
103. Memorandum From Secretary of the Treasury Fowler to President Johnson¹

Washington, November 11, 1967.

SUBJECT

Discussions with Prime Minister Sato

The U.S. has taken an initiative for balance of payments cooperation with Japan which is of major importance to U.S. financial ability to maintain the U.S. military security posture in the Far East. The U.S. has proposed to Japan that certain points be submitted to you and Prime Minister Sato for approval when he visits Washington November 14–15. I believe that it is of major importance to the overall U.S. balance of payments program that you obtain the Prime Minister's approval of these points. (See Attachment A; Sato will probably state the views shown in parentheses under each point in the attachment.)²

You will also have Secretary Rusk's memorandum for the Sato visit which includes balance of payments talking points.³ We participated in the preparation of this memorandum and are in full agreement with it.

However, after this memorandum was completed on November 9 Japanese Finance Ministry officials provided Treasury officials, in discussions on November 10, with information which overtakes some of the points in the Rusk memorandum to you.⁴

Specifically, Sato will not be able to undertake a commitment now to reach the \$500 million goal of balance of payments assistance insofar as that includes the purchase of special medium-term U.S. paper in the amount of \$200 million. Our supplementary memorandum suggests that, while recognizing that he cannot give you this commitment now, you urge him to keep the matter open for further technical discussion between the two Finance Ministries.

Also, that you emphasize the concept of maintaining the long term financial viability of our security posture in the Far East.

¹ Source: Johnson Library, National Security File, Country File—Addendum, Japan. Secret.

² Attached but not printed.

³ The memorandum, November 10, is in the National Archives and Records Administration, RG 59, Central Files 1967–69, POL 7 JAPAN.

⁴ Revised pages to the memorandum incorporating changes resulting from those discussions were distributed on November 12. (Ibid.)

Also, that you do not accept any linkage of Japanese action on our balance of payments in exchange for U.S. action respecting the Bonin and Ryukyu Islands.

These observations are developed briefly below.

The topic of Japanese reversionary rights to the Bonin and the Ryukyu Islands will also be a major subject during the Sato visit. I anticipate that Sato may say to you that the amount of their balance of payments cooperation depends on how much we satisfy their objectives for control over the Islands.

I recommend that you make clear to Sato that the U.S. does not link the substance of these two matters. Japan is not being asked to cooperate on the overall U.S. balance of payments program in exchange for some U.S. action respecting the Bonin and the Ryukyu Islands. To the extent possible, I believe each matter should be examined and decided on its own merits.

I recommend that you emphasize to Sato that balance of payments cooperation is particularly important to our financial ability to provide the defense shield under which the Pacific basin can develop. Our military deployments and heavy foreign exchange expenditures in the Pacific area are necessary for our security *and* Japan's, although we do not view U.S. military forces in Japan as being there primarily for the defense of Japan. These expenditures have brought large direct and indirect benefits to the Japanese economy and balance of payments.

You may wish to emphasize to Sato that no one country should suffer undue costs or gain undue benefits from expenditures for the common security, and that these expenditures should be recognized as an extraordinary item in U.S. accounts. I believe Sato should be led to recognize that neutralizing these extraordinary security expenditures is a prime motivation for the U.S. seeking balance of payments cooperation from Japan—even though there is agreement that the matter cannot be discussed publicly at this time.

Treasury representatives will be meeting with Japanese officials on Thursday, November 16 (the day after you conclude your sessions with Sato) in order to expedite follow-up action. I hope that arrangements can be made for me to have the benefit of any conclusions you may reach with Sato so that the November 16 meeting can proceed effectively.

Henry H. Fowler

104. Memorandum of Conversation¹

Washington, November 14, 1967, 5:05–6:15 p.m.

SUBJECT

Balance of Payments
 Japanese Role in Asia and Views Toward Vietnam
 Sato's Visits to Southeast Asia
 China and Japan's Security
 Ryukyus Reversion

PARTICIPANTS

Japanese Side

His Excellency Eisaku Sato—Prime Minister
 His Excellency Takeo Miki—Minister of Foreign Affairs
 His Excellency Takeso Shimoda—Ambassador of Japan
 His Excellency Toshio Kimura—Minister of State and Director General of the
 Cabinet Secretariat
 Mr. Haruki Mori—Deputy Vice Minister for Foreign Affairs
 Mr. Fumihiko Togo—Director, American Affairs Bureau, Ministry of Foreign
 Affairs
 Mr. Naoshi Shimanouchi—Interpreter

United States Side

Honorable Robert S. McNamara—Secretary of Defense
 Honorable U. Alexis Johnson—Ambassador to Japan
 Honorable Paul C. Warnke—Assistant Secretary of Defense for International
 Security Affairs
 Dr. Morton H. Halperin—Deputy Assistant Secretary, Policy Planning and Arms
 Control
 Mr. James Wickle—American Embassy, Tokyo—Interpreter

1. *Balance of Payments.* In opening the substantive conversation Prime Minister Sato said he understood the U.S. hoped Japan would help out in the balance of payments problem by providing \$500 million temporary assistance; he could say that \$300 million was possible.

¹ Source: Washington National Records Center, OSD/OASD/ISA Files: FRC 330 72 A 2468, Japan 091.112. Secret. Drafted by Halperin and approved by Warnke on November 18. The meeting was held at Blair House. Prior to meeting with McNamara, Sato was welcomed at the White House and met privately with President Johnson. They discussed Sato's recent trip through Southeast Asia, the situation in Vietnam, and the British currency crisis. The President suggested that Sato discuss the Ryukyus and Bonins with Rusk and McNamara to work out remaining details on reversion issues. (Memorandum of conversation, November 14; Johnson Library, National Security File, Country File—Addendum, Japan) After meeting with the President, Sato and members of his party met with Rusk and other Department of State and Defense officials. Their discussions centered on China, Southeast Asia, and the British currency crisis. (Memoranda of conversations, November 14, National Archives and Records Administration, RG 59, Central Files 1967–69, POL 7 JAPAN)

The new subcommittee on balance of payments might well study the problem. He noted that the situation in Germany was different in that Germany held much greater reserves, and he hoped the U.S. would understand this difference. It would be particularly difficult to put much into medium term bonds. Japan's holdings of foreign exchange were down from \$2 billion to \$1.9 billion, and bond purchases would cause this amount to decrease further.

The Secretary agreed that the subcommittee should study the problem. The question of foreign exchange offset was not the primary concern of the Secretary of Defense, but he was interested because of the political implications which affected foreign policy. The American people were becoming more restive and unwilling to carry burdens by themselves. The willingness of Japan to take some of the burden was important, not only because of its financial effects, but because it would show that Japan was truly participating in the defense of the free world.

Mr. Sato said Japan was not in a position to intervene militarily or to extend military aid and he was sure the U.S. understood this. In the financial area Japan would like to do what it could and had indicated this in its support of the Asian Development Bank and loans to Southeast Asia. Japan would like to protect the pound and the dollar to the extent possible. Japan could not, however, do all that was requested.

2. *Japanese Role in Asia and Views Toward Vietnam.* The Secretary said he was pleased to see Japan expand its role in Asia and show growing interest in the Asian Development Bank and other projects. He hoped that as the years went by Japan would play a larger role. There was much criticism in the U.S. of the Vietnam operation, in large part because the U.S. was spilling blood in support of peace in the area. The American people wanted to know why Japan, India, and Western Europe did not believe it important to contribute. We understood why Japan does not play a military role, but the American people do not. He hoped that Japan would work toward a greater political and economic role and, ultimately, a military role in Asia.

Mr. Sato said he agreed. In the course of his recent visits to Southeast Asia, he found everywhere realization and appreciation of U.S. sacrifices to safeguard freedom. It was generally agreed that the U.S. must stand firm until peace was attained. Especially in the Philippines, Australia, and New Zealand; all of which have sent troops to Vietnam, a majority support the war. In Japan some elements were critical of the bombing of North Vietnam, but this feeling was confined to a very small group. He felt guilty about this sentiment in Japan, especially toward the U.S. which was making such sacrifices. Mr. Sato said he had to cut his visit to Vietnam short in order to return for former Prime

Minister Yoshida's funeral,² and was, therefore, unable to meet General Westmoreland and Ambassador Bunker. He did meet Thieu and Ky. He was impressed with the efforts to establish a democratic government. He was also deeply impressed with the U.S. troop commitment, which was helping the country while refraining from interference in the local affairs of the Vietnamese.

The Secretary said he was pleased to hear this report. The Prime Minister's statements represented exactly the kind of leadership which was necessary. His visit to Vietnam was a courageous act, which served to begin to convince the American people that Japan associated itself with the U.S. effort. This was an invaluable step, and he was grateful to Mr. Sato for taking it.

Mr. Sato said he was embarrassed by the Secretary's words of appreciation. He said that he was aware that fear existed that the war would spread, but the war in Vietnam was not a normal war. The U.S. could not go all out; its hands were tied. This was a difficult way to wage war and, this was why it dragged on and created uncertainty in the U.S. Foreign Minister Miki and he were searching for peace, but the difficulty was that any Japanese effort might be interpreted as a sign of weakness. Nevertheless, they were still trying to find some way to bring about peace.

[Omitted here is brief discussion of Burma, Singapore, Malaysia, and Indonesia.]

4. *China and Japan's Security.* The Secretary asked how the Japanese people were reacting to China's nuclear strength.

Mr. Sato said that real thinking Japanese were concerned, but he had to say that the masses were not concerned. He felt the government had not done enough to educate the masses, on whom the Socialists had made a deep impression. The Japanese Constitution was called a "Peace Constitution" and the Socialists told the people that it guaranteed Japan could live in peace and safety. This gave a sense of false security unrelated to what Red China might do.

Mr. Sato said Japan's whole security was based on its security arrangement with the U.S. The Japanese were well protected by the U.S. nuclear umbrella and Japan had no intention to make nuclear weapons. Three years ago the President assured him that the U.S. was prepared to aid Japan against any attack.

5. *Ryukyus Reversion.* The Secretary noted that the President has said this many times. This related directly to the question of the Ryukyus and the natural desire of the Japanese for reversion. The

² Sato visited Saigon on October 21.

Secretary said he would be frank and candid. The Ryukyus were bound to revert to Japan. The question was not one of reversion but of bases and the Mutual Security Treaty, as well as the President's statements about responding to nuclear blackmail. These all carried unwritten assumptions that Japan would act in a way which would permit the use of bases. Reversion was certain, but what was uncertain was the role of bases. We could not leave U.S. forces exposed and unable to operate effectively. Japan must permit the U.S. to operate militarily in the Ryukyus in ways which might ultimately involve operations requiring nuclear weapons to be placed there and combat operations to be conducted from there. The Secretary understood these were difficult problems for the Japanese people. It would take time for Mr. Sato to educate his people. He wished to emphasize that the American people would never allow the U.S. to operate in this area without the support, that is the political acquiescence of Japan. Accordingly, the whole package of bases and reversion was tied together and must be explored in the light of the interests of the two countries. The American people would not tolerate a continued U.S. presence without Japanese support.

Mr. Sato said he fully understood the Secretary's premises. As Prime Minister, it was his duty to give primary consideration to the security of Japan and he wished to do so in a framework of the security of Asia.

At the same time, it was the strong desire of the Japanese people and the one million Japanese in Okinawa for reversion. This was easy to understand, since for almost twenty-five years these islands have been under a foreign government. These spontaneous feelings demanded a response, but security needs and sentiment were not inconsistent and could be satisfied simultaneously. If the return of Okinawa meant military weakness, this was not desirable. He sought reversion which would not prejudice the security of either country. The problem was not "now" but "how." President Chiang Kai Shek had told him that he felt safe because of the U.S. presence in Okinawa, and he would be concerned if the U.S. withdrew after reversion. Sato replied that this was not his objective and he had no intention to weaken the security of the area. If, at some time in the not too distant future, agreement could be reached on when reversion could take place, it would be useful. If after reversion there were a need to strengthen bases, this could be considered.

Mr. Sato noted that there used to be a clamor when nuclear submarines visited Japan but this had subsided and it had now been agreed to permit the Enterprise to visit Japan. Unlike the Socialists, his party was not opposed to the Security Treaty but based Japan's security on it. He sought a return of the Ryukyus Islands but not at the sacrifice

of weakening bases. If the problem were mishandled, it could become serious and the mutual objectives of Japan and the U.S. would not be attained. He thought that what the U.S. and Japan could do was to agree that reversion was possible and that the question of timing would rest on agreement of the two governments.

It was too soon to talk about the use of nuclear weapons, or the free use of bases, or the question of prior consultation. Technical problems such as these could wait until agreement has been reached on the basic issue of when and how reversion would take place. It might take some time, perhaps months or longer, but he must give some hope to the people of Japan that reversion was coming. Sato said he might be accused of showing bad judgment in tying the question to Vietnam or the Chinese nuclear threat, but he must bring this up to respond to the sentiment of the Japanese people.

The Secretary said he understood the Prime Minister's position. He realized the desires of the Japanese people and understood the political pressures. He was not prepared to discuss specific language, but could support reversion under circumstances which did not reduce the U.S. capability to fulfill its commitments under the Mutual Security Treaty and other treaties.

Mr. Sato asked the Secretary to bear in mind that sometimes he felt the Japanese were strange. There were strong pressures on him in Japan against visiting the U.S. for fear he might come back with commitments. There was strong feeling in Okinawa and Japan that he should make an appeal based on the sentiment of the people. It was very important to settle the issue in a wise and prudent manner and he hoped the Secretary would appreciate his position. The main thing was to give hope that would enable the people to cooperate more willingly in regard to freedom of bases.

Foreign Minister Miki said he would like to add that, as the Prime Minister explained, the problem he faced in regard to reversion was the need to obtain basic agreement before entering into consultation to work out details. It was of the utmost importance for the Prime Minister to obtain this agreement in the absence of which many problems would arise. He hoped that the U.S. Government could respond to the desires of the Japanese people.

The Secretary said that everybody understood the political pressures the Prime Minister was under. We also understood that if we have bases there, we must be able to operate them as necessary under the Treaty. We must work out an equation of these sometimes contradictory objectives.

The Prime Minister said that the text which he handed the President very explicitly stated that there must be agreement between the two governments to carry out reversion. He was not insisting that a

target date be pinpointed, such as 1970 or 1973, but that both sides agree. Even with agreement on such a basis, many would say it is too vague and indefinite; nevertheless, it was necessary to have a basic agreement. This involved not only Japan, but Korea, Taiwan, and the Philippines, all of which relied on the U.S. presence and arrangements in Okinawa that served to assure the security of the whole area.

105. Memorandum of Conversation¹

Washington, November 15, 1967.

PARTICIPANTS

Eisaku Sato, Prime Minister of Japan
Takeo Miki, Minister of Foreign Affairs
Takeso Shimoda, Ambassador to the U.S.
Toshio Kimura, Chief Cabinet Secretary
Haruki Mori, Deputy Vice Minister of Foreign Affairs
Fumihiko Togo, Director of North American Bureau, Ministry of Foreign Affairs
Makoto Watanabe, North American Section, North American Bureau, Ministry of Foreign Affairs
Naoshi Shimanouchi, Research Secretary, Bureau of Information, Ministry of Foreign Affairs (Interpreter)

Secretary Rusk
Ambassador U. Alexis Johnson
William P. Bundy, Assistant Secretary of State
Samuel D. Berger, Deputy Assistant Secretary
Richard L. Sneider, Country Director for Japan
James J. Wickel, EA/J (Interpreter)

SUBJECT

Ryukyus and Bonins

Prime Minister Sato said that he would be brief in discussing the Ryukyus problem and wished to get immediately to the communiqué language on this question. He said he had to take two factors into account: first, the strong desire of the Japanese people for reversion, and

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 RYU IS. Secret; Exdis. Drafted by Sneider and approved in S on November 27. The meeting was held at Blair House. The memorandum is part I of II. Part II covered Japan's assistance to Indonesia and contributions to the Asian Development Bank. Sato agreed to continue assistance to Indonesia and to consider increasing Japan's contribution to the ADB Special Fund from \$100 million to \$200 million. (Ibid., POL JAPAN-US)

second, his personal concerns as Prime Minister with Japan's security interests. He personally felt that military bases in the Ryukyus could be strengthened by reversion since Japan would be forced to live up to its security responsibilities by this action. At the same time, mishandling of this issue could lead to dire consequences. The Socialists will exploit such mishandling to their advantage. The Communists will also. It is therefore important and necessary to work out the problem.

Secretary Rusk pointed out that the two governments are closer to agreement on the Ryukyus than public opinion in both countries, but both governments must deal with their differing public opinions. The U.S. is in a sensitive position for several reasons. First, anything appearing to weaken our position in Vietnam would be badly received by the public and Congress. Second, Chinese Communist nuclear power has added a new dimension to our security commitments to Japan, Korea and other nations. As a result of this development, these commitments—which we accept and are prepared to carry out—are of a much graver character than previously anticipated. Third, there are constitutional limitations on what commitments a President can make in terms of his successor, given the forthcoming 1968 Presidential elections. Even if President Johnson is reelected (to which Sato indicated his full support and expectation), a commitment beyond the election date would provide a false issue to his opponent.

Therefore, it is necessary to find communiqué language tolerable both to U.S. political problems and to Sato's political problems. In conclusion, the Secretary emphasized that the U.S. approaches this problem from the viewpoint of US-Japan friendship and cooperation, not as adversaries.

Sato said he understood the American problem fully, particularly as long as the Vietnam conflict continues. He recognized the Presidential election problem and mentioned that his own term expires in December, 1968. Nevertheless, he hoped that we could agree on a step forward which would not ignore the pressure of public opinion in his own country. He felt that both the U.S. and Japan, in Japan's case as long as the Liberal Democratic Party is in power, would follow their traditional foreign policy whatever the results of elections.

Secretary Rusk said the fourth factor facing the United States was the need to act with the understanding of Congressional leaders whether or not specific legislation is involved. Our soundings with Congress have indicated that, while there is considerable understanding of Japan's problems, the Congressional sense is not to take any dramatic movement on the Ryukyus for immediate reversion. We feel it is necessary, therefore, that the communiqué language not build up any illusion of a dramatic change or stimulate agitation which could lead to difficulties when hoped for actions do not materialize.

Sato said he appreciated the need for careful handling of Congress. Nevertheless, he hoped we could give the Japanese people some hope that U.S. administration of the Ryukyus is not to be semi-permanent. The question of administrative rights ought also to be separated from the status of U.S. military bases, just as in Europe. He is not talking of immediate reversion, or even reversion within the next few years, but agreement within a few years on a time for reversion. Sato then proposed the following language:

“The President and the Prime Minister agreed to make efforts to reach, in a few years, agreement on a date satisfactory to the two governments on the return of administrative rights to Japan.”

Secretary Rusk felt that this language would build up an anticipation of too rapid reversion. He pointed to other steps we are prepared to take during the visit to assist Sato with his domestic political problems, particularly on the Bonins and interim measures such as the Advisory Committee. The Secretary then proposed the U.S. language which was later incorporated without change into the first two paragraphs of paragraph VII of the communiqué.

Sato requested a few minutes to consider the language proposed by the Secretary and retired with his advisors to another part of the room. After about 15 minutes, Sato returned and informed the Secretary that his language was acceptable, stating it was “taihen kekko” (very good). He was clearly very pleased with the U.S. language.

Sato then raised the problem of organizing early consultations on the Bonins, expressing the hope that we could meet shortly on this issue. The Secretary agreed that we could begin discussions shortly after the Ambassador returned and expressed the hope that we could conclude the negotiations quickly. He assured Sato that we had no intention of delaying the negotiations and that it was now a matter of working out the details. After some discussion it was agreed that we would state publicly that we hoped to conclude the negotiations within a year, and sooner if possible.

Miki suggested the possibility of a subcommittee for joint review of Ryukyu reversion. This was rejected and it was agreed that no special committee would be needed, but that experts would be brought in as required.

106. Memorandum of Conversation¹

Washington, November 15, 1967, 5:23–6:59 p.m.

