted in relation to foreign trade. On January 13, 1949, General MacArthur issued a directive to relax control over business activities of foreigners in Japan with an intention to invite foreign capital investment for a speedy economic stabilization of Japan. The quota system for the entry of foreign businessmen into Japan was scrapped in February. In May 1949, The Department of State had recommended the immediate resumption by Japan of some international responsibilities in the field of trade, cultural relations, citizenship and property problems, technical and scientific arrangements and exchange programmes. Such measures, it was considered, would contribute substantially in the economic recovery of Japan. In August 1948, foreign buyers were permitted to have direct contacts with Japanese firms. In October


84 Keesing's Contemporary Archives, vol. 7, No. 942, June 4-11, 1949, p. 10026.

85 Schlesinger, Jr., n. 83, p. 71.
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85 Schlesinger, Jr., n. 83, p. 71.
1948, direct deals between Japanese exporters and foreign banks were also allowed. In December, 1948, the approved Japanese businessmen were assured to be allowed to travel abroad.\(^6\) The dollar based trade gave way to a cash sterling basis to further accelerate the economic reconstruction of Japan.\(^7\)

The shift in the occupation policy was also reflected in the changed attitude of the SCAP towards trade unions and labour. As against its original policy to encourage labour unions and protect the rights of the workers, the new policy was geared to counteract such rights given to labour. On the contrary, more freedom and facilities were provided to big business.\(^8\) The left orientation of labour unions and their susceptibility to function as local agents of Soviet Communists, led to the revision of earlier pro-labour policies.\(^9\) The shift in the policy was also attributed to a series of strikes by workers in Government undertaking which had seriously effected the "recovery" programme.\(^9\) Accordingly, on SCAP's instructions the National Public Service law was revised and all public workers were denied the right of collective bargaining and the right to strike.\(^9\)

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86 AR, n. 58, p. 328.

87 Council on Foreign Relations, n. 9, pp. 296-7.

88 Ball, n. 71, p. 172; and Fairbank and others, n. 59, p. 823.

89 Fairbank, n. 59, p. 823; and Morris, n. 1, p. 109.

90 AR, n. 58, p. 327.

91 Morris, n. 1, p. 109.
The concern of the U.S. to make Japan economically self-sufficient had seriously effected the policy of purge. The initial occupation policy aimed at removal of ultra-nationalists and militarists from all spheres of public life to ensure Japan for the cultivation of liberal values. But with the onset of coldwar it became essential that if Japan were to survive as a democratic and peace-loving nation, then the first and foremost need of the hour was to help her become economically sound and to take measures to halt the growth of communistic tendencies. In other words, a new evil of communism assumed priority over the earlier evil of militarism and ultra-nationalism in pre and war time Japan.92

For American policy-makers in Washington and Tokyo (says Morris) the communist danger had come to outweigh all others, and if in fighting this danger it should prove necessary to encourage elements in Japan which had previously been suppressed as militarists or 'feudalistic', that must be regarded as an unfortunate necessity, a casualty, as it were of the cold war.93

The potentialities of the purged officials, who were the moving spirit behind the pre-1945 strong Japan, came to be duly recognized to contribute to the economic recovery of Japan. As a result the Japanese Government was directed in February, 1949 to reopen the Purge Appeals Committees to reconsider the case of purged individuals.94 In September 1950, over ten thousand politicians, economists, writers, and other who had been purged immediately after the resumption of occupation,

92 Dower, n. 45, p. 193.
93 Morris, n. 1, p. 107.
allowed by the SCAP to rejoin public life. The depurge programme got intensified after the issuance of a directive by General Ridgway, General MacArthur's successor, on May 3, 1951. The directive permitted the Japanese Government to review the laws and ordinances enacted during the early stages of the occupation. On June 20, nearly seventy thousand persons who had been debarred from public life since the end of the war were allowed to join the mainstream. By the time of official termination of the occupation all but 8,000 of the total of 2,10,000 persons were depurged. The persons who were permitted to resume public life were former industrialists, members of former militarist organization, such as Imperial Rule Assistance Association, members of war time Diet, who had been appointed by General Tojo's administration, former media persons etc. who were all party to Japan's military adventures beyond its boundaries.