SUBJECT

U.S.-Japanese Relations and Security Problems

PARTICIPANTS

Eisaku Sato, Prime Minister of Japan

Naoshi Shimanouchi, Research Secretary, Bureau of Public Information, Ministry of Foreign Affairs (Interpreter)

The President

James J. Wickel, Special Assistant to Ambassador Johnson (Interpreter)

The Prime Minister thanked the President for the State dinner given him last evening and expressed his and Mrs. Sato's appreciation for the gift presented by the President. The President said that the Prime Minister had made many new friends for Japan as a result of this visit, including the 200 guests at the State dinner, who represented almost all 50 states.

The Prime Minister thanked the President for creating the mood of sincerity that had marked his several meetings in Washington.

He had enjoyed full and frank exchanges of views with both Secretary McNamara and Secretary Rusk and said that the draft communiqué developed during these meetings was excellent. He said that he wished the President would agree to issue it as drafted.

The President said that Secretary Rusk believes that the draft communiqué would probably meet with the approval of Congress and probably would not be attacked.² He said he wished to go as far in the Pacific as he could in assisting the peoples of Asia and the Pacific to improve their lives. Although formerly some Americans had shown prejudice against Japan, he said he felt that this has been largely overcome and that he can go as far as the draft communiqué without coming under Congressional attack. He did not wish to have Congressmen

¹ Source: Johnson Library, National Security File, Country File—Addendum, Japan. Secret; Nodis. Drafted by Wickel. The meeting was held in the Oval Office and at its conclusion the President and Prime Minister joined high-level Japanese and U.S. officials in the Cabinet Room and provided them with a summary of their private meeting. (Summary of Talks, November 15; Johnson Library, National Security File, Country File—Addendum, Japan) The time and place of the meeting are from the President's Daily Diary. (Ibid.) At the conclusion of the presentation a joint communiqué was issued, the text of which is in Department of State *Bulletin*, December 4, 1967, pp. 744–747.

² William Bundy had contacted key Senators about the proposed text of the communiqué and had been informed of no objections to its contents. (Memorandum to Rostow, November 15; Johnson Library, National Security File, Country File, Japan, Vol. VII)

criticizing Japan. However, he had not had ample opportunity to review the latest draft because he had spent most of the day meeting with General Westmoreland and Ambassador Bunker.

The President said that one great problem we have is that the Constitution of Japan forbids her to send troops to Southeast Asia. Still, almost everything we Americans buy is imported from Japan, such as shirts, textiles, radios and television sets. On the economic side, however, such Southeast Asian nations as Singapore, Laos, Thailand, Burma, Indonesia and the Philippines all insist that an American withdrawal from Southeast Asia would spell their doom but when asked what they can do they are unable to help the United States effort there. Therefore, there are wonderful things for the Asian Development Bank to do, under its able President who is a Japanese. Japan is now equal to the strong nations and can do its part and provide the leadership, even though this may be limited to sound financial assistance. If the United States can make this great effort 10,000 miles from home why can't Japan make an effort in her own area? Japan's significant contribution to the ADB had the same effect on American opinion as a goodwill mission. The Koreans have impressed the American people with their growth and by the fact that they have sent troops to Vietnam even though Japan cannot. We understand why Japan cannot do so. Speaking quite frankly, said the President, is the only way to get things done.

The President said that he is more deeply interested in the Asian-Pacific region than any other President has ever been. He intends to lead the American people in the effort to help develop the strength and power of the region because this is the area where two out of every three human beings alive today live. This is where the people are. However, this fiscal year the United States is spending between \$25 and \$30 billion in the effort to defend Vietnam. This is a great expenditure, year after year, but in addition the United States has taken over 100,000 casualties, and has expanded a great deal of blood and lives. A way must be found to enable these people to do enough to help themselves.

Japan has helped considerably with the ADB. Now that he has requested Congress for additional funds for the ADB, however, Congress is asking why we must do it all and what is Japan doing?³ He said he understood that the Japanese people ask why doesn't the United States provide more money, but the American people ask why doesn't Japan? We wish to help Indonesia and can do so when Japan is also ready to help. This is a big country here. We hope that Japan can help on these

³ In September the administration asked the Congress to authorize \$200 million for the ADB Special Fund. (Ibid., Meeting Notes File, September 11, 1967, Meeting with Congress on ADB, and Meeting Notes File, September 12, 1967, Meeting with Congress on ADB)

financial matters, particularly since she cannot send men because of her Constitution.

There are two or three matters in which Japan can help, for example, balance of payments. If the United States is willing to run a deficit of \$30 billion, Japan should be willing to spend some money too. Why can't Japan buy \$500 million in medium-term securities? Germany is willing to help. Japan can't send men, but it would seem that she could provide dollars and could provide money for the ADB Special Fund. Secretary Rusk had probably already discussed these matters in full with the Prime Minister⁴ but this point is very important. Congress has just turned down the tax bill he had requested and the United States faces a deficit of \$30 billion this year. The Australians have sent some 5,000–6,000 men to Vietnam and Thailand and the Philippines have each provided some men, but the United States is paying the extra cost of these contributions for them. He said that he understood the difficulties Japan faces but the best investment for both Japan and the United States is to strongly support the ADB and to provide greater economic help for South Vietnam. Japan is strong and growing stronger, but if we do not save Vietnam and Thailand, we will all face a grave crisis which will cost us dearly.

The President said that these are the things Japan should do. First, she should increase her contribution to the ADB Special Fund. If Japan can do this, he would try to get a bill through Congress for the same purpose. Second, she should increase her assistance to Vietnam. She should look everywhere and scrape up as much as she can, especially since she cannot send men. Now, the United States should provide an additional 50,000 men for General Westmoreland, in addition to paying the extra costs to the ROK and Thailand for their contributions. If Japan cannot send men, she should help as much as possible in whatever way she can before it is too late. We think that the best investment for the economy, the people and the region is the ADB Special Fund. If the United States can contribute \$200 million, Japan should match this figure, as well as doing something extra for Vietnam. If Japan and the United States can work together, we can also do more to save Indonesia. These actions are all desirable and the President said he hoped Japan would do what he had outlined. However, he did not wish to do all the talking, he hoped to hear what the Prime Minister had to say.

The Prime Minister said that he was basically in full agreement with the President on the needs of these countries. He said he would make every effort to try to provide whatever help is needed, in fact,

⁴ See footnote 1, Document 105.

this is so stated in the communiqué, even though no specific amounts are cited.⁵

He said, with reference to the Joint Communiqué, that prior to leaving Japan for Washington he had been received by the Emperor, who emphasized the paramount importance of Japan's security. At present Japan is secure under the U.S.-Japan Security Treaty, which provides that the United States will defend Japan against external attack. However, Communist China is developing nuclear weapons and Japan may soon be threatened by a nuclear attack. More than two years ago, the President assured the Prime Minister that the United States would live up to her commitment to defend Japan "against any form of attack." He said he wished to ask the President to reconfirm this assurance at this time because of the concern expressed by the Emperor and in view of the discussions on the status of Okinawa.

The President said that the United States is committed and as long as he is President we would carry out this commitment. However, he said that the Prime Minister has probably seen the difficulties we face under the SEATO Treaty.

The Prime Minister thanked him and said he was gratified by this reassurance. He appreciated the deep concern of the United States not only in her own security but also in that of other parts of the world. He said that as Prime Minister he must always consider the security of his own country ahead of any other problem, for which reason he fully appreciated and sympathized with the President's concern for security, even though there is a difference in the scale of the security problems faced by both countries. He said that Japan fully understands the difficult position of the United States and the problems she faces. Therefore, he said he would make every effort to do whatever he could to ease the President's burden.

The President said that it would be very helpful if Japan would match the American contribution to the ADB Special Fund, which the President has now requested of Congress for this area 10,000 miles away. If Japan were to provide only \$100 million for the Special Fund, the Congress would surely cite the great deficit we face. For that reason we wished to have Japanese help. We understand Japan's problem but still hope that Japan could do more.

The Prime Minister said that Japan's next fiscal year budget is now being drafted. It provides for \$20 million of the \$100 million previously promised by Japan for the Special Fund and the Government will consider fully the possibility of increasing Japan's agreed contribution. Even though he could not promise to increase the contribution to \$200

⁵ The topic is discussed in paragraph VI of the joint communiqué.

million, the Prime Minister assured the President that he would do his best to help. He said that he had already told Secretary Rusk of this intention.

The President said that the bill authorizing this contribution to the ADB Special Fund is now in the Senate Foreign Relations Committee but if critics like Senator Fulbright do not support it, he would be unable to do anything. He did not wish to exert unseemly pressure on the Prime Minister but the prospects for a favorable Committee report of the request for this \$200 million would be improved considerably if someone could testify in the hearings in January that Japan plans to provide \$200 million.

The Prime Minister said that he will do everything he can to help but in all frankness he said that the next fiscal year budget now being drafted calls for an across-the-board personnel reduction of 5% in the civil service. Every ministry is being asked to eliminate the equivalent of one bureau. Therefore, he said that he could not make any promises with 100% assurance and did not wish to create any false impressions about what he could do. (When his interpreter, Mr. Shimanouchi, suggested that the Prime Minister promise more strongly to do something to reassure the President, the Prime Minister told Mr. Shimanouchi that he could not do so in all sincerity because he wished, above all, to be honest with the President.)

The President said that contributions to the Special Fund would be spread out over a five-year period and the entire sum need not be appropriated in one year. The Prime Minister said that the \$20 million appropriation this coming fiscal year would be Japan's first installment toward the agreed amount of \$100 million.

The President asked whether Japan could do anything further in Vietnam to develop agriculture, fisheries, communications or transportation. He said that it is essential that other nations begin to do more now that the latest polls show only 24% support for him.

The Prime Minister said that Japan presently is helping to establish the agricultural school at Cantho in the Vietnam delta as well as the agricultural guidance center to train agricultural specialists. He said that the President is probably already familiar with the Japanese medical program in Vietnam, including the hospital.

(At this point a secretary brought in copies of the Joint Communiqué, ready for release.)

The President asked if the Prime Minister was satisfied with the Joint Communiqué. The Prime Minister said that it was excellent and asked whether the President would approve it. The President asked whether he would agree to any specific programs to provide additional assistance in agriculture, fisheries, transports and communications, as the communiqué states Japan intends to do. It is not necessary to

refer to such specific programs publicly, but the President said it would be helpful if he could cite such concrete programs to influential Congressional and other leaders confidentially. When he received the gift last night of a Sony TV video tape recorder the President thought that it might be possible to work out a joint educational television project for Vietnam to offset the shortage of teachers there. A few teachers broadcasting from one central location could reach many primary schools, if these were equipped with television receivers. Perhaps such a program could be designed to fight illiteracy in Vietnam. Japan might be able to assume additional responsibilities for education, and even agriculture, in this way. If the United States supplied the personnel, the know-how and the leadership, Japan need only provide the equipment, the television receivers, to build an educational TV system which would benefit 17 million South Vietnamese. What is needed particularly is a program to help the society move forward, not under totalitarianism but under democracy and a spirit of social conscience. Why not provide educational TV to do this? He had signed a bill the other day to provide for educational TV in the United States, which had met with a very favorable response. Therefore, he proposed that American experts work with the Japanese to set up an educational TV system in Vietnam. This country would supply the men and the know-how, and Japan would supply the TV receivers. He asked whether the Prime Minister could help in this way.

The Prime Minister said that this is an excellent idea, but Japan is presently providing bilateral assistance to both the Philippines and Thailand to improve their domestic communications systems and has learned that such a program is not very useful beyond a certain point without an adequate technological base. He asked whether Vietnam could effectively profit from such an educational TV system.

The President said that this may be true but the United States has already helped to install a general purpose television system in Vietnam. If this can be used for entertainment it can also be used for education. The only question is, who will supply the receivers? If we provide assistance in know-how, teachers and curriculum, and if Japan can provide the television receivers, all the Vietnamese would sooner or later wish to buy Japanese television sets just as many Americans buy Sony sets now. (To illustrate his point, he picked up a Sony transistor radio from his desk and played it for the Prime Minister.)

The Prime Minister said that was an excellent idea and he promised that Japan would consider it.

The President said that the United States could furnish technical know-how and would conduct a survey to determine the number of sites where TV receivers would be needed. Japan cannot send men, so the United States will do that but both countries could undertake this

as a joint venture. Such cooperation is essential because the United States already is spending \$30 billion a year in this area.

The Prime Minister said that this is indeed a good idea and agreed to cooperate.

The President said that he would speak to Ambassador Bunker about it tomorrow and report that the Prime Minister liked the idea. He would also consult with Ambassador Bunker to clarify the needs so that the United States and Japan could work out the details of this cooperative project. It would be most helpful if the President could tell Ambassador Bunker that both countries have agreed to this.

The Prime Minister said that the President should tell him that Japan does agree to cooperate in this project.

The President said this would be helpful, for now he could privately inform members of Congress of Japan's additional efforts in education as well as the hospital in Vietnam, about her efforts for the ADB, and about assuming 1/3 of the obligation for economic assistance to Indonesia. This would be most helpful in meeting possible criticism of the next paragraph of the Joint Communiqué, Paragraph VII. (The President read Paragraph VII aloud in English, with special emphasis on the reversion of the Bonins and the steps to be taken on the Ryukyus.)⁶ He said that the Prime Minister would probably not be greeted by such demonstrations on his return as had marked his departure for the United States, because he would bring home this very good communiqué.

The Prime Minister said that he always exerted his best efforts to carry out his responsibilities regardless of demonstrations, because some people would demonstrate no matter what he did. The President said this was admirable. The Prime Minister should be congratulated for the great victory represented by this Joint Communiqué, and for making in it the forward-looking statement that Japan and the United States will work more closely together. The Prime Minister said that he did not think of these great issues in terms of a victory in the communiqué, but rather in terms of further increasing mutually satisfactory cooperation between Japan and the United States. The President said that this communiqué was indeed a step forward, and should help the Prime Minister to deal with public opinion at home. The Bonin Islands involved strong American sentiments and a deep emotional issue, and it is only Japan's willingness to assume additional responsibilities that would enable him to defend the decision to return these

⁶ Paragraph VII provided that a target date for reversion of the Ryukyus would be settled "within a few years," whereas consultations would begin immediately to arrange for the timely return of the Bonins.

islands. Japan's help is essential in view of the possibility of a deficit of \$30 billion this year.

He hoped that Japan would take \$500 million in securities to ease the temporary balance of payments difficulties the United States faces. The Prime Minister said his Government would study this very seriously. The President said "don't study it, do it." The Prime Minister said that both Germany and Japan have each been asked to purchase \$500 million in securities, even though Germany has reserves of \$7 billion and Japan only \$2 billion. The President urged him again to consider the purchase of \$500 million because it is absolutely essential. The Prime Minister said that he would discuss this with the Ministry of Finance immediately after his return. Japan has already decided to buy \$300 million worth of securities, but he could make no promise to buy an additional \$200 million.

The President said that there are many demands placed on the Government. For example, there are riots in the cities and many people insist on Government help to rebuild them. The United States maintains six divisions in Germany, two divisions in Korea and a total of 600,000 troops in Vietnam, including foreign detachments for which we are paying. Without these defense expenditures the United States would have no balance of payments problems. Strong men are needed to step up and take these securities now in the same way the United States has agreed to support the British pound in spite of these difficulties.

The Prime Minister said that Japan has reserves of \$2 billion, but only \$500 million is liquid. If the GOJ buys \$500 million, she will lose her entire liquidity. For this reason, the Ministry of Finance experts are deeply concerned about making a commitment to purchase \$500 million worth of securities. He said it would be simpler at this point to agree to do so, but he would not wish to make a promise he was not certain he could honor.

The President said that the Prime Minister should impress the Minister of Finance that the United States faces a great deficit even though it must continue to honor its commitments. What is needed temporarily is some money to tide the United States over this period of crisis. He should be urged to consider the alternatives.

The Prime Minister said that Japan would give full consideration to this request, but would be limited by the extent of its liquid reserve. If all Japan's liquid reserves of \$500 million were committed, this would leave only non-liquid reserves of \$1.7 billion. Japan would be totally without any liquidity. He asked if there was any means for Japan to buy the securities, but still "keep the money available within the country."

The President said he was only urging the Prime Minister to do what was humanly possible, but was not asking him to undertake any

action which was dangerous. The Prime Minister said that he was speaking in all sincerity and would not make an empty promise. Study of this matter before he had departed Japan for Washington had disclosed that \$300 million was the best Japan could do at this time. In fact, Japan was actively considering a plan to secure \$25 million in West German marks to increase her own liquidity. (The President telephoned Secretary Fowler at this point to ask whether there was any method by which Japan could meet the United States request without losing her liquidity. He also asked for a report on the latest developments in the British pound crisis.)

The Prime Minister said he would do his best to meet the American request, because he fully understood the President's concern.

The President said that the Secretary of the Treasury would look into the question of protecting Japan's liquidity as a means of helping her purchase the full amount of \$500 million worth of medium-term securities. The United States had already announced her intention of providing half of the \$1 billion needed to help Britain in this present crisis. The Federal Reserve Open Market Committee had approved this today, and both the Italian and German Governments had agreed today to do their share. The United States would not devalue her own currency, regardless of what Britain might do. If Japan and the United States would stand firm, other countries would not be so likely to devalue their currencies or to act irresponsibly in the present financial crisis.

The Prime Minister said that Japan had no thought whatsoever of devaluing the yen at this time, but if her foreign reserves declined in value as a consequence of devaluation by other nations the Government would have to consider what it should do in its own interest. The President said that Secretary Fowler had just told him that there were a number of methods by which Japan might buy \$500 million without endangering her liquidity. These will be discussed with the Japanese experts as soon as possible. It is essential to help the United States in this matter because this country is so helpful to Japan in others. The Prime Minister agreed that this is evidenced by the Joint Communiqué.

The President said that he wished to adjourn to the Cabinet room to tell the American and Japanese officials waiting there that:

(1) He and the Prime Minister had discussed increased Japanese assistance to Vietnam, such as the hospital and educational TV, and that the Prime Minister had agreed to appoint Japanese representatives to discuss this with their American counterparts;

(2) Japan would consider seriously an increased contribution to the ADB Special Fund to be spread over the next five years. This development would be watched closely by the United States. Such a contribution would be an investment by Japan in an area in which she has

a vital interest. If Japan does not increase her contribution, the President was concerned that he might get nothing from Congress and he needs \$200 million to help Asia;

(3) The Prime Minister and Secretary Rusk had agreed that Japan would undertake to supply 1/3 of the requirement to assist Indonesia; and

(4) The Prime Minister would tell everyone he meets how strongly the Asian people themselves wish to defend their own freedom for the American public should know this. The statements by the Prime Minister during his East Asian visits were very helpful in this respect. In the final analysis, the United States can only “supplement” Asians in defense of their freedom but cannot “supplant” them.

The Prime Minister’s address to the Press Club today had also been extremely helpful. The President also said that he wished to continue to work firmly toward the development of a free and democratic “new Asia,” through such institutions as the ADB, even though there may be those in Congress who are critical. Such positive statements by the Prime Minister are even more essential now in view of the agreement contained in Paragraph VII of the Joint Communiqué.

The Prime Minister said that he pledged himself to make concrete efforts to help ease the President’s burdens and he wished to offer the President his full “moral support.”

The President said that the situation is difficult. There are demonstrations in Tokyo but on the other hand, the Senate is critical here of his efforts and his support is down to 24% in the polls. If the Prime Minister could take his place, he would fully understand why it is essential that Japan do more in this area. No doubt there would be protests against the agreement in Paragraph VII of the Joint Communiqué, but the President said that he would stand firmly behind this commitment.

He said that the Prime Minister would have been greatly encouraged if he had heard Secretary Rusk say in today’s Cabinet meeting that there is no leader in the world today more faithful and more courageous than the Prime Minister.

The Prime Minister said that all responsible leaders who do their duty must be prepared for such attacks and criticisms but he was convinced that he must do his best despite such attacks. The President said that he liked the Prime Minister’s courage.

107. Action Memorandum From the Assistant Secretary of State for East Asian and Pacific Affairs (Bundy) to Secretary of State Rusk¹

Washington, December 22, 1967.

SUBJECT

Circular 175:² Request for Authorization to Negotiate and Sign an Executive Agreement with Japan Returning the Bonin Islands to Japanese Administration

1. The Joint Communiqué issued by President Johnson and Prime Minister Sato on November 15, 1967 states in part: "The President and the Prime Minister also reviewed the status of the Bonin Islands and agreed that the mutual security interests of Japan and the United States could be accommodated within arrangements for the return of administration of these islands to Japan. They therefore agreed that the two Governments will enter immediately into consultations regarding the specific arrangements for accomplishing the early restoration of these islands to Japan without detriment to the security of the area."

2. You agreed with Prime Minister Sato, at your meeting on November 15, 1967,³ that discussions would begin shortly after Ambassador Johnson's return to Japan, and you expressed the hope that the negotiations could be concluded quickly. It was agreed that the two Governments would publicly state their hope to conclude the negotiations within a year, and sooner if possible.

3. The islands in question have been administered by the United States (Navy) since the close of World War II, first as an occupying power, and since 1952, under the terms of Article III of the Treaty of Peace with Japan.⁴ [Omitted here is a brief excerpt of Article III.]

4. The islands to be returned to Japan at this time consist of the Bonin Islands (Ogasawara-Gunto), including the Chichishima-Retto, Hahajima-Retto and Mukojima-Retto; the Volcano Islands (Kazan-Retto), which include Iwo Jima; Rosario Island (Nishi-no-shima); Marcus Island (Minami-Tori-shima); and Parece Vela (Okino-Tori-shima). A group of islands administered under Article III, known as the Amami Islands, were returned to Japan in 1953. The Ryukyu Islands and the

¹ Source: Department of State, Central Files, POL 19 BONIN IS. Secret; Exdis. Drafted by Feldman; cleared by Steadman, Halperin, and Barringer at the Department of Defense and by G/PM, Sneider, and Bevans at the Department of State.

² Circular 175 set forth the procedures for acquiring authorization to negotiate agreements and treaties.

³ See Document 105.

⁴ The text of the Treaty of Peace with Japan, September 8, 1951, is in 3 UST 3169.

Daito Islands (Nansei-Shoto south of 29° north latitude) are to remain under U.S. administration for the present.

5. The principal U.S. installations in the islands now to be returned are navigation aids on Iwo Jima (Loran A and C) and Marcus Island (Loran C), harbor and munitions storage facilities at Chichi-jima, an USAF emergency recovery airstrip and U.S. Marine Corps Memorial on Iwo-Jima, and a Coast Guard airfield and U.S. Weather Bureau Station on Marcus Island, manned by a total of 147 U.S. personnel. (See Fact Sheet Telegram at Tab A.)⁵ The indigenous population consists of 205 persons, descendents of European and Yankee mariners, who reside on Chichi-jima. The majority of the working population are employed by the U.S. Navy Administration.

6. During the war the Japanese evacuated the civilian population of about 7,000 persons to the home islands. 135 residents of partial occidental ancestry were allowed to return, but the others were barred by the Navy on security grounds. In 1961 the United States paid six million dollars (\$6,000,000.00) to the Government of Japan to settle the claims of the former inhabitants for the inability to enjoy the use of their property over an indefinite period. The agreement specified that the payment did not constitute a transfer of property rights to the U.S. Government. (TIAS—Tab B)⁶

7. Ambassador Johnson has been sent a package of three telegrams outlining the views of the interested U.S. agencies in regard to matters of civil administration (Tab C), military facilities and areas (Tab D), and the Iwo Jima Memorial (Tab E).⁷ If you approve the recommendations set forth below, these messages will constitute the Ambassador's initial instructions for the negotiations. The substance of the messages were concurred in as appropriate by the Departments of Defense and Treasury.

8. The basic guidelines in these messages are the following:

(a) The arrangements for the reversion of the Bonin Islands shall be patterned after those employed in connection with the return of the Amami Islands in 1953, to the extent appropriate. The principal instrument in the Amami case is a formal executive agreement (Tab F)⁸ in which "the United States of America relinquishes in favor of Japan all rights and interests under Article III of the Treaty of Peace" in respect of the Amamis, and Japan "assumes full responsibility and au-

⁵ Telegram 83547 to Tokyo, December 13, attached but not printed.

⁶ Not attached, but see 12 UST 830.

⁷ Telegrams 85704, 85715, and 85697 to Tokyo respectively, all December 16, attached but not printed.

⁸ Not attached, but the agreement is published in 4 UST 2912.

thority for the exercise of all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of the Amami Islands." Specific understandings concerning such matters as claims, application of treaties, conversion of currency, and defense cooperation are set out in the Agreement and a related exchange of notes and agreed official minutes, plus an unpublished record of a meeting of representatives of the two governments and draft minutes for adoption by the Joint Committee under the SOFA.

(b) There should be a clear understanding that the Bonin arrangements do not constitute a precedent for the Ryukyu Islands, as we wish to maintain freedom of action on such issues as dollar conversion and base use.

(c) The reversion of the Bonins should not create a balance of payments windfall for Japan.

(d) Japan will waive its claims and those of its nationals in connection with the war and U.S. administration.

(e) We will ask Japan to assume responsibility for public services such as utilities, education, and postal services, and we hope to work out with the Japanese joint and unilateral arrangements to help the current residents of the islands adjust to the transfer of administration and to provide some assurance of equitable treatment in the future. The United States will have no legal responsibility for these people after the reversion, and Japan will have no legal obligation to accord them treatment preferential to the other Japanese nationals. Nonetheless, this community will need some assistance because its economy has been subsidized and is entirely dependent upon the United States Navy. Although these persons are of Japanese nationality, they have been educated in English and no steps have been taken to prepare them for reversion. We hope to arrange an equitable distribution of community assets and to persuade the Japanese Government to recognize certain collective economic activities (e.g. a Bonin Trading Company) and to establish clear titles to residential land plots. The USG will be considering alternative measures including the possibility of providing employment opportunities in certain U.S. territories.

(f) The United States wishes to retain the Loran A and C stations in Iwo Jima and the Loran C station on Marcus Island for its use under the Mutual Security Treaty, the SOFA and other applicable base arrangements with Japan, supplemented as necessary to facilitate operation of these facilities. Other U.S. facilities in the islands will be transferred to the Japanese Government as soon as it can assume responsibility for their maintenance and operation. We welcome the intention of the Government of Japan, expressed in the Joint Communiqué, "gradually to assume much of the responsibility for defense of the area" and we hope to accelerate the fulfillment of that intention.

(g) U.S. military facilities will be transferred to Japan without compensation for fixed improvements, and without obligation to restore areas to their original condition, as provided in Article IV of the Japan SOFA. We will ask the Government of Japan to maintain and operate certain facilities transferred to it and will seek to preserve the United States' right of access to and use of these facilities. We will also seek certain specific understandings in the area of mutual security, such as the right to utilize munitions storage facilities for non-nuclear weapons.

(h) We would prefer to have the right to store and use nuclear weapons in these islands. However, in view of Japanese sensitivities concerning these matters, and the absence at this time of specific military contingency plans requiring use of these islands for storage of nuclear weapons, we recognize it is not in our overall interest to seek agreement now from Japan on nuclear storage rights in these islands.⁹ At the same time, we hope the political restraints on the storage of such weapons in Japan would not apply to the same degree in the Bonin and Volcano Islands. Therefore, we propose to advise the Government of Japan that, in the event of a contingency requiring use of these islands for nuclear weapons storage, the United States would wish to raise this matter, and would hope that such a request would be regarded in a different light than it would in relation to the Japanese home islands. The United States would anticipate a favorable reaction since such a request would not be made unless it was essential for the security of the area. We believe such a statement should be made an official part of the record of negotiations in some form but do not intend to seek a reply from the Japanese. We will also seek to have included in the official record the United States' view that the Bonin pattern, including particularly the decision not to obtain formal agreement concerning nuclear storage rights, does not establish a precedent for possible negotiations in respect of the return of the Ryukyu Islands to the Japanese administration.

⁹ Earlier in the month, CINCPAC recommended to the JCS that the United States acquire unconditional rights to store and use nuclear weapons on the Bonins. After reviewing the matter, the JCS again split on the issue, with the Chief of Naval Operations and the Chief of Staff, U.S. Air Force adopting the CINCPAC position and the other branches willing to accept a Japanese agreement to discuss the issue, if and when future circumstances warranted consideration of nuclear weapons. McNamara adopted the latter position. (Memorandum for the Secretary of Defense, December 9, and memorandum for the Chairman, JCS, December 19; Washington National Records Center, OSD/OASD/ISA Files: FRC 330 71 A 4546, Box 24, 680.1 Bonin Islands) Like McNamara, U. Alexis Johnson also held that to demand such rights would halt the negotiations on the Bonins and adversely affect U.S.-Japan relations. (Memorandum to Bundy, December 5; National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 BONIN IS)

(i) Appropriate arrangements will be made for the maintenance of and the access to the Memorial on Iwo Jima. These arrangements will permit the United States flag to be flown on top of Mount Suribachi.

9. L advises that the Bonin Islands may be returned to Japanese administration by executive agreement without an amendment of the Treaty of Peace or other formal Congressional action. We will keep the Congress informed by appropriate consultations. Memorandum of law at Tab G.¹⁰

Recommendations

1. That you authorize our Ambassador at Tokyo to negotiate an executive agreement with the Government of Japan providing for the return of the Bonin Islands, Volcano Islands, Rosario Island, Marcus Island and Parece Vela to Japan on conditions generally within the terms of reference indicated in this memorandum.¹¹

2. That you authorize me, with the concurrence of the Office of the Legal Adviser, the Department of Defense, and the Treasury Department,

(a) to approve a settlement generally within these terms of reference and the text(s) of the agreement, and

(b) to authorize our Ambassador at Tokyo to conclude and sign the agreement.¹²

¹⁰ Attached but not printed.

¹¹ Rusk initialed his approval of the recommendation on December 23. In telegram 89684 to Tokyo, December 27, the Embassy was authorized to begin formal negotiations on reversion of the Bonins to Japan. (National Archives and Records Administration, RG 59, Central Files 1967-69, POL 19 BONIN IS)

¹² Rusk approved the recommendation and added by hand: "subject to a last clear look at the final text in Washington. DR"

108. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, December 29, 1967, 0850Z.

Subj: Nuclear weapons and Bonin negotiations

Ref: A. Tokyo 3060 B. State 85715²

1. After Bonins negotiations meeting Dec 28, I spoke to Miki alone with only interpreters present about possible future use of Bonins for nuclear storage. I reminded him of our Nov 6 conversation on subject (ref A) and said I thought our concern could be accommodated at this time by my giving him top secret note advising him that in event contingency requiring nuclear storage we would wish raise matter and would hope request would be regarded in different light than for in Japan proper and would anticipate favorable reaction since request would not be made unless essential for vital security interests of area including those of Japan (ref B). (I mentioned ASW contingency as example of type of problem we had in mind.) I added that we would not expect any GOJ reply to my note.

2. Miki said that under a contingency in which USG would contemplate possibility of use of nuclear weapons in this area Japanese interests would also be so deeply involved that any request by us for nuclear storage would be considered in a vastly different atmosphere than that now prevailing. At such a crisis question of nuclear storage would have to be considered with respect to all of Japanese territory and not just a particular part such as Bonins. It would be very difficult to draw a distinction of principle between various parts of the country. In recent vigorous Diet debate he and PriMin had said nuclear issue not now involved in return of Bonins but had been careful to keep their freedom of action with respect to Okinawa. "Greatest domestic political problem GOJ faces over next few years is that of Okinawa nuclear issue." He would greatly regret anything that could possibly leak out and muddy waters on fundamental Okinawa issue which GOJ had to face. Thus though even no reply was necessary or expected he much hoped we would not feel it necessary to transmit such a note.

¹ Source: Department of State, Central Files, POL 19 BONIN IS. Secret; Exdis; Priority. Repeated to CINCPAC for Sharp and with instructions to pass to OSD/ISA for Halperin.

² In telegram 3060 from Tokyo, November 6, U. Alexis Johnson reported on his November 6 meeting with Miki in which he put the Japanese on notice that the U.S. reserved the right to discuss the nuclear issue at the time negotiations on the Bonins were underway. (Ibid., POL JAPAN-US) In telegram 85715 to Tokyo, December 16, the Department of State informed the Embassy of the military aspects of the Bonins negotiations; see footnote 7, Document 107. (Ibid., POL 19 BONIN IS)

3. I said problem was one of a formal official record to which reference could be made in the future and it seemed to me such a note was best method. Miki said he saw problem, wanted to think about it and again discuss with me.

4. Comment: Miki, of course, has a point. If knowledge of such a note and lack of any reaction from GOJ came into wrong hands, it could be used by opposition to belabor and embarrass Sato and Miki. On giving matter second thought I wonder how much value there is in such a note as compared with record embodied in my accounts of our official conversations on subject. Would appreciate Dept's views.

Johnson

109. Telegram From the Department of State to the Embassy in Japan¹

Washington, December 31, 1967, 0849Z.

91702. For Ambassador.

Please deliver immediately following letter to Sato from President, underscoring its personal and confidential nature and need to keep fact and content of letter private. If unable to deliver personally, make sure Sato sees message before President's announcement 11:00 a.m. Washington time, January 1. Septel contains details of balance of payments program and announcement.

"December 31, 1967

Dear Mr. Prime Minister:

At the close of 1967 we take satisfaction in the many constructive accomplishments we have achieved together. I greatly value our talks in November and the steps we then took to strengthen our partnership to work together for an enduring peace and human betterment in Asia. I think we can take pride in the arrangements for the return to Japan of the Bonin Islands, and in the fundamental understanding on the future of the Ryukyu Islands. We can also be proud of our achievements in the Kennedy Round, and in the emergence of the Asian Development Bank as an active institution with the prospect of additional special funds.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967-69, POL JAPAN-US. Secret; Flash; Exdis. Text received from the White House, cleared by Berger and Davis, and approved by Enders.

The speculative fever of these weeks has severely tested our methods of cooperating on economic problems; but, we have continued to work together effectively in a financial world suddenly beset by fear and disorder. We have, thus far, met and repelled a serious threat to the foundations of the international monetary systems, which, in turn, could also undo the accomplishments of the Kennedy Round and the unity of the system of international commerce.

Meanwhile, the agreements at London and Rio on a plan to supplement existing reserve assets are a further reason for solid satisfaction, as we look to the longer future.

In these achievements Minister Mizuta and Governor Usami of the Bank of Japan have played important and, indeed, vital roles. I know that they have contributed much to the recent efforts to preserve order in the gold and foreign exchange markets. I am reassured by our mutual determination to exert a constructive force in the world financial system. This, I know, reflects a clear common understanding of the importance of international monetary cooperation in creating that environment of safety and opportunity which is required for the continued growth and stability of our nations' economies.

During our talks in Washington in November, I shared with you our concerns with the balance of payments position of the United States. Your most helpful and constructive response of offering to undertake actions resulting in a \$300 million improvement in these accounts and to consider seriously further steps was most gratifying to me personally. It was particularly appreciated in view of the deficit Japan is facing in its own balance of payment position during 1967 and of the burden Japan is sharing for assisting the developing countries of Asia particularly.

Nevertheless, despite these and other helpful actions by our partners, our concern about the balance of payments position of the United States has been increased by events of recent weeks. As a result, I am announcing, on January 1, 1968, a new and vastly strengthened program to reduce our deficit and strengthen the international monetary system.

In the program, I will press for the tax increase to restrain excessive demand in the United States and to reduce our budget deficit to manageable proportions. I hope that this bill will soon become law. This, in itself, should be a helpful factor in our balance of payments and should demonstrate to the world that we will keep our own economic house in order. And the Federal Reserve has already made clear its determination to use monetary policy to this end.

But much more needs to be done; and we propose to do much more. Our balance of payments actions are designed to improve both our current and our capital accounts.

These actions will be painful to the United States and, to some degree, to our international partners. They are designed to avoid as far as possible adverse effects on the developing areas of the world. We hope they will result more in the reduction of surpluses than in the shift or increase of deficits. And we have kept very much in mind the views of other countries and the international economic institutions.

In this effort we wish to proceed within the spirit and the letter of the recent Resolution of the OECD Ministerial Council that the adjustment of the American deficit and the European surplus is a matter of common concern, to be handled cooperatively. Surpluses in international payments are the mirror image of deficits. Thus, both surplus and deficit countries must strive to reach balance and act cooperatively to this end. This is no less true in the 1960's than it was in the late 1940's and 50's. when we carried the responsibilities of a surplus nation. This concept was definitively developed by our best economic and financial experts in a carefully prepared OECD Report on "The Adjustment Process" in August 1966.²

Our deficits have been the net result of a current account surplus, including a trade surplus, inadequate to support foreign exchange costs of our external capital flows, foreign aid programs, and military expenditures for the common defense. During the period of the "dollar gap," these deficits helped redistribute the world's monetary reserves—the time has come, we all agree, to bring them to an end.

As we see the problem, we need to act to improve our current account, reduce capital outflows, and neutralize more fully our net foreign exchange expenditures in the common defense. Our new program is designed to move us strongly towards equilibrium. But full success will require the understanding and cooperation of our partners. It seems axiomatic to us, and basic to our view of the OECD Resolution, that those in strong reserve positions, or in surplus, should avoid actions that increase surpluses, should not take offsetting action to preserve their surpluses—indeed, that it will be necessary for them to take positive action to move toward balance. Otherwise, the only result will be to shift the adjustment burden to those who can least bear it or to make it more difficult for us to achieve balance. In our judgment—and, I believe, in your judgment—it is important for the United States to move decisively toward balance with the least possible dislocation to the world's system of trade and finance. Our mutual security and collective well-being, which rest upon the continuing strength and unity of the international economic system, are at stake. It is in this sense

² Not found.

that I hope that you and your Government will appraise our new and strengthened program. I have asked Ambassador Johnson to call on you to explain our new program more fully. I have also asked Undersecretary Rostow to visit with you in Tokyo next week to review further both this program and the entire scope of our mutual cooperation.

Our two governments are also planning to hold a meeting of the Subcommittee of the Joint Cabinet Committee in late January to consider our respective balance of payments problems. This meeting will afford an opportunity to discuss with you in detail our new program as well as the bilateral actions we have already agreed to during our meeting in November in the light of balance of payments problems faced by both our countries.

I trust you and your key ministers will support this program as you in the past have supported other measures to defend the dollar, thereby helping to preserve confidence in the system we have built so diligently together and in which we have such a great mutual stake.

Sincerely

Lyndon B. Johnson"

Rusk

110. Editorial Note

During the first weeks of 1968, Japan and the United States implemented those portions of the Johnson–Sato Communiqué aimed at advancing local autonomy and preparing for the eventual reversion of the Ryukyus. By an exchange of Notes the Japanese and the U.S. Governments established the Advisory Committee to the High Commissioner of the Ryukyu Islands effective January 19. The three-member committee, comprised of a representative from the United States, Japan, and the Ryukyus, was responsible for advising and making recommendations to the High Commissioner on social, economic, and other matters within his purview in preparation for reversion as well as to reduce and/or eliminate social and economic differences between the Islands and Japan proper. The committee met for the first time on March 1 in Naha. Copies of the Notes are in airgram A-939, January 22. (National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 RYU IS)

In addition, on January 31 President Johnson signed an amendment to Executive Order No. 10713 Providing for Administration of the Ryukyu Islands authorizing the popular election of the Chief Ex-

ective of the Ryukyu Islands. The amendment went into effect as of the next election, which was to be held on November 10, 1968. The President's statement is printed in *Public Papers of the Presidents of the United States: Lyndon B. Johnson, 1968*, page 123; the text of the Executive Order is in *The Weekly Compilation of Presidential Documents*, page 117, the *Federal Register* (33 F.R. 2561), as well as the *Code of Federal Regulations* (3 CFR, 1968 Comp., page 99).