Along with the removal of restrictions on the purged individuals, a new programme, 'red purge', was initiated


to weed out the communists from public life. Under the 'red purge' over 11,000 civil servants were dismissed in 1949 and 1950. About the same number were debarred from other walks of life, especially teaching. Media was also put under intensive check in order to keep it free from communist's influence. Pro-left ideology professors were shunted from centre of higher education. On June 5, 1950, MacArthur issued a directive to the Japanese Government to "remove and exclude" from public office twenty-four members of the central committee of the Japanese communist party. On June 6, 1950, in a directive to the Prime Minister Yoshida, General MacArthur drew parallel between the pre-war militarists and those of the post-war communists. He warned, if the latter's activities were not checked, they would pose a serious threat to democracy in Japan. On June 7, 1950, MacArthur banned from public office seventeen members of the staff of communists party's newspaper Akahata (Red Star).

In retrospect, it can be deduced that the shift in the U.S. occupation policy towards Japan from reform to recovery had its roots in the then changed conditions of


100 Morris, n. 1, p. 110-11.


102 Morris, n. 1, p. 111; and The Japan Year Book, n. 83, Appendix, p. 53.

103 Keesing's Contemporary Archives, n. 101, p. 10920.
international environment. In George F. Kennan's opinion, the necessity of economic rehabilitation of Japan and the restoration of her ability to contribute constructively to the stability and prosperity of the Far Eastern region ... did not flow from the terms of surrender but rather from the delay in negotiations of a peace treaty. 104

On such a major policy decision unilaterally taken by U.S., the foreign policy perspective of the allied countries different from that of U.S. depending upon their respective national interest and security matters in the Far East vis-a-vis Japan. The allied countries were highly critical of U.S. economic recovery programme. 105 For U.S., economically stable Japan was imperative in the face of hostile U.S.S.R. and China. 106 Whereas for the United Kingdom and the commonwealth countries, "economically strong Japan posed a security threat and fear of economic competition." 107 As far as commercial competition was concerned, the United Kingdom "was most apprehensive on this score." 108 Although the United Kingdom was sympathetic to the United States moves to strengthen security arrangements in the Far East against the Soviet threat and for that matter supported bilateral pact between Japan and the U.S. and also agreed

104 Kennan, n. 3, p. 386.


106 Council on Foreign Relations, n. 9, p. 303.

107 Ibid, p. 302; and Dunn, n. 3, p. 81.

108 Dunn, n. 3, p. 67.
to non-punitive character of the peace treaty with Japan. But at the same time it was equally concerned with the security of the commonwealth countries against Japan as well as to protect her commercial interests over there.\textsuperscript{109} In other words, the rift between U.S. and allies over the economic recovery programme of occupied Japan proved the case of the impact of external environment on the domestic set up of Japan which was subjected to re-orientation keeping in mind the importance of U.S. interests in the Far East even in the face of opposition from its cold war allies.

\textbf{THE COLD WAR IMPERATIVES FOR MILITARY REBUILD-UP OF JAPAN}

The shift in the U.S. occupation policy initiated with the adoption of economic recovery of Japan, eventually spread its strings into the domain of defence. In fact the economic stabilization programme laid the foundation stone of military re-build up in Japan as a tactical device to save her from falling in the trap of local communists aided by the Soviet Union on the one hand and to prepare her to face direct threat from the communists camp on the other.\textsuperscript{110} It was aimed to provide "stability, security, and democracy in Eastern Asia and in the world."\textsuperscript{111} It would be interesting to contrast the

\textsuperscript{109} Ibid, p. 82.

\textsuperscript{110} NSC48/1, n. 26, pp. 252-69.

\textsuperscript{111} Ward, n. 1, p. 502.
initial goals of the occupation policy (such as, the dismantling of war machine in Japan in order to successfully launch the reorientation programme for the establishment of democratic values and institutions) with those goals which the U.S. pursued in relation to Japan after the onset of the cold war. These latter goals were first to rehabilitate Japanese economy and then to drag Japan into the process of rearmament. Such a change in occupation policy was mainly a consequence of onset of the cold war. In other words, the shift in the occupation policy was not the result of the domestic requirements of Japanese society. On the contrary, it was in response to what suited America in the vulnerable continent; Asia in general and the Far East region in particular. Dower was also of the opinion that after the cold war had started the "remilitarization and remonopolization of the Japanese economy had been set on an inexorable course." Japan was forced, though unsuccessfully, to assimilate what was suitable to U.S. as her own security requirements. On the other hand U.S. was also forced by the then situations in international environment to pursue such a policy.