Implementation of Paragraph IX of the Johnson-Sato Communiqué addressing cooperation in the peaceful exploration of outer space also began in 1968. In January Ambassador Johnson received authorization to open negotiations on a program enabling the United States to supply advanced equipment and technology to Japan in exchange for an agreement certifying their application would be for peaceful goals, in conformity with INTELSAT, and subject to third country oversight. The proposal was designed to benefit Japan, which wanted to develop a space program, as well as the United States, which stood to gain financially by the sale and licensing of technology. (Memorandum to Rostow, January 4; Johnson Library, National Security File, Country File, Japan, Vol. VII) In late April 1968 the Japanese Diet passed legislation creating a Space Development Commission and set forth basic laws, which conformed to those proposed by the United States, covering the Japanese space efforts. (Telegram 7873 from Tokyo, April 30; National Archives and Records Administration, RG 59, Central Files 1967-69, SP 1-1 JAPAN-US) In mid-year the Chair of the Commission, Naotsugu Nabeshima, accepted the invitation of the U.S. Atomic Energy Commission to visit Washington. Between July 13 and 17 Nabeshima met with Atomic Energy Commission members as well as officials at the National Air and Space Agency. The meetings allowed both sides to exchange information and prepare for further cooperation in the technological realm. Documents focusing on that visit and its results are *ibid.*, POL 7 JAPAN.

111. National Intelligence Estimate¹

NIE 41–68

Washington, January 11, 1968.

MAIN TRENDS IN JAPAN'S EXTERNAL RELATIONS

Conclusions

A. Japan is acquiring an increasingly important position in the international economic community; its remarkable economic growth will soon make it the third most productive nation after the US and the USSR. At the same time, Japan is becoming progressively more assertive in world and regional affairs. The constraints on Japan's willingness to seek international political responsibilities are bound to diminish further over time, nevertheless its acceptance of such responsibilities, and its exercise of influence and power in international affairs generally, will probably not increase to the degree suggested by its powerful economic position within the next 5 to 10 years.²

B. We believe that Japan will continue to identify its basic interests with those of the US and the Free World over the next 5 to 10 years. In particular, it will probably devote important diplomatic efforts to cementing friendly relationships with its leading trading partners—the US, Canada, and Australia. These economic ties and an increasing similarity of political goals have aroused Japanese interest in the development of an informal grouping of advanced Pacific nations.

¹ Source: Department of State, INR/EAP Files: Lot 90 D 110, National Intelligence Estimates, Special Intelligence Estimates. Secret; Controlled Dissem. According to a note on the cover sheet, the Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense, the Atomic Energy Commission, and the National Security Agency participated in the preparation of this estimate. All members of the USIB concurred with this estimate on January 11 except the Federal Bureau of Investigation, which abstained on the grounds that the subject was outside its jurisdiction.

² The Director of Intelligence and Research, Department of State, believes that paragraph A greatly underestimates the probable significance of the political role Japan will play in the next decade. [Footnote in the source text.] Both INR and EA/J believed that the report did not accurately record the emerging regional and global importance of Japan in the coming years and recommended the following footnote be added to paragraph A: "The Director of Intelligence and Research, for the Department of State, believes that the chances are better than even that Japan's international political importance will catch up to its powerful economic position within the next decade. While it will not attain the super-power status of the US and the USSR, it will be at least as important in world affairs as those countries on its own economic level, Britain, France, and West Germany, and will play a major role in Asia. Its economic importance and heavy dependence on world trade, its geographic location on the rim of the Pacific and on the flank of China and the rest of East Asia, and its increasing awareness that it must take more and more active steps to contain and compete with Communist China will draw Japan into a more dynamic role, to which its leadership already aspires." (Memorandum from Fred Greene, INR/REA, to Hughes, January 8; *ibid.*)

C. Japan will continue to rely primarily on the US for its strategic security. In relations with the US, Okinawa is likely to continue as a troublesome problem, but we foresee no effective opposition in Japan to the continued application of the US-Japan Security Treaty past 1970. During the next five years, Japan will probably not decide to develop nuclear weapons but it will keep the option open. It will also improve its conventional military capabilities, particularly its air and sea defense forces.

D. Japan will probably avoid direct military involvement in efforts to "contain" communism; in certain circumstances, however, the Japanese might be willing to accept a limited measure of responsibility for the defense of lines of communications in the Northeast Asian area.

E. Japan sees Communist China as a long-range competitor for influence in East Asia, but the Japanese will continue to avoid unnecessary provocation of Peking while working, mainly through economic means, to limit its influence. In the Japanese view, security in Asia can best be insured by the development in Peking of a less militant and more realistic view of the outside world; Japan will attempt to foster any such tendencies in China, taking care not to impair its own relationship with the US.

F. Japan will seek to expand its influence in South Korea and Taiwan, and in Southeast Asia, but its interests in the latter region are less compelling. Japan is reluctant to become deeply involved in the region's political turbulence, considers that security there is primarily the responsibility of the US, and is aware that Southeast Asia trade is not critically important to Japan's economy. Japan's most likely course for the next few years will be to continue its present emphasis on economic assistance; its role in the political field will probably grow but it will still move carefully, applying its influence in support of stability and regional cooperation.

[Here follows the discussion section of the estimate and an economic annex.]

112. Telegram 4858 From the Embassy in Japan to the Department of State

Tokyo, January 23, 1968, 1100Z.

[Source: National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 7 JAPAN-US. Top Secret; Priority; Nodis. 6 pages of source text not declassified.]

113. Intelligence Note From the Director of the Bureau of Intelligence and Research (Hughes) to Secretary of State Rusk¹

No. 64

Washington, January 24, 1968.

SUBJECT

Japan and Nuclear Defense

The Japanese are being forced to come to grips with the problem of nuclear defense. For many years they have lived and prospered under the United States umbrella, without nuclear weapons on their soil and without having to discard their so-called "nuclear allergy." Now, however, with 1) a decision to be made as to US base rights on Okinawa, 2) ABM's, NPSS's and the NPT being widely discussed, 3) the Chinese Communist nuclear missile threat fast becoming a reality, and 4) the broad question of Japan's future world role opening up, the Japanese are being pushed into making adjustments in their approach to the problem. The United States will have an important direct and indirect influence on Japanese defense decisions in the nuclear field.

Aversion to Nuclear Weapons Remains. Though the Japanese press has come increasingly to write openly and knowledgeably about nuclear weapons, the majority of the Japanese public still opposes Japanese acquisition of nuclear arms. (In a December 1967 poll 60% opposed and 14% favored Japan's having nuclear arms.) No responsible Japanese leader is prepared openly to advocate a change in government policy on this issue; there are reports that a few top conservatives believe Japan may have to or even should eventually acquire them, but there is no desire for these arms now. (Conservative leaders would like to reduce the "nuclear allergy," however, in case it becomes necessary for Japan to permit the introduction of or to acquire nuclear weapons.) Illustrative of the prevailing attitudes, during the debate on Okinawa and defense at the December extraordinary Diet session following Prime Minister Sato's visit to the United States, the opposition parties played on the aversion to nuclear arms by alleging that the government was seeking an opening wedge to bring these weapons into Japan. Sato felt impelled to reaffirm repeatedly as government policy the so-called "three nuclear principles"—no Japanese manufacture, no Japanese possession, and no introduction into Japan of nuclear weapons. He said Japan would rely on the US nuclear deterrent

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, DEF 1 JAPAN. Secret; No Foreign Dissem; Limdis.

and deferred any decision on the status of US bases in Okinawa to the future.

Okinawa Reversion May Force Decision on Introduction of US Weapons. Nevertheless, pressures for reversion of Okinawa are forcing the government toward a decision on whether to permit US nuclear weapons on Japanese soil. Sato has committed himself to achieving within two or three years a timetable for the reversion of Okinawa. Although he has said that the question of US base rights can be resolved afterwards, it seems clear that the Japanese will have to settle this issue before they can formulate a meaningful position on a timetable, unless, of course, the United States decides nuclear weapons on Okinawa are no longer necessary or desirable. In practical terms, it would probably be impossible for the Japanese Government to finesse the issue by legalistic stratagems, such as not assuming administrative jurisdiction over the territory occupied by US installations; the opposition would have good grounds for charging duplicity and evasion. From the way the debate has gone, there is good reason to believe that Sato is using the problem to generate changes in public attitudes toward Japanese security needs and reduce the Japanese "nuclear allergy," as the opposition has charged. This does not necessarily mean he would actually like to grant nuclear base rights to the United States, unless he had to in order to get Okinawa back.

Debate Spurred by NPT, ABM's and NPSS Visit. Debate over US nuclear-powered surface ship visits, anti-ballistic missile defenses, and the Nuclear Non-Proliferation Treaty has also drawn Japanese attention to the nuclear weapons question. The most significant concern raised by the *Enterprise* visit² was, like the Okinawa base problem, the question of introduction of nuclear weapons into Japanese territory (waters in this case). Both the Prime Minister and Foreign Minister expressed as their conviction to Diet interpellators that the *Enterprise* would not bring nuclear-armed weapons into port.³ In their battles with the police, the student demonstrators apparently aroused some

² The USS *Enterprise* arrived at Sasebo on January 19 and departed on January 23. U. Alexis Johnson sent the Department of State an in-depth account of the events leading up to and surrounding the ship's visit. (Airgram A-1098 from Tokyo, February 23; *ibid.*, DEF 7 JAPAN-US) Also see U. Alexis Johnson, *The Right Hand of Power*, pp. 489-495, which provides a comprehensive overview of the event.

³ Airgram A-834 from Tokyo, December 29, recounts the Diet discussion on nuclear weapons and the visit of the *Enterprise*. (National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 7 JAPAN-US) The arrival of the *Enterprise* sparked subsequent discussion and examination in Tokyo and in Washington on the issue of the introduction of nuclear weapons into Japan under the provisions of the Security Treaty. Telegrams and memoranda on that issue are *ibid.*

local public sympathy and drew press attention to their demands.⁴ The impact of their efforts on the Japanese populace as a whole, however, may be no more sustained than the impact of the earlier demonstrations against the visits by nuclear-powered submarines. The visit will, nevertheless, help to sharpen public debate on defense issues.

The Japanese reaction to the US ABM deployment decision,⁵ while it did not extend much beyond the comparatively small defense-interested community, revealed the high degree of interest and sophistication of Japanese experts and analysts in the field of nuclear defense. Discussions stimulated by the ABM decision covered the gamut, including the possibility of a future US-Soviet arms race, the credibility of the US deterrent, the potential of the Chinese Communist nuclear-missile threat, and whether Japan needed ABM's or not. A senior Foreign Ministry official, understood to be Vice Minister Ushiba, noted that ABM's were purely defensive weapons; as such, there would be no constitutional impediment to Japanese acquisition of ABM's. The possibility of Okinawa being used as an ABM base, either for anti-ballistic missiles or as a base for a sea-borne missile fleet, has also been raised.

The proposed Nuclear Non-Proliferation Treaty has caused the most profound soul-searching in Japan, as it has focused attention on Japan's future role in a world of nuclear-weapons and non-nuclear-weapons states. The Japanese know that they can acquire a nuclear-weapon capability as rapidly as any other non-weapons state, but thus far they have chosen to deny themselves this world status symbol, partly because of the "nuclear allergy," partly on practical and partly on moral grounds, all of which are interrelated. The NPT, however,

⁴ According to the Consulate in Fukuoka, the visit of the *Enterprise* brought "the largest congregation of leftist demonstrators, police and media in history of Sasebo," but the presence of the warship "was primarily excuse for organized left to mount propaganda campaign against U.S.-Japan security ties and to build up own morale and organization." Although the visit itself unfolded without incident, large-scale student demonstrations, some of which were marked by violent clashes between small groups of students and police, occurred while the ship was in port. (Telegram 30 from Fukuoka, January 22; National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 7 JAPAN-US)

⁵ In response to Japanese interest in ABM development, Sato and other high-level officials were informed in mid-January 1967 that the United States, although developing the missiles, had no plans to deploy ABMs. A change in that decision hinged on the success of discussions with the Soviet Union on limiting ABM deployments. (Telegram 120576 to Tokyo, January 18, 1967; telegram 5091 from Tokyo, January 19, 1967; and telegram 121730 to Tokyo, January 19, 1967; all *ibid.*, DEF 12 US) Later that year, however, on September 15, 1967, the United States informed the Japanese of a limited ABM deployment within the United States to counter the future Chinese nuclear threat and increase the security of Asia. (Telegrams 37294, 37446, and 38357 to Tokyo, September 14, 14, and 15, 1967, respectively; *ibid.*, DEF 1 US)

raises the possibility of permanent self denial together with a permanent second-class power status. It appears that the Japanese will rationalize themselves around this problem, by signing the treaty but still maintaining their long range options. They have already insisted that the treaty contain provisions for periodic review, that all states have equal rights in developing peaceful uses, and that the nuclear-weapons powers promise to work toward discarding their arms while still providing security for non-weapons states (despite the apparent contradiction between the latter two propositions). They are also continuing to push peaceful nuclear and space development. If it should become clear at some future date that Japan would have to go nuclear to maintain its position in the world, its capabilities for doing so would be fully developed.

China—Menace and Competitor. Japan's overriding concern is its relationship to its giant Asian neighbor, Communist China. The Japanese know that their future role in Asia is directly tied in with this relationship. While China remains militant and threatening, the Japanese must either rely on the United States for protection, develop their own defenses, or both. And even if Peking takes on a less menacing aspect, it will remain a rival with Japan for Asian influence and leadership. The fact that China is developing nuclear weapons and Japan is not is thus a basic element in Japanese soul-searching over the nuclear weapons question, and as China becomes more powerful, the pressures on Japan to compete or accommodate are bound to increase. Most signs indicate Japan intends to compete; at this stage, it hopes that US protection will be sufficient to permit it to do so without nuclear weapons.

US Policy a Key Factor. As in the past the United States will play a major role in influencing Japanese defense policy. The US has urged the Japanese government to encourage Japanese defense-consciousness and to improve Japanese conventional forces, thus strengthening the government's own belief that this is in Japan's best interests. US nuclear ship visits and the US stand on base rights in Okinawa have contributed to the leadership's campaign to reduce Japan's nuclear allergy. At this stage, however, Japan appears content to rely on the US nuclear deterrent, possibly supplemented by ABM protection.

Interest in nuclear questions seems likely to remain strong in Japan. Whether in the future the Japanese will eventually decide to permit introduction of nuclear weapons into Japan and/or to acquire them will depend to a large extent on what the United States does—whether the US discourages Japan from going nuclear and offers continued, credible protection or whether it encourages Japan to acquire weapons either by lessening the credibility of US protection or by urging the Japanese to produce or share weapons. The possibility of Japan moving in

a “de Gaullist” direction seems less likely, given its exposed strategic position and its heavy dependence on US trade. Whatever happens, as the Japanese “nuclear allergy” weakens, either through US actions, Japanese actions, or simply with the passage of time, it seems certain that Japanese willingness to entertain the possibility of acquiring nuclear weapons, either in concert with the US or independently, will increase.

**114. Memorandum From the President’s Special Assistant
(Rostow) to President Johnson¹**

Washington, January 26, 1968, 12:50 p.m.

SUBJECT

Visits of U.S. Nuclear Ships to Japan

You asked why we sent the *Enterprise* to Sasebo when it seemed certain to cause demonstrations. Under Secretary Katzenbach answers the question in the attached memo.² The basic reasons are:

- for logistic and R&R purposes;
- to increase Japanese involvement in our Asian defense arrangements;
- to reach the point where visits of nuclear powered surface ships are as routine as those of regular naval ships and nuclear subs.

The Under Secretary notes that the *Enterprise* visit was under consideration for two years. The Japanese had plenty of opportunity to ask for postponement or cancellation, but did not.

The State memo does not, however, deal with what I regard as the most serious element in the *Enterprise* visit. This is that in the flurry of Diet debate, members of the Sato Government went on record as saying there were no nuclear weapons aboard the ship. They did so on

¹ Source: Johnson Library, National Security File, Country File, Japan, Vol. VII. Secret. Sent for information. The memorandum indicates the President saw it.

² Attached but not printed; in his memorandum, Katzenbach also gave a longer-range political reason: increased Japanese involvement in defense arrangements. He noted that “port calls by ships of the Seventh Fleet are visible demonstrations of close US-Japanese political relations.”

the basis of our assurance that the consultation requirement of the Security Treaty was not involved in the visit.³

[6 lines of source text not declassified]

Walt

³ Airgram A-834 from Tokyo, December 29, 1967, contains details of the Diet's debate. (National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 7 JAPAN-US)

115. Telegram From the Department of State to the Embassy in Japan¹

Washington, February 16, 1968, 2330Z.

116921. Literally Eyes Only for the Ambassador from the Secretary.

Surely the time has come for us to begin to resist attempts by the Japanese to erode our base in Okinawa on the grounds of Japanese "sensibilities."² We have some sensibilities too. We have some six hundred thousand men in uniform in the Far Pacific engaged in security tasks which are of vital concern to the future security of Japan. We have taken over a quarter of a million casualties since 1945—most of them in the Far East with Japan as a major beneficiary. So far as I know Japan has not lost a single man in confronting those who are the major threat to Japan itself. We are in a deadly struggle in Viet-Nam; my own view is that if the Okinawa base is needed in the course of that struggle we should use it and that Japan should be glad to see us use it.

This is not an instruction which interrupts the flow of cables between your Embassy and the Department but a personal message to you to indicate my own reaction. It is almost more than the flesh and spirit can bear to have Japan whining about Okinawa while we

¹ Source: Department of State, Central Files, POL JAPAN-US. Secret; Nodis. Drafted by Rusk, cleared by Berger and Read, and approved by Rusk.

² Okinawan opposition to B-52s stationed at Kadena Air Base and their role in bombing missions against North Vietnam increased in February, with some opponents calling for removal of the planes from the island. The Ryukyuan Legislature passed resolutions formalizing local opposition to the presence of the B-52s, prompting Japan to express concern about the situation and offer support for the Islanders' position. (U. Alexis Johnson, *The Right Hand of Power*, p. 502)

are losing several hundred killed each month in behalf of our common security in the Pacific. I would appreciate your best judgment as to how we can turn this thing around because I feel strongly that we must turn around this intolerable Japanese attitude.

Rusk

116. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, February 17, 1968, 0841Z.

5692. Eyes Only for the Secretary. Ref: State 116921.²

1. It was with exactly the same sentiments as expressed in your message that I sent my 5638³ suggesting that Bundy or a more senior officer in the Department have an informal talk with Shimoda in a manner that he can report back here and will get circulation to the Prime Minister and other higher levels in the GOJ.⁴ Although I did not say so in that message, I was thinking that it would also be especially helpful for Miki to read. It was also so as not to give any impression that we were prepared to give Japan any voice in how we use our bases on Okinawa, particularly in time of stress such as this, that I did not use the authorization that was given me to inform the GOJ that were going to use the B-52's at Kadena for strikes against targets in Vietnam. I have not been so concerned over attitude here on B-52's in Okinawa, which is more understandable as an inescapable reflection of attitudes in Okinawa itself, as I have been over their failure to give us more support on Korea and the *Pueblo*. However, they are all part of the same

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967-69, POL JAPAN-US. Secret; Nodis; Eyes Only for the Secretary; Priority.

² Document 115.

³ In telegram 5638, February 15, U. Alexis Johnson expressed his dismay at Japan's lack of response to the North Korean incursion into South Korea, the subsequent attack on the ROK's Prime Minister's residence, the seizure of the *Pueblo*, as well as the critical posture adopted by some government officials toward the United States because of events in Korea and in Vietnam. Nevertheless, Johnson believed Japan's support for the United States had not fundamentally changed. Instead, he attributed the unwelcome developments to Sato's attempts to improve his political position, which had been battered by domestic discontent and accusations that he was merely an "American tool." (National Archives and Records Administration, RG 59, Central Files 1967-69, POL JAPAN-US)

⁴ William Bundy met with Shimoda on February 17 to discuss developments in Korea and Vietnam and Japanese responses to the situation there. A summary of their conversation is in telegram 118512 to Tokyo, February 21; *ibid*.

package and, if you yourself find it possible to say something to Shimoda, I feel it would be very helpful.

2. As I said in my 5638, I, of course, seek every opportunity to make the same points here in one way or another but they are much more effective if they can come from Washington. Fortuitously when Min Osborn was seeing Togo (Director North American Bureau) today on another matter, Togo mentioned to him a report that had just been received from Shimoda on way *New York Times* had played story of Togo's approach to Osborn on B-52's at Kadena.⁵ This gave Osborn an excellent opportunity to make some of the points we had previously been discussing reinforced by your message, substance of which it happened I had been discussing with Osborn just before he saw Togo. Osborn, of course, also pointed out that way GOJ had handled their press here on subject made *New York Times* reaction inevitable.