U.S. policy after the onset of cold war had been to remould Japan in her own vision, to prompt her to become its loyal ally in the Far East and to provide her (U.S.) the much needed strategic background to deter the

112 Ward, n. 2, p. 31.


The swarming influence of the Soviet Union in the Far East which America alone or with the support of Western democracies was not in a position to cope with. Such an ally could be only Japan.\textsuperscript{115} Accordingly, the earlier preoccupation with disarming Japan - which had reached its ultimate expression with the insertion into Japan's new American-written constitution of Article IX, providing for permanent demilitarization - between 1950 and 1953 gradually gave way to an equally fervent concern for persuading Japan to rearm.\textsuperscript{116}

The trend towards rearming Japan could be visualized in the address of the Joint Chiefs of Staff to the question of post-treaty status of Japan. The Joint Chiefs of Staff emphasized the importance of the alignment of Japan with the West and for that matter concerned with ensuring a pro-western orientation of the post-occupation Japan.\textsuperscript{117} Given the chaotic state of affairs on the Asiatic mainland, coupled with the rise in the communists' influence and the gravity of economic and political pressures, the objective to win Japan to the side of western orientation seemed quite difficult.\textsuperscript{118}

Under such circumstances, the security of Japan against external attack assumed special importance. Before peace treaty was to be concluded and Japan guaranteed sovereignty, the Joint Chiefs of Staff proposed the following safeguards for securing U.S. national security

\textsuperscript{115} The International Studies Group of Brookings Institution, n. 17, pp. 320-1; and also NSC49, n. 22, pp. 231-3.

\textsuperscript{116} Ward, n. 1, p. 502; and Ward, n. 2, pp. 31-31.

\textsuperscript{117} NSC49, n. 22, pp. 231-3.

\textsuperscript{118} Ibid. p. 232.
interests and to check the Far East communistic expansion plans of the Soviets ... at least as far as Japan was concerned:

a: There should be prior assurance of Japan's economic, psychological, and political stability, and of her democracy and western orientation;

b: Japan's internal security forces must be adequate not only for maintenance of order but for protection against sabotage of vital installation. This may include stronger internal security forces than were thought to be essential prior to the current overrunning of China;

c: Since there can be no guarantee in the present world situation of the sovereignty of a defenceless Japan, there should be plans, as previously recommended by the Joint Chiefs of Staff for limited Japanese armed forces for self-defence to be effectuated in war emergency, and, in any case, unless the general situation make it clearly unnecessary prior to departure of occupation forces from Japan; and

d: No definite time should be set in the peace treaty for withdrawal of occupation forces. Rather, they should be phased out gradually and occupation should be terminated only after it has been determined and agreed that conditions are sufficiently satisfactory to justify termination.¹¹⁹

Such a purely military viewpoint adopted and coherently put forward by the Joint Chiefs of Staff was also endorsed by the Department of State.¹²⁰ But what assumed special consideration, apart from the danger of external attack as emphasized by the Joint Chiefs of Staff in the analysis of the State Department was the risk of internal political economic and social disorder in Japan. George F. Kennan's recommendations which were approved by President Truman also emphasized among others the urgency of strengthening Japan internally to thwart the outside instigated efforts of local communists to create disorder and upheaval within Japan. To cope with


¹²⁰ For details see, "NSC49/1, Department of State Comment on NSC49, September 30, 1949", in Etzold and Gaddis, eds., n. 22, pp. 233-6.
this internal contingency, he called for the establishment of strong economy and large national police force.121

Although the issue of "preparing Japan for a possible future military rule against the Soviet Union was taken in 1945"122, its true picture became clear only with the outbreak of the Korean war on June 25, 1950. Just one month after the outbreak of the war General Macarthur and Prime Minister Yoshida decided to establish a U.S. equipped 75,000-man National Police Reserve Force which later on followed by the creation of Japan's Self Defence Forces.123 The U.S. concern to rearm Japan became further clear when Vice-President Nixon on his visit to Japan admitted that his Government was mistaken to insist on the incorporation of the 'no war' clause in the new constitution of Japan.124