3. Without in any way alibiing for my clients, in justice to them I have to point out that primary problem with respect to B-52's on Okinawa arises from problem in Okinawa itself. The hue and the cry in Okinawa which General Unger very comprehensively covered in his HICOMRY 804607,⁶ as well as in his other reporting, is of course aided, abetted and encouraged by elements in Japan hostile to and bent on destroying whole US-Japan relationship. Sato cannot exercise any control over them, in fact, he is their victim and prime target. When these hostile elements hit upon what is or appears to be a popular issue and normally friendly elements in Okinawa plead that they have no choice but to climb on band wagon or lose further support, political realities here and relations between conservatives here and Okinawa are such that they feel compelled to go along whatever their real sentiments. I am sure that they felt that having Togo talk to Osborn was a minimum required bending with the wind.

4. In handling this whole matter, I think that we must bear in mind that, however frustrated we feel, much of Sato's present political troubles have arisen from the efforts of himself and other like-minded persons in GOJ to move in directions that we want to see them move and he can push things only so fast. If, like Kishi he attempts to push things beyond what the political traffic here will bear, there could be an explosion and Sato could destroy himself. I still think he is our best bet.

Johnson

⁵ *The New York Times*, February 13, reported that Togo made mild "verbal representations" for Osborn to pass to Washington. Togo pointed out that the Okinawans were apprehensive about B-52s recently stationed on the island. Although he conceded their arrival was necessitated by events in the region, Togo also requested that the United States consider the sentiments of the local population to avoid the rise of negative feelings.

⁶ Not found.

117. Editorial Note

The discussion between Assistant Secretary Bundy and Ambassador Shimoda on February 17, 1968 (see footnote 4, Document 116), prompted a meeting between Ambassador Johnson and Deputy Foreign Minister Ushiba to discuss matters affecting the United States–Japan relationship. (Telegram 5799 from Tokyo, February 21; National Archives and Records Administration, RG 59, Central Files 1967–69, POL JAPAN–US)

Within a few days of those meetings both Prime Minister Sato and Foreign Minister Miki adopted a firmer posture toward Okinawa, unequivocally stating that the Japanese Government had no intention of asking the United States to remove B–52s from bases there. The United States, in turn, assured the Japanese that the B–52s were stationed temporarily on Kadena and would be redeployed at the conclusion of the current crises. Prime Minister Sato also stressed that the bases on Okinawa functioned as a deterrent to aggression and served the security needs of Japan. Both the Prime Minister and the Foreign Minister addressed specific public fears in comments about the B–52s by describing their presence as temporary, by noting that they carried conventional rather than nuclear weapons, and by expressing confidence that the sorties originating from Okinawa would not result in a retaliatory attack on the Islands by a foreign power. (Telegrams 5953 and 5954 from Tokyo, February 27; *ibid.*, POL 15–1 JAPAN)

Although Japanese leaders adopted a firmer, and from the Embassy's point of view a more positive, approach toward diffusing criticism of U.S. bases in Okinawa, their response to the situation in Vietnam differed significantly. Ambassador Johnson reported that both Prime Minister Sato and Foreign Minister Miki, as well as many other Liberal Democratic Party members, out of concern for their domestic political standing, adopted "a more and more bearish attitude on our prospects in Vietnam." Ambassador Johnson stated that Prime Minister Sato believed "he has very much hitched his wagon to our star, especially on Vietnam; our current difficulties there embarrass him, and failure on our part in Vietnam would destroy him politically," and pondered how to distance himself from the U.S. effort in Vietnam. Aside from the purely political impact a United States failure in Vietnam could have, the Embassy sensed that Prime Minister Sato and Foreign Minister Miki feared that a defeat could eventually have a negative impact on the entire security relationship between Japan and the United States. The Administration conceded that little could be done about the totality of the situation except to keep the Japanese fully informed of developments in Vietnam and attempt to maintain their confidence in a United States success there. (Telegram 5848 from Tokyo, February 23; *ibid.*, POL JAPAN–US)

The last major issue, that of Japan's response to events in Korea, remained unsettled at this time. The Ambassador was instructed to consult with Prime Minister Sato and other high-level officials on Korea and to stress the United States objective of deepening Japan's involvement in reducing tensions in both Korean states either directly or through multilateral bodies, such as the Asian and Pacific Council or the United Nations. In order to meet that goal, the Department of State was prepared to share highly sensitive intelligence about North Korea with Japan, including Central Intelligence Agency reports and transcripts of the negotiations undertaken to effect the release of the *Pueblo* crew. Toward that end, a Central Intelligence Agency expert on Korea was dispatched to brief Japanese Foreign Office officials. The briefing took place on February 29. (Telegram 119498, February 22, and telegram 120027, February 24, both to Tokyo, as well as telegram 9057 from Tokyo, March 1; all *ibid.*; telegram 5818 from Tokyo, February 23; *ibid.*, POL 33-6 KOR N-US) According to Department of State intelligence, Japan's interests focused nearly exclusively on the Republic of Korea. Japanese relations with the People's Republic of Korea were "minimal and chilly," characterized by frequent seizures of Japanese fishing boats by the North Koreans under the guise of territorial-waters violations and periodic condemnations for Japan's treatment of its Korean minority. (Intelligence Note No. 183, March 7; *ibid.*, POL JAPAN-KOR N)

With regard to the convergence of circumstances and their effect on relations between Japan and the United States, Ambassador Johnson expressed his views in a letter of February 23 on short-term United States interests relative to issues like the B-52s, Korea, and Vietnam and on whether pursuing them unnecessarily risked Prime Minister Sato's efforts to rationalize Japanese defense policy. Ambassador Johnson believed that "the stakes for us in Vietnam and Korea are so high and so urgent that we should no longer hold back our punches with the GOJ in the hope that by continuing to be overly solicitous of GOJ domestic sensitivities we will be able to nurture the Japanese to the point that they will be able to better stand with us in some future crisis. Frankly, I feel that the crisis is here and that we should have no hesitancy in seeking to 'cash some of the checks' against the long line of deposits that we have made to the Japanese." What Ambassador Johnson saw as the resulting "friendly confrontation" would serve to strengthen the relationship; but he also noted that in the end Japan had "no one else to whom to turn." (Letter from U. Alexis Johnson to Richard L. Sneider, February 23; *ibid.*, POL 1 JAPAN-US)

118. Information Memorandum From the Assistant Secretary of State for East Asian and Pacific Affairs (Bundy) to Secretary of State Rusk¹

Washington, March 23, 1968.

SUBJECT

Agreement to Return the Bonin Islands to Japan, Final Review Prior to Signature by Ambassador Johnson

In a Circular 175 dated December 22, 1967,² you authorized Ambassador Johnson to undertake negotiations to return the Bonin Islands to Japan pursuant to the agreement in principle reached by President Johnson and Prime Minister Sato last November. Ambassador Johnson has completed the negotiations and the texts of the basic Agreement and related documents are being reviewed,³ and appropriate Congressional consultations are underway. Signature is tentatively targeted for April 2. We anticipate early Diet approval and expect the agreement to take effect on or about July 1, 1968.

The “package” negotiated consists of a basic Agreement, Joint Committee Minutes, a letter from Foreign Minister Miki to the Ambassador covering the Iwo Memorial, oral statements on nuclear storage and the “no-precedent” question and oral assurances, coupled with an explanation of Japanese plans to care for the current residents of the Bonin Islands.

Ambassador Johnson believes the “package” represents the maximum we may expect of the GOJ and that it meets our basic requirements as set forth in the Circular 175. He strongly recommends Departmental approval to sign. I agree with the Ambassador. L concurs. The initial reactions in Defense and Treasury are favorable.⁴

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 BONIN IS. Secret; Exdis.

² See Document 107.

³ The agreement was signed in Tokyo on April 5 and went into effect on June 26. The text, entitled “Agreement Between the United States of America and Japan Concerning Nanpo Shoto and Other Islands,” is published in 19 UST 4895. Statements made by U. Alexis Johnson and Miki at the time of the signing appear in *Department of State Bulletin*, pp. 570–571.

⁴ A March 27 memorandum from Sneider to Bundy recorded that the Departments of Defense and Treasury, L, and Congress approved of the terms of the agreement. In telegram 138456 to Tokyo, March 29, the Ambassador received authorization to sign the agreement. (National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 BONIN IS)

The following are the salient features of the proposed Agreement:

a) *Military base arrangements*—We will maintain the Loran Stations in Marcus and Iwo, all DOD wishes to retain. The GOJ has indicated its intention to maintain, and eventually enlarge upon, the remaining base facilities returned to it. The Japanese will provide all necessary support and services to our bases, and will give “as favorable consideration as possible” to any possible future request for additional facilities and areas.

b) *Nuclear storage in the Bonins*—The GOJ has been notified that we may in an emergency request nuclear storage and would anticipate a favorable reaction. The GOJ has agreed to enter into prior consultations under the Mutual Security Treaty under these circumstances. Ambassador Johnson considers the proposed Japanese response as a small advantage in committing Japan clearly to enter into consultations on nuclear storage, a position they have ducked in the past.⁵

c) *No precedent principle*—The GOJ considers that there is no need for a specific agreement providing that the Bonins settlement is not a precedent for the Ryukyus since any possible agreement to return the Ryukyu Islands will be “solely in accordance” with the results of the “joint and continuous review” of the Islands’ status called for in the Johnson–Sato communiqué of last November. This meets the substance of our position.

d) *Maintenance of the Iwo Marine Memorial*—Miki’s letter contains GOJ assurances that the memorial “will be preserved on Mount Suribachi and that United States personnel may have access thereto.” (The question of flying the U.S. flag has been obviated, through the cooperation of General Krulak, by replacing the cloth flag with a bronze one.)

e) *Bonin Islanders’ welfare*—During the course of the negotiations Ambassador Johnson has received in his view sufficient assurances that the GOJ will provide for the welfare of the 200-odd residents of the islands. Preliminary plans shown us confidentially indicate the GOJ’s intention to be liberal in treatment of the islanders in such important areas as land holdings, education, re-employment and taxes. We have provided equally liberally for the islanders and the Navy is proposing special legislation permitting their immigration to the U.S.

⁵ Miki took U. Alexis Johnson by surprise when, a few days prior to the signing, he proposed making a statement at the signing ceremony that contradicted the agreed-upon provision on nuclear weapons. After much discussion, a deal was struck allowing Miki to orally state Japan’s intention to allow no nuclear weapons on its territory and U. Alexis Johnson to counter with a statement confirming the terms of the agreement. Both statements were made on the condition that they would not become part of the official written record of the signing ceremony. (Telegram 7087 from Tokyo, April 2; *ibid.*)

f) *Claims waiver*—We have obtained a satisfactory waiver of claims against the USG and its nationals arising out of U.S. administration. The exception, to the waiver for “claims of Japanese nationals specifically recognized in the laws of the United States of America or the local laws of these islands applicable during the period of United States administration of these islands” is patterned on the Amami Agreement.

g) *Balance of payments*—The question of a balance of payments windfall to the GOJ will not be a problem since it appears clear the Japanese will purchase in excess of \$200,000 of movables located in the Bonins, more than offsetting the estimated drain from the switchover to yen.

h) *GOJ assumption of responsibility for public services*—During the course of the negotiations, the GOJ has made clear its intentions to assure that reversion will occasion no gap in public services.

119. Editorial Note

On March 31, 1968, President Johnson announced a unilateral deescalation of hostilities toward North Vietnam and declared his intention not to seek reelection. (*Public Papers of the Presidents of the United States: Lyndon B. Johnson, 1968*, pages 469–476) In the following days Ambassador Johnson reported that in Japan the speech “has been widely misinterpreted here as admission of defeat and reversal of U.S. policy on Vietnam, foreshadowing U.S. withdrawal from Asia,” “as pulling rug out from Sato,” and as a precursor to a reversal of United States policy toward the People’s Republic of China. Ambassador Johnson also stated that in the wake of the speech many Japanese friends of the United States began to advocate that Japan immediately “loosen its ties with U.S. including security relationship and adopt a more independent foreign policy.” (Telegram 7106 from Tokyo, April 3; National Archives and Records Administration, RG 59, Central Files 1967–69, POL JAPAN–US) In response Ambassador Johnson adopted what he termed a “very hard line” against those views, stressing that the President’s speech represented an “effective and vigorous pursuit of our consistent policy” of seeking a negotiated settlement and an honorable peace in Vietnam. (Telegram 7206 from Tokyo, April 5; *ibid.*)

Developments in Japan had an impact on Prime Minister Sato, who came “under heavy attack not only by opposition but within his own party for having tied himself too closely to us and then allegedly being left out on a limb by ‘reversal’ of our policy in Vietnam.” (Telegram

7158 from Tokyo, April 4; *ibid.*, POL 27 VIET S) At the Prime Minister's request, Ambassador Johnson went to Kamakura Villa on Sunday, April 7, for a private meeting. A major topic of the 5-hour discussion was Vietnam and the Prime Minister's intention of sending a special envoy to Washington to discuss the situation in Vietnam with President Johnson and other high-level officials. The Ambassador provided Prime Minister Sato with an in-depth report on the current military and political situation in Vietnam, with brief mention of the history of United States involvement in the country. (Letter from U. Alexis Johnson to Sneider, April 16, with an attached memorandum of conversation, April 7; *ibid.*, POL JAPAN-US)

At that meeting Sato also expressed his concern that the President's speech signaled a forthcoming change in U.S. policy toward the People's Republic of China and his fear that the United States might alter its position precipitously and unilaterally. The Ambassador attempted to allay Prime Minister Sato's fears and concerns on that topic as well as on the United States role in Vietnam and Southeast Asia. During the conversation, the Prime Minister also expressed satisfaction with the Bonins agreement, voiced his concern about Chinese nuclear development, and mentioned the possibility of an Imperial visit to the United States and a Presidential visit to Japan. (*Ibid.*)

120. Memorandum From the Department of State's Country Director for Japan (Sneider) to the Assistant Secretary of State for East Asian and Pacific Affairs (Bundy)¹

Washington, April 26, 1968.

SUBJECT

Japan: Partner in Possible Disarray

The Japanese may be brewing up one of their periodic domestic convulsions reminiscent of 1960, after the lengthiest post-war period of stability and quiescence. The three major ingredients of the Kishi riots are again surfacing—a wobbly and tarnished conservative government, an increasing public tolerance of extra-legal opposition activity, and a potential coalescing issue involving relations with the U.S.—the

¹ Source: Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1250, Okinawa 452. Secret.

Okinawa problem. The trend is not yet decisive but the next few months will be crucial.

I. The Internal Problem

There is on the surface little reason for the current domestic stirrings: the economy is booming, perhaps even excessively; the Sato Government policies have been sound and effective both domestically and abroad; and there are no dramatic and major fractious problems between the U.S. and Japan, since even on Okinawa there is so far broad common ground between the two governments on policies and actions.

But, the mood in Japan belies these hard facts, and there is disarray where there should be order. Politically, pressure for change is in the air. Sato is under attack from within and outside his party and increasingly incapable either of controlling his vying bureaucracy or exercising effective leadership in the country. After almost four years in power, Sato finds his party rivals trying to push him out by discrediting the very policies they essentially agree on. Sato's hold over the Liberal Democratic Party may well depend upon the swing of a few seats in the June Upper House elections—a most precarious and ridiculously unfair political barometer.

The left has moved to the attack. Militant student groups, starting with the *Enterprise* visit, have pushed their extra-legal tactics on many fronts with little censure. A particularly disturbing new element is Komeito participation in the mass demonstrations—formerly the monopoly of the left. The opposition has patched together a newly-found unified front on some issues as Okinawa, where they can coalesce against the status quo but not on what should be done. But, even the opposition has its divisive forces with the Komeito moving leftward to seize upon declining left-Socialist support.

For the root causes of this growing disarray, one must look primarily, but not entirely, inside Japan. The margin of Japanese self-confidence has never been large and today seems shrinking. Sato has been unable to provide the firm, but gentle, guiding hand Japan seeks from its leaders. In pushing his electorate to face up to the defense issue and the responsibilities of Asian leadership, Sato has also disturbed the mystical consensus and stirred the public to face issues it would prefer to ignore. On the economic front, much headlined Japanese and U.S. balance of payments and trade problems have caused the Japanese to cast a worried eye at the state of their own economic health. And, the Japanese are aware that Japan's posture in Asia has suffered from failures to deliver in timely fashion reasonable assistance to Indonesia and Burma and more generally from its awkward diplomacy in Southeast Asia. The consequence has been to introduce an element of uncertainty into the domestic scene, and for the Japanese, uncertainty is perhaps the most unpalatable of all conditions of life.

II. U.S. Involvement

Contributing to the current discontent has been the assumption of many that Sato was acting not in Japan's own interests but at U.S. behest. But, more important, a good number of Japanese are having second thoughts about American staying power in Asia. U.S. balance of payments difficulties, the Tet offensive, the *Pueblo* incident, domestic disorders and the President's March 31 speech are all cited as evidences of American weakness. In separate private conversations, the Governor of the Bank of Japan Usami, Foreign Minister Miki and a leading conservative friend of the U.S. each revealed doubts about the constancy and successful prospects of our Vietnam and Asian policies. As one Tokyo paper put it: "Some say U.S. foreign policy can hardly be trusted because of its fickleness . . . Her foreign policy is constantly swinging with the whims of public opinion." Uncertainties in our economic policies—particularly on the trade side—are another bone of contention. Unexpected changes in U.S. policy without advance consultation have also become a club in the hands of the opposition who deride Sato's ability to influence his major ally.

These frustrations with the U.S. have inevitably turned more and more Japanese to brooding about the need for an "independent" Japanese foreign policy—e.g. escaping from what Miki has called "excessive dependence" on the U.S. This is not new. It is a theme which has re-occurred periodically throughout the post-occupation era, particularly at times of internal stress or when the turns in U.S. policy catch the Japanese Government by surprise.

"Independence" when it comes down to hard cases, however, is usually exercised in only very limited terms. The Japanese have so far fallen back on such secondary measures as overreacting and magnifying minor U.S.-Japanese differences, showing uncooperativeness on petty matters when the stake seems very small, and on resurrecting the old warhorse—China policy, despite the fact that its China policy reflects Japan's own national concerns and not American dictation. The hard fact is that Japan cannot escape from its economic and military dependence on the U.S. without a fundamental and costly policy change. This change, the Government and the vast majority of Japanese are unprepared to undertake. When the Japanese take a second hard look, they find that no amount of optics or whistling in the dark can override this dependence or the inherent inequality in the U.S. and Japanese position. This circumstance, however, only deepens the Japanese frustration.

III. Prospects

The key to the present malaise in Japan lies principally in the political fortunes of Sato. It is too early to count him out and he proved in the January 1967 Diet elections that his survival factor is greater than

his foes reckon. He is still aided by the absence of a logical successor although Miki may be gaining strength. But, he may be on the skids this time and then the very absence of a logical successor could prolong and deepen the political and psychological crisis in Japan. The July Upper House election could well be the moment of decision, but the political crisis could be prolonged until the Liberal Democratic Party presidential elections scheduled for December.

Until the political succession is settled, we should expect little respite from either the indecisiveness of present Japanese policy or the nitpicking querulousness cropping up on more and more issues involving us. For the most part, these actions are likely to be more annoying to us than harmful. Sato and the Foreign Ministry bureaucrats can be depended upon to hold the line against irresponsible behavior on Vietnam, Korea and other key issues, although positive cooperative steps will be harder to come by. Even on Communist China, the Japanese are locked into present policies and may well even agree to a carefully screened China differential in COCOM.

The one potential exception is Okinawa. So far, the GOJ has behaved most responsibly in this area. But, the Japanese could quickly get off the reservation were there a conjunction of major difficulties in Okinawa, resulting, for example, from agitation against the B-52s or an election defeat for the conservatives,² with a failure of Sato's opponents in his party, particularly Miki, to resist the political temptation to make common political cause with the left on Okinawa.

IV. U.S. Policy

Based on past experience, the safest bet for the U.S. at present is to pull back a safe distance until the Japanese conservatives unscramble their political problems. Even if we wanted to influence the course of intra-factional maneuvering within the LDP, we could not and would only buy ourselves much more trouble. Furthermore, whether or not Sato wins out, the main currents of Japanese policy are likely to emerge unscathed and, we will again be in a position to deal with a stable, more secure Japanese Government.³ Our planning for major new initiatives should thus be directed toward the winter of 1968–69.

² According to a Department of State intelligence assessment, the prospects for the conservative OLDP to retain control of the executive and legislative branches of the Ryukyus government were already questionable. The party was hurt by U.S. deployment of the B-52s on Okinawa and by the growth of the opposition coalescing around the reversion issue. (Intelligence Note No. 266, April 12; National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 RYU IS)

³ At this point there is a handwritten question mark in the margin probably made by Bundy.

At the same time, our relations with Japan are so broad that inevitably we will continue to be drawn into at least the periphery of Japan's domestic problems. Under the best of circumstances, dealing with Japan in its present mood will be no picnic. Among other problems, personal political ambitions will tend to impinge too often on policy decisions—as is presently the case with Miki.

In dealing with the day-to-day problems, I would prescribe the following mix:

a) Being prepared to press the GOJ and to go to Sato directly, if necessary, when the stakes are sufficiently high on such issues as Vietnam and Korea.

b) Forbearance and patience, but not supineness, on minor issues particularly some of the recently over-magnified trade problems.

c) Avoiding, whenever possible, actions likely further to unhinge Sato's position and lead to a successor campaigning deliberately on an "independence" ticket. (A case in point is the proposed import surcharge.)

d) Expecting and asking little in terms of Japanese positive actions at least in the next few months, particularly if the proposed action is likely to be difficult domestically. (More specifically, this means little immediate progress in convincing Japan to extend its Asian responsibilities or to face up to key security issues. This also has bearing on the NPT issue, where the Japanese are now wandering all over the place but will undoubtedly end up supporting and signing the treaty.)

In dealing with the broader Japanese problem of frustration with their dependence on the U.S., there is essentially very little we can and should do, except to soften—as we have—its impact and public image. Two specific steps are proposed:

a) Consultation whenever possible, particularly to minimize the risks of catching the Japanese by surprise.

b) Making clear that on China policy the Japanese are their own masters, while reaffirming our commitment to consult the Japanese well in advance on any change in U.S. China policy.

The trickiest issue by far in the next months to handle will be the Okinawa problem. Neither we, but more particularly the GOJ, are now in a position to come to grips with reversion. But Miki hopes to use our commitment to "joint and continuous review" to push this issue along. The best we can hope for in these discussions is some sort of optics covering up the lack of real progress. Much more important will be U.S. policy actions to dampen down current agitation in the Ryukyus and strengthen the election prospects of the Okinawan conservatives. All of this adds only another dimension to the current cause celebre in the Ryukyus—the B-52 operations and the labor problem.

121. Editorial Note

In early May 1968 reports of alleged leakage of radioactive material from the nuclear-powered submarine USS *Swordfish* while in port at Sasebo caused a public-affairs crisis. Radiation readings taken on May 6 in the waters around Sasebo produced abnormally high results, although tests conducted the very next day showed normal radiation levels at the port. Japanese press coverage suggested a cover-up of the May 6 occurrence by the Japanese Science and Technology Agency (STA), which had responsibility for monitoring United States nuclear-powered vessels while in Japanese ports. Although the STA initially eliminated the *Swordfish* as a source of the radiation, it began to suggest the opposite, after being targeted by the media. Experts from the United States, including from the Atomic Energy Commission, investigated the alleged leaks and found that the radiation readings derived from deficiencies in Japanese monitoring facilities. The investigation also revealed that the *Swordfish* had not discharged coolant during its stay, thus adding nothing to the waters. Even though the *Swordfish* was eliminated as source of radioactive contamination, visits by nuclear-powered submarines were suspended until proper monitoring safeguards could be installed. Extensive cable traffic generated by the incident is in the National Archives and Records Administration, RG 59, Central Files 1967–69, DEF 7 JAPAN–US.

In September the issue returned to the forefront because of press reports about suspected increased radioactivity at the Okinawan port of Naha, where traces of cobalt 60 were found in mud samples. (Telegram 11920 from Tokyo, September 11; *ibid.*) The issue intensified when ensuing reports told of three Ryukyuan divers allegedly suffering from radiation exposure after being in the waters at Naha. Once the divers were thoroughly examined and pronounced healthy by American doctors, however, press and public interest in the issue abated. (Telegram from McCain, CINCPAC, Hawaii, October 30; Johnson Library, National Security File, Country File, Ryukyu Islands, Vol. 1)

122. Editorial Note

The issue of U.S. bases in Japan moved into the spotlight in early June 1968 when an Air Force plane based at Kadena Air Base on Okinawa crashed off the runway at Itazuke Air Base in Japan. The accident

occurred on June 2 during a night training flight. The plane struck a building under construction at Kyushu University and narrowly avoided hitting a nearby storage building containing cobalt 60. The incident sparked student demonstrations and ignited smoldering opposition to United States bases in or around densely populated areas. Reports of the crash and its aftermath are in the National Archives and Records Administration, RG 59, Central Files 1967–69, DEF 15 JAPAN–US; and Johnson Library, National Security File, Country File, Japan, Vol. VII.

Responses evoked by the plane crash, combined with latent sentiments aroused by the visit of the nuclear-powered surface ship *USS Enterprise*, the alleged contamination caused by the nuclear-powered submarine *USS Swordfish*, and other incidents, erupted in large-scale demonstrations on June 7 throughout Japan and led to the build-up of “a lot of pressure against bases, to point where even our staunchest friends among conservatives are unable to dissociate themselves from anti-base demands.” (Telegram 9069 from Tokyo, June 8; National Archives and Records Administration, RG 59, Central Files 1967–69, DEF 15 JAPAN–US) The situation was brought to the attention of Secretary Clifford in a memorandum from Assistant Secretary Warnke, who pointed out the increased pressures developing in Japan around the issue of United States bases. In light of that situation and in view of the adverse balance-of-payments problems suffered by the United States, Warnke recommended a reexamination of the bases in Japan to determine whether any could be closed or consolidated. (Memorandum for the Secretary of Defense, June 7; Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1250, Japan 091.112)

123. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, June 5, 1968, 0700Z.

8931. Subject: US-Japan Relations, Status and Prospects.

Summary: 1. Japan's views of the US and its role in world, which have in past provided base-line around which ups and downs in state of our relations have occurred, may have been unsettled by recent

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, POL JAPAN–US. Secret; Limdis.

developments. In economic field, Arab-Israeli war, balance of payments difficulties, "protectionism" scare, etc. are casting doubt on extent to which Japan can continue to count on us to carry its ball as well as our own in world economy, let alone expect special favors. In security field, though opinions have been divided on need for protection against threat, and though our military presence in Japan has increasingly become embarrassment rather than asset to Japanese politicians, Japan has at least seen our military containment posture as immutable part of landscape and have generally assumed it would be successful—at least over short run. Tet offensive and what was interpreted as abrupt shift into de-escalation and negotiations with Hanoi have thrown doubt on US firmness and invincibility. Racial violence and social unrest in America have roused concern over basic stability of American society, made American image a rather less positive political symbol. All this has combined with continuing long-run rise in nationalism and decline in conservative strength to make it possible that current worsening of perspective is not just because we are in political valley, but perhaps something more fundamental. I thus consider it quite possible that Japan is moving toward a serious reappraisal of our relationship, with much potential for harm to our interests as we have thus far defined them.

Summary: 2. As it looks to me now, damage to our economic interests from any reappraisal would be limited by realities of Japan's economic position in world. Efforts to diversify markets and sources of supply, with lessening of degree of dependence on US, are certainly in cards, but not necessarily all to the bad. Despite all Japan might do to increase trade with Communist bloc, there are limits to how far Japan could go without sweeping restructuring of her economy or without clear risks to vital interests. Reappraisal might have implications for future of Japanese economic aid programs, as US leverage for exertion of influence wanes and, perhaps, as aid to S.E.A. comes into competition with China trade for available credit. I believe, however, that there are now authentic Japanese advocates of aid, and a developing consciousness of basic Japanese interests involved. Japan will probably be cautious about overextension of credit to China, and there will be more nationalistic gratification to be had from aiding S.E.A. than from trading with a Communist China, which would never be willing to play second fiddle to Japan. Our security interests seem to me more vulnerable, with further retrograde movement possible along lines of recent difficulties over NPW entry, decreasing certainty of smooth sailing in 1970, declining probability of Okinawa reversion with more favorable status for bases than in Japan proper, etc. Politically, while Japan will still be motivated by self-interest to side with us on many issues, it will probably become even harder to get Japan to take our side on any controversial issues. In short, recent developments and trends could do considerable damage to our interests. It is important

to note that even with all the above kinds of damage figured in (and not all of it may materialize), we would still be left with much that is positive in our relationship; however, it is also important to note that things conceivably could get even worse, if world economy turns sour and if U.S. finds it necessary to administer still more shocks (e.g., ADB, "protectionism," withdrawal from Expo 70). We are going to have to do some serious stock-taking ourselves as we move into the future. End summary.

3. Recent developments are affecting Japan's views of and attitudes toward United States in ways harmful to our interests, as we have defined them. We must, of course, keep in mind historical fact that state of US-Japan relations has moved along rather cyclical course, with peaks and valleys occurring in response rather to balance of domestic political forces (e.g., the shifts in power position that seem inexorable part of life-cycle of Japanese Prime Ministers) than to external events (though these have also had impact). If views from peaks are misleading, so are those from valleys, such as that which we at present share with Sato. Nevertheless, with all due allowance made, and subject to later reexamination, we must consider possibility that current harmful trends may be fundamental.

4. Major factor that has in past kept floor under periodic ups and downs in US-Japan relations is fairly stable conception on part of Japanese leadership and most influential Japanese of U.S. world position and importance of that position to themselves. Trade relationship, access to U.S. capital markets and technology, and other concrete economic benefits have been and are vital to Japan, and over the years Japan also has become habituated to receiving special favors in economic field. In efforts to protect Japan's interests in world economy and avoid repetition of nightmare of nineteen thirties, when Japan felt itself being squeezed out of world economy, Japan has been able to count on substantial identity of interest with us and on our therefore being willing to carry ball. Japanese determination at all costs to avoid jeopardizing these interests has imposed limits on fluctuations in state of US-Japan relations.

5. Attitudes regarding U.S. regional security position have been mixed. Substantial element of conservative leadership shares goals of containment policy, as it has understood these goals, and regards them as in Japan's own national interest. Others, not really believing there is security threat to Japan serious enough to worry about, have gone along in security alliance with us mainly out of desire to preserve other benefits of relationship with U.S., e.g., economic benefits. Regardless of varying attitudes re necessity or desirability of security relationship, most Japanese have shared assumption that military containment policy was firmly fixed and likely to be successful at least over short run. However, the security relationship with the U.S. is primarily valued for the "nuclear umbrella" it gives Japan and the role of U.S. forces in

the security of South Korea and Taiwan. While the sophisticated recognize that U.S. bases in Japan are important to this system, more generally these bases are regarded as a nuisance which must be tolerated and a price to be paid for other aspects of our relationship. Importantly the bases as such do not constitute any political asset on which GOJ leadership can capitalize but with the enterprise and OJI hospital riots, the Sasebo incident, the F-4 crash in Fukuoka, etc. constitute situation in which the GOJ finds itself constantly on the defensive against opposition attacks and the political realities push the GOJ toward taking position akin to those of the opposition.

6. In political field, despite determined efforts of antique-Marxist opposition to build image of US as hateful capitalist-imperialist monster, popular respect for US political institutions, infatuation with many aspects of American mass culture, genuine respect for our intellectual attainments, and visible attractions of the American way of life, have kept America a strongly positive symbol. Renovatationist parties, most intellectuals, and many labor leaders are hostile to main lines of U.S. foreign policy, but association with United States, manifestations of United States regard for Japan and its leaders, have been valued assets usable by Japanese conservative politicians, counterbalanced only in part by requirement that politicians periodically demonstrate the right degree of "independence," and avoid image of slavishness or servility.

7. Recent major developments have called into question basic assumptions about US. Arab-Israeli war brought home in forceful terms to GOJ leaders that Japanese economy and security dispositions must be based on assessment of international political/strategic situation in which others than U.S. may play key role and in which U.S. desires and action may not be decisive. Full context of our B/P and dollar defense crisis, and our current and capital account measures, both proposed and instituted, is emerging in manner to cast doubt on extent to which Japan can rely on us to carry their ball as well as ours in world economy, let alone continue to count on U.S. for special favors in economic field. Tet offensive and what was interpreted as abrupt shift into de-escalation and negotiations with Hanoi, together with apparent resistance among American people to continuation of past military containment policies, have thrown doubt on U.S. firmness and invincibility (though negotiations were widely welcomed). Racial violence and other signs of social unrest in America are in some conflict with past conceptions of American way of life, and to some give rise to concern over basic stability of American society.

8. There are two other developments which though not creating the deterioration in Japan-US relations have measurably strengthened and accelerated it. One is rising sense of self-confidence, encouraged by twenty years of peace, economic growth, relative political stability, and improvement in social and cultural life, which makes most Japa-

nese increasingly restless with realities or implications of reliance on others, particularly United States. Second development is continuing erosion of political strength of Liberal Democratic Party, so that its supporters at polls now (Jan 1967) barely exceed the combined totals of the supporters of the renovationists (counting Komeito as renovationist, in keeping with its present posture). Opposition parties, moreover, on foreign policy issues that matter, have tended during this past year to find more and more common ground in neutrality, opposition to the security pact, and an opening to China. We have already seen some signs that conservative leadership in order to maintain power will find it increasingly necessary to try to capture this rising nationalist sentiment and pull teeth of opposition by pulling back somewhat from close American ties and edging toward more accommodating relationship with Asian Communist powers. Excursions to left by conservatives are nothing new (witness Hatoyama, Kono, Fujiyama, et al.), but they acquire new significance in present context.

9. There is thus every reason to expect that Japan will over next year or so not only be reappraising its policy of individual issues involved in US-Japan relations, but also taking a fresh critical look at validity of past practice under which US-Japan relationship was cornerstone and major determinant of Japanese positions in every field of international activity. Following is attempt to explore tentatively kinds of damage to our interests that might result from such a reappraisal.

10. Relationship in economic field has been due to reappraisal for long time past, if only because of changing ratio of size of two economies. Some eminent Japanese have for some time been urging diversification of Japan's trade relationships away from us, and there are increasing numbers of vigorous advocates of expanding trade with Mainland China. However, Japan's room for maneuver in rearranging trade and economic relations is limited, and the feasible degree of diversification of markets, e.g. to Europe and S.E.A., would not necessarily be harmful to our interests, though we might lose some economic leverage. (Some diversification and less sense of dependence on the U.S. would in fact be psychologically healthy.) Even the most determined effort to reorient trade would still, after lapse of several years, leave U.S. as Japan's most important trading partner by far, and would be unlikely to place Japan in relation of general trade dependence on Communist markets. For Japan to move into really close alignment with Communist bloc, even if it wished, would require sweeping reorganization of Japan's economy, or else equally sweeping change in structure and philosophy of bloc, which as now constituted is most inhospitable to kind of economy Japan has developed.

11. How probable it is that Japan's reappraisal of US relationship will militate against prospects for a more effective and generous

Japanese economic aid program depends on extent to which Japan's recent progress toward liberalization of aid Asia is attributable to US pressure and influence. Our influence has certainly been considerable but there are authentic Japanese advocates and basic Japanese interests involved in more liberal aid to S.E.A. efforts to diversify trade could of course lead to overextension of credit to China at expense of capacity to extend aid credits to S.E.A.; however, GOJ itself will be wary of overextension of credit. While emotional complex about China will strengthen pressures for more trade, China trade offers less potential gratification for Japan's nationalistic desire to assert leadership than does economic assistance to S.E.A. nations. Chances of Communist China's ever acknowledging any degree of Japanese leadership seem nil, and Japan will certainly not play second fiddle to China.

12. Over shorter run, certain of our economic and financial interests may also suffer. While Japan will still be impelled by convergence of interests to side with us in matters relating to international monetary reforms, in opposing "vertical" tariff preferences, etc., and might start basing more of its reserve accumulation on net earnings from Europe rather than U.S., Japan will probably become still more cautious about elimination of QR's, [quote restrictions] freeing foreign exchange for tourist travel, or capital liberalization, at least until it has become clear that America is able to solve its economic problems in responsible manner with international cooperation.

13. Damage to our security interests vis-à-vis Japan is potentially larger than that to our economic interests. Outlook for free access to Japanese ports for US nuclear vessels is already gloomier, and even popular acceptance by 1970 of security treaty and extant base structure looks less certain than it did six months or a year ago. Possibility of GOJ accepting reversion of Okinawa with substantially greater freedom of use than enjoyed by bases in Japan proper has receded considerably since last winter. GOJ cooperation in applying strategic controls to trade with Asian Communist countries will almost certainly become harder to secure. While prospect remains that Japan will sign and ratify NPT if treaty picks up real momentum within coming year, Japanese advocates of keeping nuclear options open have doubtless been strengthened. There are only very few counterbalancing advantages that might conceivably emerge from reappraisal. Japan's willingness to undertake limited ventures in regional collective security, such as selling military equipment to S.E.A. nations, Taiwan, or Korea, might increase, though domestic political hurdles for GOJ would remain formidable. Japan consensus might come to tolerate something more than very gradual acceleration of buildup in Japan's own defense which has been case over last few years, but any value to U.S. of such a trend would be offset by probability that it would be accompanied by assertive nationalist overtones and aggressive demands for phase-

down of U.S. bases. All this worsening of outlook is due in part to current perspective from valley. Whatever relaxed attitude rest of nation may take about security threat to Japan, Sato and his likely successors will continue to entertain some genuine concern on this score, and security relation with U.S. will probably continue to look to them like most efficient and economical way of coping with threat; there are accordingly limits beyond which leadership over next five years or so will not wish to let alliance deteriorate. At same time, reappraisal such as we are hypothecating would almost certainly produce some retrograde movement along lines indicated.

14. Potential for damage to our political interests is also substantial. Japanese may well become more closely engaged in thinking about post-Vietnam reconstruction and may even move closer to readiness to participate modestly in international control set up, but GOJ is going to be quite leery of associating itself publicly and actively with any controversial U.S. positions re Vietnam. Concern for relations with GRC as well as U.S. and genuine uncertainty at policy levels as to full import of cultural revolution will continue to restrict room for maneuver in area of China policy. GOJ determination to beat us to the punch in any shift of posture now so much greater, however, that some gesture toward Peking seems certain to materialize. Urge to differentiate their China policy from ours will make common approach to Chirep more awkward, and increase potential pressures in UN for "compromise" solutions.

15. Damage that would be done to our interests if all or most of pessimistic possibilities noted above materialized is obviously considerable. Japan's positive contribution to our security interests would have been cut back, and our ability to get Japan's political support for any controversial political position would have been reduced. It is important to note again that this is the perspective from a political valley, and that even with all this damage we would still be left with a US-Japan relationship capable of making a substantial positive contribution to American interests. It is also important to note, however, that things could conceivably turn out worse than now seems probable. For example, if world economy deteriorated seriously, if U.S. really pulled back from Asia, and if US administered succession of shocks ("protectionism," withholding support from ADB, refusal participate in Expo 70, etc), cumulative effect could conceivably be to set Japan again on introverted irrational course it followed in nineteen thirties. Changes in world economic and strategic interrelationships would keep Japan from exhibiting its irrationality in same forms it took a generation ago, but results could be very damaging. I trust that we will keep this more remote—but larger—danger in mind as we plan how to manage our relations with Japan in months and years ahead.

124. Memorandum From Alfred Jenkins of the National Security Council Staff to the President's Special Assistant (Rostow)¹

Washington, June 14, 1968.

SUBJECT

Ambassador Johnson's Call on the President

Ambassador Johnson called on the President at 12:30 on June 13.² The call lasted a half hour.

Ambassador Johnson said that he appreciated an opportunity to meet with the President in order to express his concern at the recent turn in U.S.-Japanese relations, and particularly with respect to the possible long-term implications of these difficulties. He started to outline the import of his telegram of June 5,³ but the President (presumably familiar with the telegram) soon interjected with the theme that if our relationship was to survive in the long run, the Japanese would have to overcome their one-sided view of that relationship.⁴ The President said that we had had an arm around the Japanese and held an umbrella over them for a long time. The American people would not understand the difficulties which the Japanese are presenting to us through their reactions to recent events while we were losing 400 to 500 American lives each week in Vietnam in the interest of Asian security.