In his New Year's message to the Japanese people on December 1950, General MacArthur said that Japan had shown to the world its deep sense of peace and harmony with other nations by incorporating in its post-war

121 Kennan, n. 3, pp. 391-4.


124 Morris, n. 1, p. 112.
constitution Article 9 which prohibited the use of war as an instrument of national policy. In spite of the prevalent international tension he pointed out that Japan had made "uninterrupted and significant progress" in socio-economic and political spheres and "proved its right to equal partnership in the family of free nations." But if the reign of international lawlessness continued to threaten peace and to exercise dominion over the lives of men, it is inherent that this ideal (pacificism) must give way to the overwhelming law of self preservation and it will become your duty within the principles of United Nations, in concert with others who cherish freedom, to mount force to repel force.125

The trend in U.S. policy to rearm Japan was further reflected in the National Security Council document prepared in May 1951, just four months before the peace conference. It deals with the pre-independence policy for post-independence Japan. The document reads that in case of pending the conclusion of a peace treaty, efforts should be made to "assist Japan in organizing, training, and equipping the National Police Reserve and the Maritime Safety Patrol in order to facilitate the formation of an effective military establishment."126 After the conclusion of peace treaty the document reiterates that the U.S. should, "(a)ssist Japan in the development of appropriate military forces ... in the production of low-cost military material in volume for use in Japan and in other non-communist countries of


126 Quoted in Dower, n. 35, p. 117.
The document also emphasized the need of Japan's participation in the regional security arrangement and its membership in United Nations. U.S. Secretary of State (Allison) pointed out that Japan's defence capability would provide a real contribution in the security of the region. While alluding to the pre-war and wartime system of unbridled militarism, he justified the shift towards rearmament by saying that if three basic principles (free election open to all, a free press, and a representative and responsible parliament) of democracy were well maintained then the military rebuild of Japan could be kept under popular control.

**THE COLD WAR AND THE IDEAL OF DEMOCRACY**

Opinions differ widely over the issue of cold war in Asia and its impact on the U.S. occupation policy. As discussed above some established authorities strongly proposed the thesis of economic distress in occupied Japan and its serious future repercussions on the feasibility of planting and successfully maintaining democratic political set-up in Japan. So to speak the

127 Ibid.
128 Ibid.
129 Nippon Times (Tokyo), November 11, 1952.
130 Ibid.
shift in occupation policy from reform to recovery. 131 Some were of the view that what prompted U.S. to change its policy, was the onset of cold war. And it was in this context that even the internal problems, including wrecked economy, assumed immediate importance. 132 Apart from these two view points, there is also, however, a third one which bluntly rejects the issue of shift in the U.S. policy of occupation towards Japan. 133 This view point criticized the exponents of the 'reverse course' in the U.S. occupation policy for its misunderstanding of the timely adjustment of United States policy and its inevitable evolution as a reversal of policy. 134 Justin Williams, Sr. who held a key post on General MacArthur's staff during the occupation period, emphasized that the U.S. initial policy to democratize Japan continued uninterrupted until the official termination of occupation on April 28, 1952. He found no merit in considering the early 1948 occupation policy moves, unilaterally made by the U.S., as of reverse course in the U.S. reorientation programme of occupied Japan. He considered those policy matters in consonance with the ultimate objectives of the occupation authorities. The

131 For details see, Cohen, n. 49; and Kolko and Kolko, n. 49.

132 See Dower, n. 35; Morris, n. 1, pp. 105-20; Ward, n. 1; and Ward, n. 2.

133 Akira Iriye, "Continuities in U.S.-Japanese Relations, 1941-49", in Nagai and Iriye, eds., n. 17, pp. 378-409 especially p. 405; see also Williams, Sr., n. 2, pp. 208-30.