Ambassador Johnson said that the Japanese often seemed to believe that we should expect gratitude from them whenever they did things which were actually in their own interest to begin with. He was working to try to correct this Japanese habit.

¹ Source: Johnson Library, National Security File, Country File, Japan, Vol. VII. Secret. A copy was sent to Jorden.

² According to President Johnson's calendar, the meeting, which lasted from 12:45 p.m. to 12:56 p.m., was held because U. Alexis Johnson was scheduled to meet with Sato and Miki when he returned to Tokyo, and he thought "it would be helpful in those visits if he could say he had seen [the President]." (Ibid., President's Daily Diary) U. Alexis Johnson was in Washington to attend the U.S.-Japan Security Subcommittee meeting held June 6–7 and the U.S.-Japan Policy Planning Talks held June 14–15. He returned to Tokyo on June 17. (Memorandum for the President, June 12; *ibid.*, National Security File, Country File, Japan, Vol. VII)

³ Document 123. The telegram was retyped before being given to the President along with a briefing memorandum, June 12, prepared by Walt Rostow in advance of his meeting with U. Alexis Johnson. (Johnson Library, National Security File, Japan, Vol. VII)

⁴ In his memorandum Rostow suggested that the President stress that "the Japanese simply cannot go on taking their security as a free gift from the U.S." and that U. Alexis Johnson leave no doubt in his dealings with Tokyo "that there must be a fundamental change in Japanese attitudes if our relation is to survive in the long run." (Ibid.)

The President said there were a number of things the Japanese could do to contribute to Asian security. One of these might be to take increased interest in peace keeping activities, particularly post-Vietnam. Ambassador Johnson expressed the belief that there would be no particular problem in getting the Japanese to do this. They would also participate in reconstruction efforts.

The Ambassador said that the governmental leadership and many informed Japanese, of course, had a good understanding of our contribution to Japanese security and of the need for Japan in turn to bear its obligations in the relationship. He said that the same considerations which gave us concern at the present time in our relations with Japan, were also giving Prime Minister Sato domestic trouble. The Ambassador observed that despite present worries, our relationship was still on a fundamentally sound basis. There are practical realities contributing to keep it that way, including the fact that Japan has become our best overseas trading partner, second only to our continental partner of Canada. The President observed that Japan was doing very well in exports to the United States also.

Ambassador Johnson mentioned the importance of our present careful review of the problem of Okinawa reversion. In this context the President reiterated his conviction that Japan cannot go on accepting security gratis from the United States without better recognizing its own obligations implied by our presently close relationship.

After the interview Ambassador Johnson expressed to me his appreciation for the President's remarks, saying "I can use that to good advantage in Tokyo."

AJ

**125. Memorandum From the Under Secretary of the Army
(McGiffert) to the Deputy Secretary of Defense (Vance)¹**

Washington, June 14, 1968.

SUBJECT

B-52 Sortie Rate

¹ Source: Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1250, Okinawa 452. Secret.

In JCSM-333-68² the Joint Chiefs of Staff recommend that the ARC LIGHT sortie rate be continued at 1800 per month through December 1968, and that in accomplishing this B-52s continue to be stationed at Kadena Air Base on Okinawa. It is noted that a rate of 1710 sorties could be sustained without basing on Okinawa. This is offered as a possibility if the "Korean contingency" is resolved and if the political impact of basing on Okinawa "becomes overriding."

I remain persuaded, as I have stated in previous memoranda to you,³ that the continued basing of B-52s on Okinawa has a potential political impact which could seriously affect our administration of the Ryukyus and our relationship with Japan. I have particularly in mind the effect which this situation might have on the November 1968 elections for the legislature and the Chief Executive of the Government of the Ryukyu Islands. If that election comes out unfavorably to us we face the prospect of greatly increased pressure on our administration and bases in Okinawa.

The administration elected in the Ryukyus this November will be in office from 1969 through 1972. In those years we can expect that we will have to reach some accommodation with the Government of Japan regarding the return of Okinawa to Japanese administration and the future of our bases there. Those negotiations promise to be most difficult. Our position, and the position of the Government of Japan, will be made much more difficult if there is conflict between our administration on Okinawa and the local government there.

My Deputy for International Affairs recently returned from a trip to Japan and Okinawa, where he discussed the election prospects at length with knowledgeable political observers in both areas. To a man these observers, who are favorably disposed to our policies and who desire to see the election come out in a manner satisfactory to us, indicated that the continued presence of the B-52s on Okinawa is a substantial liability to the United States and to the conservative party which we hope will win the election. At Tab A is a recent report from Okinawa, noting that the incumbent Chief Executive continues to press this view.⁴ At Tab B⁵ is an excerpt from an April 1968 poll, conducted by a responsible organization in Okinawa, which notes that 86% of the residents there are apprehensive due to the stationing of B-52s at Kadena.

² Not printed. (Ibid., Viet 385.1 ARC LIGHT)

³ Among which was McGiffert's memorandum of April 15 containing the same argument. (Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1250, Okinawa 452)

⁴ Not further identified. The sentiments of Chief Executive Matsuoka on the issue, however, are briefly reported in telegram HC-LN 814404 from the High Commissioner, May 23. (National Archives and Records Administration, RG 59, Central Files 1967-69, POL 19 RYU IS)

⁵ Not attached.

We could also have a problem in Japan itself. At Tab C⁶ is a paper which the State Department Country Director for Japan recently sent to Bill Bundy, assessing the Japanese political situation and our relations with Japan. As noted there (page 4) the issue of Okinawa is perhaps the major outstanding problem in U.S./Japanese relations, and an incident involving the B-52s might precipitate a crisis within the governing party of Japan, which has thus far behaved most responsibly with respect to this problem.

Insofar as my particular concerns are involved, in question now at most are 90 sorties or 15 missions a month, a 5% reduction. I believe that carefully weighed against the potential cost to our position in Okinawa and our relations with Japan such a reduction should be directed. I understand that in fact it may well be that 1800 sorties a month could be sustained from basing at U Tapao and Guam only, by launching more sorties per aircraft per month from U Tapao than are projected in the Joint Staff discussion of alternatives. If this is correct, and if you decide to approve the continued rate of 1800 sorties, I can certainly see no justification for continued basing at Kadena which would override the political price we are paying.

Assuming that a decision is made which permits withdrawal of the B-52s from Kadena prior to the Okinawan election, the timing of that withdrawal should be as soon as possible.⁷ At the moment, the B-52 issue has been temporarily overshadowed by the nuclear submarine-atomic waste issue flowing from the Swordfish's visit to Sasebo and reflected concern in Okinawa.⁸ But as the election comes closer, Ryukyuan pressures for B-52 withdrawal will certainly be re-asserted and will continue to rise. We do not want to appear to be withdrawing under this kind of pressure any more than can be helped. Hence the sooner the withdrawal, the better.⁹

David E. McGiffert

⁶ Document 120.

⁷ Although the High Commissioner appeared to support restricting or removing the B-52s for political reasons, CINCPAC was strongly opposed to any such move, believing that only "free and unrestricted use of these facilities for B-52 and other forces in the general defense of the Pacific area and in pursuance of our strategy" would allow U.S. forces to carry out its missions in the region. (Telegram 161430Z from CINCPAC, June 16; National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 15 RYU IS-US)

⁸ Newspaper articles seeming to confirm officially and for the first time that the planes stationed at Kadena were used to bomb North Vietnam further inflamed opposition to the B-52s. (Telegram HC-LN 816605 from the High Commissioner, June 14; *ibid.*)

⁹ Despite similar recommendations from other quarters, the planes were still based on Okinawa at the end of 1968. (Memorandum to Bundy, September 11; *ibid.*, DEF 12 US; letter to Nitze, October 3; Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1250, Okinawa 452)

126. Memorandum From Alfred Jenkins of the National Security Council Staff to the President's Special Assistant (Rostow)¹

Washington, June 18, 1968.

SUBJECT

Japanese Contribution to Chinese Communist Weaponry

The attached document² on exports of strategic electronic equipment from Japan to Communist China adds up to a shocking contribution on Japan's part to Peking's sophistication of weaponry and other production of military import. It could be misleading to some recipients, however, in that it does not overtly point out the fact that, according to all indications, the situation has markedly improved since the spring of 1967. At that time, you may recall, we sent a high-level briefing team to Tokyo on this subject and another briefing was given the Japanese here last November.

It would seem to be even more in Japan's interest than in ours to curb this sort of traffic and we believe that our briefings have been effective. (The contribution through this type of export is in good measure to development of nuclear devices which could threaten Japan much more easily than the United States.) The list in the attached document shows that the peak period was 1964 through 1966. There may be some lag in our learning of more recent exports of this nature, if they have occurred, but with heightened concern on the part of Japanese leadership and in the absence of intelligence indicating recent exports of this nature, we have reason to hope that they are virtually non-existent or at least very considerably reduced.

[3 lines of source text not declassified]

After a check which the Japan Desk is making with the East-West trade people, I plan to talk with Dick Sneider about the degree to which, if at all, we should express dissatisfaction under present circumstances with the Japanese "punching (or having punched) holes in the umbrella we hold over them."

Alfred Jenkins

¹ Source: Johnson Library, National Security File, Country File—Addendum, Japan. Secret.

² CIA Intelligence Memorandum, "Japanese Exports of Strategic Electronic Equipment to Communist China," June 1968, attached but not printed.

**127. Memorandum From the Under Secretary of State's Staff
Director (Hartman) to the Members of the Senior
Interdepartmental Group¹**

Washington, June 22, 1968.

SUBJECT

IRG/EA Paper: "US Policy on Forthcoming Ryukyu Elections"

There is attached a paper on US policy toward the forthcoming Ryukyu elections forwarded by the Acting Chairman, IRG/EA, for SIG approval.

The proposed policy has been approved by the IRG/EA.² Unless some members would prefer a meeting, Mr. Katzenbach would propose to approve the recommended policy without convening the SIG.³

We will be in touch with your staffs on this matter.

AA Hartman

Attachment

**Paper Prepared by the East Asian and Pacific
Interdepartmental Regional Group**

RYUKYU ELECTIONS

Conclusions and Recommendations⁴

I. The Problem

In November, the Ryukyans will elect the Chief Executive of the Government of the Ryukyu Islands (GRI) a new legislature, and

¹ Source: Johnson Library, National Security File, Agency File, SIG, Vol. V, 40th Meeting, June 27, 1968. Secret; Exdis.

² A copy of the minutes of the IRG/EA meeting held on June 17 is attached but not printed.

³ In his memorandum of July 15, Hartman recorded SIG members' approval of the paper. The JCS raised the sole reservation to the paper's conclusions and recommendations by reaffirming their previous recommendation that the B-52s remain on Okinawa. (Memorandum from Hartman and memorandum from McConnell, July 13; Johnson Library, National Security File, Agency File, SIG, Vol. V, 40th Meeting, June 27, 1968)

⁴ The "Conclusions and Recommendations" portion of this paper was sent to Tokyo and Naha in telegram 170651, May 24, for comment. In telegram 8630 from Tokyo, May 25, both the Embassy and High Commissioner notified Washington of their acceptance of the draft without modification. (National Archives and Records Administration, RG 59, Central Files 1967-69, POL 19 RYU IS)

the Mayor of Naha, the largest city. The fate of the friendly conservative forces in these elections will directly and vitally affect the U.S. administration of the Ryukyus. Opposition control of the Chief Executive post alone, or in conjunction with control of the legislature, could so adversely affect our administration as to threaten the use of our bases. Moreover, the outcome of the election will have a direct bearing on the future course of the reversion issue. This paper analyzes the U.S. stake in the elections, the prospects of Ryukyuan conservatives, and recommends policy action consistent with basic U.S. interests in the Ryukyus and Japan.

II. Conclusions

A. The election of the conservative candidate Nishime as Chief Executive of the GRI, and the election of a majority of the conservative Okinawa Liberal Democratic Party (OLDP) members to the GRI Legislature, are of crucial importance to the U.S. A Nishime and OLDP victory offers the best promise of the necessary modicum of Ryukyuan cooperation with U.S. administration and military base operations. It would also thwart the local forces pressing for immediate and unconditional reversion. The Japanese Government and ruling conservatives consider that they have an equally great stake in a Nishime/OLDP victory. In their view, a Nishime defeat would impair Sato's already eroded political position and would give major impetus to the opposition attacks against both their moderate reversion policy and the overall U.S.-Japanese treaty relationship.

B. The Chief Executive election between Nishime and the left-wing candidate Yara is now a toss-up. The outcome will depend principally on:

1. Nishime's effectiveness as a campaigner and his ability to organize his support and to exploit incipient divisive forces within the opposition left-wing coalition;
2. Nishime's ability to sell his gradualist approach to reversion emphasizing progressive identification with Japan ("ittaiika");
3. Actions by the U.S., the GOJ and the GRI to give meaning to "ittaiika" (identification with Japan) through positive and popular actions;
4. The absence during the pre-election period of major base issues inflaming the public and working to the opposition's advantage.

C. The OLDP chances in the Legislative election will depend not only on organization and local district factors but on public acceptance of a gradual approach to reversion, US/GOJ/GRI actions which demonstrate the benefits of the approach, and the absence of major base issues, including the wide spectrum of problems stemming from U.S. lease of Ryukyuan land.

D. Nishime and the OLDP are, with Japanese conservative support, fortunately prepared to conduct the election campaign with minimal U.S. support. In fact, they would find U.S. official "neutrality" of advantage in establishing an "independent" identity with the electorate.

III. Recommendations

A. U.S. Posture

1. *Official neutrality:* The U.S. officially and publicly, must maintain an aloof, neutral posture towards the elections. This posture is essential to cover our bets in the event of a Yara victory and protect against valid opposition claims of U.S. interference. Actions in support of Nishime and the OLDP are not precluded but must be limited, circumspect, [*less than 1 line of source text not declassified*].

2. *Improving the climate:* The U.S. administration can make a major contribution to Nishime's prospects by actions directed at improving the welfare of the Ryukyans, increasing the credibility of Nishime's "ittai" (identification with Japan) platform and diminishing to the extent possible the public impact of base operations.

B. Specific Actions

1. U.S. acquiescence in GOJ adoption of some form of Diet representation within the terms of the Japanese Constitution and Article 3 of the Peace Treaty in a manner and at a time redounding most to Nishime's benefit.⁵

2. Expediting major actions by the Advisory Committee with maximum economic benefit and political appeal, including such things as early extension by the GOJ of Japanese social security and other welfare benefits to the Ryukyans.

3. Measures to minimize off-base incidents by U.S. forces personnel: Maximize publicity of the concern with which the U.S. views such

⁵ On June 4, however, the Embassy and HICOM reported that: "Issue of Okinawan participation in Japanese Diet has 'ripened' within past few months to point where Embassy and HICOMRY recommend we concede carefully limited, non-voting participation for Okinawans and seek coordinate with LDP and OLDP scenario for announcement of concession which will do Nishime most good in his race for Chief Executive." The Embassy suggested that HICOM, Nishime, the LDP, and eventually key members of the Japanese Government agree to a program acceptable to all sides that would be publicly presented as the "Nishime Plan." The plan would be submitted to the U.S. and Japanese Governments, which, after making "appropriate noises to effect his plan not an easy one to accept," would agree to the Nishime Plan. (Telegram 8897 from Tokyo, June 4; *ibid.*, POL 15-2 JAPAN) The Department of State concurred in telegram 182373, June 13. (*Ibid.*) After a meeting with the High Commissioner on July 11, the "Nishime Plan" was begun. (Telegrams HC-LN 819501 and HC-LN 819505 from the HICOMRY, July 12; *ibid.*, POL 19 RYU IS)

incidents, and maximize public awareness of disciplinary actions which arise from such incidents. Improve level and public image of U.S.–GRI police cooperation.

4. If the military situation permits, withdrawal of the B–52s at a time sufficiently prior to the election, so as to reduce the impact of that basing on the election, and avoiding if possible new military operations likely to arouse public concern.

5. Continue to maintain meticulous control over military land holdings, avoiding any incident or basis for new grievance. This would include circumspection in any (a) land acquisition, (b) termination of Ryukyuan licensed use of U.S.-leased land, (c) establishing realistic land rentals reflecting actual values.

6. Close coordination with the JLDP and GOJ on election planning and actions.

[Omitted here is an in-depth discussion of background issues and of the U.S., Ryukyuan, and Japanese stakes in the upcoming election.]

128. Telegram From the Department of State to the Embassy in Japan¹

Washington, July 8, 1968, 2244Z.

198179. Joint State/Defense Message.

1. In view of continuing problems relating to US bases in Japan and most urgent need to reduce balance of payments drain from US overseas bases, believe further overall review US military base facility structure there would be useful. Objective of review would be to reduce or eliminate low priority and potential trouble-spot bases to extent feasible while maintaining those bases absolutely essential to US interests.

2. Request CINCPAC and Emb Tokyo undertake review and submit by 1 September 1968 recommendations on possible changes in US base structure to be undertaken in near future.² For purposes of this

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, DEF 15 JAPAN–US. Secret; Limdis. Drafted by Seligmann (DOD/ISA) and Sneider (EA/J); cleared by Halperin and Steadman (DOD/ISA), Adm. Vannoy (J–5), Wolf and Gammon at the Department of State; and approved by Sneider. Also sent to CINCPAC and repeated to COMUSFJ.

² For a summary of the CINCPAC/EMBASSY study, “Review of U.S. Bases in Japan,” September 26, see Document 131.

review, assume continuation of Viet-Nam War and current missions assigned to CINCPAC.

3. Following guidelines should be taken into account in base review:

a. Particular attention should be given to bases of greatest political sensitivity, including possibility of relocating activities or entire bases from heavily populated Kanto plains and other areas, preferably at GOJ expense.

b. Balance of payments considerations, including possible personnel reductions, should be given heavy weight.

c. Consideration should be given to joint use between two or more services and with Japanese Self-Defense Forces.³

d. Facilities underutilized but held for contingency purposes or for present or future use of Japan Self-Defense Forces should be examined for possible return or consolidation with other activities.

e. Possibility should be considered of relocating functions or activities out of country taking into consideration budgetary and BOP implications.

f. Base closure actions already proposed should be examined to determine whether other, politically sensitive facilities in urban areas could be moved at same time to less sensitive vacated facilities.

4. Proposals should exclude base closure actions already proposed, and associated reductions in functions.

5. Budgetary and balance of payments implications should be specified.

6. We would particularly wish CINCPAC's judgment on impact on command's capabilities for carrying out current missions, and effective dates and time phasing of proposals. Insofar as possible, data should be provided for installations or facilities at which an action is proposed to confirm with I and L (installations and logistics) format which will be sent septel.

7. Base review should be kept on close hold basis and should not be discussed with GOJ at this stage. It is anticipated that findings will be useful to special State/Defense study group.

Rusk

³ COMUSFJ completed an examination of the possibility in mid-August and determined that joint use was not an option under the current Status of Forces Agreement. In a State/Defense message, however, Washington indicated that a broad interpretation of the agreement would allow joint use if Japan agreed. (Airgram A-1933 from Tokyo, August 21, and Telegram 233292 to Tokyo, September 5; both *ibid.*)

129. Memorandum Prepared for the 303 Committee

Washington, July 15, 1968.

[Source: Department of State, INR/IL Historical Files, East Asia and Pacific General File, East Asia, EA Weekly Meetings, 1968. Secret; Eyes Only. 7 pages of source text not declassified.]

130. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, August 21, 1968, 0630Z.

11300. 1. Summary. At his initiative, I had three-hour private meeting with FonMin Miki yesterday afternoon in hotel room arranged by him with only Togo present on his side and interpreter on my side.² We covered waterfront, in frank and friendly manner: Vietnam, long-range outlook for US-Japan security relationship including bases here and in Okinawa, formulae for continuation of security treaty in 1970, our mutual interests in ROK's security, long-range economic questions, renewal of SSN visits, Kawashima's visit to US,³ NPT, ASPAC meeting, Japanese contacts with NVN in Vientiane, Okinawa Diet representation, etc.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967-69, POL JAPAN-US. Secret; Exdis.