134 Williams, Sr., n. 2, p. 208.
establishment of police force to handle internal disorder; abandonment of reparations from Japan; and rehabilitation of purged individuals for helping Japan to stand on its own feet, constituted no such thing as the 'reverse course' nor it "down-graded the primary policy of democratization" of Japan. 135

Akira Iriye was also of the same view that there was no shift in the U.S. approach to Japan after the onset of the cold war. To quote him at length there was a coincidence of America's wartime post-war approaches to Japan because they were derived from certain key assumptions: first, that the United States would continue to be the dominant outside power exercising control over Japan's destiny; and second, that as stable, reformist peaceful Japan would be integrated into an international order which would itself be defined in liberal terms. In this sense, there was no reversal in U.S.-Japanese relations after the onset of the cold war. America's unilateral moves in Japan and the close, almost exclusive, relationship between the two countries were a pattern which had become discernible long before the collapse of Nationalist China or the U.S.-Soviet confrontation in Europe and the Middle East. We must, therefore, locate the origins of postwar U.S.-Japanese relations in World War II. By the same token, Japan's emergence as America's staunch ally was not the product of the cold war. 136

But, what has been missing in the analysis of both Williams and Iriye, was the importance of external and regional environment and the proper placement of Japan in that context. This is also applicable to those who attributed shift in the occupation policy to the internal conditions of Japan. Although, the U.S. policy towards Japan or the thrust of that policy (to democratize Japan and to bring her back in the community of nations) remained almost same throughout the occupation period. But the target of such policy matters underwent drastic


136 Iriye, n. 134, p. 405.
change. Before the onset of the cold war the prime target was to cut the roots of ultra-nationalists and militarists whose irresponsible moves blocked the flow of democratic values within Japan and prompted belligerent policy abroad. After 1948, it was the threat of communism which became the moving spirit behind the U.S. policy towards Japan. In words of Macmahon, Australian participant in the occupation, "the basic drive behind American policy, whether in Europe, the Middle East or the Far East, is resistance to Russian and communism." 137 The programmes of economic recovery and of military rebuild of Japan were also adopted against this background.

As far as the goal of democratization of Japanese society was concerned, it was argued, it remained uninterrupted. 138 But, even in the case of democratization of Japan the impact of the cold war could not be set aside. Before the onset of the cold war, the most urgent problem faced by the occupation authorities was to weed out anti-democratic forces and institutions from the Japanese society, and to reorient it along democratic lines. It was considered that the absence of democratic elements had led Japan to take to World War II. The transformation of Japanese domestic political system into a democratic one was thought as an antidote to future Japanese menace to the community of nations. But, after the onset of cold war and the changed

137 Ball, n. 71, p. 184.

138 Williams, n. 2, p. 208.
strategic contours of Far East in the wake of communist victory in China and the outbreak of war in Korea, what prompted U.S. to closely stick to its original goal of democratization of Japan, was its invincible faith in democracy as a safety valve against the totalitarian system of communist regimes. Thus the evil of totalitarianism of communist brand replaced the evil of authoritarianism of the pre-war and wartime militarism and ultra-nationalism. Now democratic Japan was to look forward as a guarantee against the emergence of communistic tendencies within its boundaries and to halt expansionist designs of the U.S.S.R.

The main motive behind the economic recovery of Japan was not only to relieve the American tax-payers of the heavy cost of maintaining Japanese economy, but also to strengthen Japan internally to guarantee the success of democracy in Japan.

In short, even after the beginning of the cold war, the basic objectives of U.S. policy towards Japan did not change. The U.S. was eager to establish peaceful and democratic principles in the Japanese political system with a view to seek its participation in the promotion of international economic well-being.

Both these objectives (says Hellmann) were rooted in the ideals of the American diplomatic traditions, especially Wilsonian liberalism, and were facilitated by the global military and economic paramountcy to which America fell heir after World War II.139

But the changes in the strategic environment had caused a shift of emphasis in the pursuit of these objectives and in the methods and mechanisms of their implementation. In other words, the prime purpose of U.S. policy remained same, but the means to achieve them transformed in correspondence to the changed conditions in the overall strategic environment of the world. It was against this background, that the shift in the U.S. occupation policy from demilitarizing Japan to its rearmament and from deconcentration to economic rehabilitation assumed significant importance.

By way of a conclusion, it can be said that the thrust of occupation administration towards the ideals of a peaceful world through the transformation of the Japanese society and politics could not reach its logical conclusion because when the U.S. perceived the threat of communism from Soviet Union and China in the overall context of the cold war, the imperatives of the peaceful world came to be interpreted in terms of global power balances. The original emphasis on domestic transformation now was diluted. Henceforth it was a case of international relations following the normal pattern in which power considerations were given primacy.