² When notifying the Department of State of the upcoming meeting, U. Alexis Johnson speculated that Miki may have sought a private meeting because of his potential future candidacy for Prime Minister. Johnson also suspected "that one purpose he may have in mind is to establish his credentials with us as friend and thus hope to assure at least our complete neutrality if he decides to challenge Sato." (Telegram 11115 from Tokyo, August 15; *ibid.*) The Department suggested Johnson include the following topics in the discussion with Miki: Japanese efforts to contain domestic protectionism, early signing of the NPT, and Japanese regional economic assistance. While the discussion touched upon the latter two issues, Johnson and Miki seemingly did not discuss Japanese protectionism. (Telegram 222058 to Tokyo, August 16; *ibid.*)

³ Shojiro Kawashima, Vice President of the LDP, met with Rusk in Washington on September 9. They discussed the U.S.-Japan Security Treaty, Okinawa, and China, among other topics. Memoranda of their conversations are *ibid.*, POL 7 JAPAN.

2. Miki was much more forthcoming in his attitude on Vietnam than I have ever heard him before,⁴ stating flatly that Japan did not want any settlement that would result in a Communist SVN and that he felt settlement should be based on return to principles 1954 Geneva Accords with mutual withdrawal of NVN and American forces. He recognized "full withdrawal" American forces might take period of years. He was ambiguous in responding to my suggestion that Japan say this publicly, but accepted the suggestion that it be said by GOJ Ambassador in Vientiane to NVN Ambassador with whom he said a friendly social contact had now been established. I pointed out this should remove a possible impression in Hanoi that Japan was urging us to make peace at any price. He laid strong emphasis upon acceptance of basic relationship with the US, "there is no one else to whom Japan could turn," by "everyone" in Japan, except JCP. Our present problem with bases, etc., was only a manifestation of "gap" in Japanese popular understanding of Vietnam war and would disappear when war terminated. He had no specific suggestions on what further could be done on our part to bridge this "gap," although he felt we had not been successful in getting across point here that our de-escalation by partial bombing halt of NVN had not been matched by any corresponding action on NVN part. I pointed to recent statements by the President, Secy Rusk, Secy Clifford in this regard and failure of Japanese media to give these statements adequate coverage. Miki indicated Japan would be prepared to be a "guarantor" under an international guarantee of SVN and "would like to consider" sending civil police forces (as opposed to military personnel) if such a role on ground should develop. Japan wanted to do everything within its power to help bring about and maintain peace in Vietnam and would always welcome any suggestions that we may have.

3. On other matters I pressed hard on necessity of Japan making up its own mind on what American military presence in this part or world it desired over long run and was really willing to support. Miki said that in next ten-year time frame while wanting "rationalization and consolidation" of bases, Japan would want effective US military presence in Japan as well as in ROK.

4. I also pressed hard on necessity of Japan promptly taking initiative in being much more forthcoming on economic and investment

⁴ U. Alexis Johnson sent a copy of this telegram with his letter of August 22 to Harriman in Paris. In that letter Johnson emphasized that Miki's comments and remarks made by Kawashima during a recent meeting appeared to be positive expressions of Japanese attitudes toward and support of U.S. policy in Vietnam. Their correspondence on the matter is in the Library of Congress, Manuscript Division, Harriman Papers, Box 13, U.A. Johnson.

matters to forestall undoubted rise of protectionist pressures in US next year when growing gap in trade balance became evident.

5. While still hung up on exact language in our reply to GOJ on SSN visits, we came close to a substantive and procedural agreement that should permit resumption of SSN visits next month or two.

6. We discussed formulae for making clear intention of two govts to continue security treaty after 1970.

7. We confirmed the scenario on Okinawa representation in Diet and agreed to keep on ice for time being any further discussions on return of Okinawa administration.

8. Miki was obviously and very usefully impressed at ASPAC meeting with deep concern of all other participants over security matters.

9. I was not able to get any commitment on timing of Japanese signature of NPT although they are still moving in that direction. End summary.

10. Miki opened the discussion with a broad statement on the acceptance by everyone in Japan (except Communists) of the fundamental problem in our relations except that for the time being problems with respect to our military bases here came primarily from the "gap" in general Japanese lack of understanding of the Vietnam war. While "politicians" and those in the GOJ understood and supported our objective of preventing a Communist take-over of SVN, this view was not generally shared in the country. This "gap" could best be closed by concluding the war in Vietnam, which would then leave no serious problem between the two countries.

11. This led to a long discussion of Vietnam during the course of which I asked Miki what we could do to close the gap. He then outlined a "peace plan" which I pointed out was almost exactly what we had been repeatedly urging publicly and privately for years. This in turn led to my suggestion they make their position clear to Hanoi through the contact he said they had established in Vientiane. During the course of this discussion, on a personal basis, I challenged his assertion that Hanoi now realized that it could not achieve its objective in SVN and was genuinely looking for a way of making peace. I said it was my own feeling that Hanoi had not yet arrived at this stage but was still hoping domestic and international pressures would force a reversal of US policy. Thus anything Japan could do to disabuse Hanoi of this notion was biggest contribution Japan could now make to peace.

12. Also during discussion of Vietnam he agreed that, while VC who laid down their arms should be able to participate in peaceful political process, it was entirely unrealistic to urge a "coalition" with armed VC and NLF elements dedicated to the destruction of the government in which they were participation.

13. In response to his question, I bluntly stated that, looked at from standpoint of US, biggest basic threat to Japanese-US relations was feeling on part of US that after sacrificing thousands of lives and billions of dollars in defense of areas of East Asia, an area which is at least of equal interest to Japan, we not only did not get any understanding from Japan but received criticism and harassment on essentially minor matters. I felt that if our future relationship was going to develop in a constructive manner, it was important that the American people get a sense that Japan was bearing a responsibility commensurate with its growing power. Rather than continuing to seek to be treated by the US as a minor and weak country, our relationship needed to be more firmly established on the basis of equality in all fields, including economic.

14. In the security field speaking as an American citizen rather than an Ambassador under instructions, it was my personal conviction that, looking at the long run, the American people would not be willing to maintain a major military presence in this part of the world unless they were convinced it was genuinely desired and supported by the people of the area, above all by Japan. Thus, I felt it important Japan reach its own decision on what kind of an American military presence it desired in the light of its own estimate of its own national interests and what it was willing to do to make that presence possible and to support it. The two countries would then have a sound basis for discussing these matters.

15. In the economic field, I said it is important that Japan now anticipate and take measures that would help forestall protectionist pressures to be expected in the US when the extent of the large and growing trade gap this year between the two countries became evident. The US administration had taken a unified strong, consistent line against protectionist measures but the GOJ was badly split by Miti's protectionist attitudes. I questioned whether this was in Japan's long-term interests.

16. Miki took this in good spirit and said he thought my remarks should be used "as a basis for discussions in the govt." He had also read and correctly interpreted speech which I recently gave to Japanese Junior Chamber of Commerce as having same implication in both security and economic fields.

17. In reply to my question as to whether during the next ten years we should expect to be harassed on our bases here and in Okinawa, to the point that our position would become untenable, Miki said that he definitely felt that this would not be the case. Citing his own and LDP experience in Sasebo and Fukuoka in the July Upper House elections,⁵

⁵ Upper-House elections were held on July 7.

he said he felt Japanese people not only valued security relationship with US but understood and accepted the necessity of base structure. This structure should be “rationalized” and be subject to a clear and better understanding between the two govts than had been the case in the past. In this connection, he said the GOJ needed to accept more “responsibility.” I, of course, also pointed to the heavy financial costs that would have to be borne by the GOJ for any relocation of major air bases. Miki said he understood.

18. On security treaty, Miki said LDP had decided on policy of continuation of treaty and asked my views on how two govts should make this clear. I pointed out that treaty was of indefinite duration and there was no legal requirement for any action by either govt. We discussed possibility, if PriMin visited US in 1969, of stating intention to continue treaty in joint communiqué. Miki also said that at the regular Diet session beginning next January in response to questions, govt might make some firm and formal statement at that time of intention to continue treaty and queried me whether at that time there could be some response from USG in same sense. I pointed out that there would of course be new administration in Washington and was not sure we could work out anything that would fit into their diet timetable, but we promised to keep in touch.

19. On Okinawa, he asked my view on another “joint and continuous review” session and I said from my standpoint I had nothing more to say and would prefer to not have such a mtg, but if, for its own purposes, GOJ desires such a mtg, I would of course be glad to consider. He indicated that GOJ would not have anything to say on “type of bases” (by which he confirmed he meant both freedom of use and storage of nukes) and matter was left open.

20. On Okinawa Diet participation, we agreed that October might be best time to announce “agreement in principle” between two govts with details including question of voting rights to be worked out in 1969. (Both of us expressed our unhappiness that Nishime had not stuck to scenario and at Matsuoka’s attempting to hog the show.)

21. On SSN visits, he said that STA would complete installation of monitoring equipment in first part of September and “organization” in manner that would avoid repetition Sasebo incident. In reply to his question as to whether delivery of our reply on SSN visits should be made simultaneously with or prior to GOJ announcement of monitoring set up, I said I would abide by his view. However, before giving reply I wanted full briefing on monitoring set up and contemplated arrangements between two govts as well as public handling of any alleged incidents. I said I was not prepared to recommend resumption of visit until I was satisfied set up was such we would not again be victimized by false reports. He said he agreed to arrange to see that I get

this. With respect to our reply, he boggled heavily at "routinely" going back to "normal" or "except in case of emergency." I explained efforts I had made to obtain mutually acceptable language and said that I had no choice but to insist upon "routinely." We had long discussion re possible Japanese translations and matter was left that Togo would try to suggest alternative language although I gave no encouragement that any other language would be acceptable. Togo felt that delivery of our reply and announcement of GOJ monitoring set up should be at same time. I also raised question as to whether GOJ would wish Sasebo or Yokosuka as port call for first call. Miki promised to consider.

22. On Kawashima visit, Miki said that while Kawashima wanted to meet with members of Congress on a "party to party" basis, he realized that, because of campaigning, Congressmen might not be available and therefore Miki had suggested that he see Secy Rusk. A request for this had been made through the Japanese Embassy in Washington. I said I was having Kawashima to lunch before he left.

23. We had long discussion on ROK security and in reply to my questions, Miki said that he felt confident Japan would want US to maintain a military presence in ROK to deter attack as long as present North Korean hostility was evident and that Japan recognized role of bases in Japan and Okinawa in support our forces in ROK. He said almost all Japanese recognized direct relationship ROK security to that of Japan and in reply to my question said that he had no doubt that in the event of a clear and overt attack by North Korea on the ROK, Japanese people would fully support military action including action on our part from Japanese bases. However, Japanese did not feel North Korea would launch overt attack against ROK, in part because they were "fed up" with Peking, but would continue guerilla action. He said as gesture to ROK, GOJ was "considering sending some rice." In reply to my question as to whether Japan could not do something in non-lethal military or police type aid he was very ambiguous but admitted to psychological value such gesture would have in ROK "if it could be done without arousing opposition in Japan." In this connection he recognized that there was a "gap" between Korean and Japanese feelings with Korea feeling that it was "defending Japan at the 38th parallel." I said I agreed that there was such a gap.

24. In reply to my query as to "when they were going to sign the NPT," Miki said they were still engaged in "education process" vis-à-vis industry as well as the people. There was still considerable feeling that Japan would be subject to considerable inequality in inspection by IAEA as compared with Euratom as well as concern over use of "peaceful explosions." Looking me in the eye, he said that "even if we delay in signing the NPT, Japan will not develop nuclear weapons."

25. In various contexts throughout conversation Miki laid much emphasis upon Japan accepting more "responsibility" and standing on

its own feet avoiding impression it was dancing to US tune as best means of maintaining good long-term relations with US. However, he was never specific as to how he envisaged this being implemented. I said I, of course, agreed as this fitted in with my own thoughts on more equality in our relations.

26. At his own initiative, Miki chatted about ASPAC mtg indicating his principal impression was high degree of emphasis by other countries on "security." He was very favorably impressed with new GVN Foreign Minister, said that Thanat Khoman was, of course, very "clever" and at this mtg went out of his way to support every position taken by Miki but that ROK Foreign Minister was "very tough," pushing hard on the security matters and proposal to draft an ASPAC charter. Hasluch seemed to appreciate Miki's speaking against such a charter.

27. In response to my question Miki said Japanese generally viewed Czech-Soviet developments as evidence of desirable change in world toward "democratization and liberalization" in response to humanistic forces which Soviets were unable to suppress by force. All Japanese including JCP supported Czechs.⁶ I pointed out the relationship of calls for coalition government in Vietnam to Soviet demands that Czechs tolerate absolutely no opposition or opposition party. I noted that despite Soviet advances in accepting "coexistence" Communist doctrine still permits no toleration of an opposition.

28. Miki was obviously on his best behavior and without attributing unworthy motives to him he confirmed my feeling that he was very anxious to make a "good impression."

Johnson

⁶ In a September 10 letter to Harriman Johnson noted that the Soviet invasion of Czechoslovakia "has had profound affects [*sic*] here—far beyond anything I thought likely—with respect to both Vietnam and our general security relationship with Japan. It is the first issue in post-war Japanese history on which there has been full agreement among every Japanese party, although the left does not of course draw the same conclusions as does the LDP with respect to relations with the United States or Vietnam. However, for the first time the Japanese people generally see that there is reality in this talk of a 'threat' and thus are inclined to look anew at their defense relations with us rather than regarding it as a nuisance which they have to accept to keep us happy." (Library of Congress, Manuscript Division, Harriman Papers, Box 13, U.A. Johnson)

131. Editorial Note

On September 26, 1968, Ambassador Johnson and Admiral John S. McCain, Jr., submitted their report entitled "Review of U.S. Bases in Japan," which contained recommendations on a total of 54 installations covering approximately 45 thousand acres of land. The recommendations for full or partial release to Japan would realize an estimated reduction of just over \$2.6 million in U.S. balance of payments. Proposed changes in the base structure were divided into four categories designating those facilities to be completely released to Japan, partially released to Japan, released to Japan with U.S. joint-usage rights, and relocated within Japan at Japanese expense. The package would be implemented within three years, subject to the terms of bilateral agreements. The report was submitted to the appropriate offices within the Department of Defense and the Joint Chiefs of Staff, and its recommendations were accepted with slight modification. (Memorandum for the Secretary of Defense, November 7, with attachments, including a copy of "Review of U.S. Bases in Japan"; Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1250, Japan 323.3)

On November 9 a Joint State-Defense message was sent to the Embassy and to CINCPAC authorizing Ambassador Johnson and Admiral McCain to prepare a proposal for presentation to the Government of Japan based on their report and the subsequent modifications. (Telegram 269933 to Tokyo, November 9; National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 15 JAPAN-US) The Japanese were already aware of U.S. thinking on the subject of bases since a draft of the Embassy/CINCPAC report was presented to them at the Security Subcommittee Meeting held in Tokyo on September 11 and 12. Papers and other information relative to that meeting are *ibid.*, and Japanese reactions to the meeting and the formal U.S. base proposal are *ibid.*, DEF 1 JAPAN-US.

Out of concern about "gold losses and the size of the Defense budget," as well as from a desire to reduce the number of military facilities on the Japanese mainland and on the Islands, Secretary Clifford ordered an examination of additional areas of potential reduction. The resulting Department of Defense package, completed in early December, contained proposals intended to streamline United States forces in Japan and Okinawa and achieve annual balance-of-payments reductions of \$72 million and budget reductions of \$181 million. (Memorandum to Assistant Secretaries of Defense and the Joint Chiefs of Staff from Clark Clifford, December 6, with Draft Report; Washington National Records Center, OSD/OASD/ISA Files: FRC 330 73 A 1304)

132. Letter From the Assistant Secretary of State for East Asian and Pacific Affairs (Bundy) to the Ambassador to Japan (Johnson)¹

Washington, September 28, 1968.

Dear Alex:

Kei Wakaizumi came to see me this morning on his way back from several conferences in England.

At this outset, he said that he wanted to talk about Okinawa, and then to go on to discuss our elections and the prospects in Paris. His thoughts on Okinawa were as follows:

1. He said it was now widely assumed in informed circles in Japan that the Japanese Prime Minister (probably Sato, he thought) would come to Washington some time in 1969 to set a date for reversion. If such a visit were made, it would be impossible for the Prime Minister to return without an agreement having to do with the subject.

2. Since it was now so clearly understood between the USG and GOJ that the 1970 review period on the treaty would pass without action on either side, this meant that the Socialists—who are in any event in disarray—would have no specific event to attack in 1970 (i.e., no Diet action). Hence, their whole attention was focused on stirring up the issue within Okinawa. (He did *not* get into the question of this fall's elections in Okinawa, strikingly enough.)

3. From this view of the situation and the timing, he said that in his considered judgment the Japanese Government could not, during 1969, agree to our having the right to station nuclear weapons in Okinawa without prior consultation. He said that the question of the right to operate into Southeast Asia, or even to launch combat operations directly from Okinawa, without prior consultation would probably not be difficult—but that he flatly could foresee no likelihood at all that a GOJ during 1969 could meet our present requirements on the nuclear issue.

4. He then asked whether it would be possible for us to accept some form of GOJ undertaking as to granted approval, as a practical matter, whenever prior consultation was required. I asked whether he meant blanket approval, and he said that he was not going this far, but was suggesting a clear undertaking that in certain categories and types of situations approval would be granted pretty much as a matter of course.

5. As a second alternative, he suggested the possibility of reaching agreement during 1969 for a conditional reversion to take place in

¹ Source: Department of State, Bundy Files: Lot 85 D 240, Ambassadors' Correspondence. Secret; Eyes Only.

1972—the condition being that before that time we would agree on the situations requiring prior consultation under the treaty. (I again cross-examined to be perfectly clear that he was talking about a conditional reversion in this sense, and not an unconditional undertaking to revert under whatever might be agreed. He readily recognized the impossibility of the latter.)

Having heard him out, I then said that I assumed that these thoughts were not wholly his own individual ones. He said that my assumption was correct, and that he believed himself to be reflecting the views of the Prime Minister and senior people in the GOJ, for whom he was acting as a confidential adviser on this issue. (While he did *not* put this statement or otherwise claim to be bearing an express message from Sato, my interpretation would be that he was on an authorized sounding mission.)²

In any event, my reply comments were as follows:

1. I accepted his first paragraph, and said that we already had in mind a strong recommendation to the new administration that it plan on such a visit.

2. I accepted his second paragraph.

3. As noted above, I cross-examined vigorously on whether he thought the nuclear issue would really be impossible to handle next year for the GOJ. I asked, for example, whether what he was saying was, in effect, that Sato's strong effort of last winter, the various incidents, and the July elections, and all else now added up to the clear conclusion that Sato simply could not sell the Japanese public adequately on the nuclear issue. His answer to this question was categorically affirmative. He went on to say that the issue simply remained too sensitive to see any possibility at the present time of the Japanese giving any ground on it.

He then asked what I thought our position would be on this issue. I of course said that I could not speak for a successor administration. However, even though all of us could foresee a possible decline in the military requirement for nuclear weapons in Okinawa, the plain fact was that we could not see the Pentagon, the White House, or the key leaders in the Congress giving up the *right* to have them there and without prior consultation. In other words, I was sure that this was the

² In his reply, October 8, U. Alexis Johnson confirmed that Wakaizumi's comments reflected the same positions he had heard from Sato and other high-level Japanese Government officials. (Ibid.)

present position, and my personal forecast was that it was 90 percent likely to be the case a year from now.³

4. As to his proposal in paragraph 4 of his presentation, I said I would not exclude it completely, but thought it would be extremely difficult to arrange on a satisfactory and continuing basis.

5. As to a deal for contingent reversion in 1972, I gave the same general reply. I agreed with his point that between 1969 and 1972 there might well be significant developments in the area that would either put the need for nuclear stationing on Okinawa on a much higher plane (defense against Chinese Communist missiles was his example), or reduce it to the point where we could let it go. At the same time, I said that such a contingent reversion deal might in fact arouse sharply different expectations in the two countries—with people in Japan expecting sure-fire agreement on the conditions, but no such belief prevailing in key quarters here. He acknowledged this danger. Incidentally, I specifically asked whether he was mentioning 1972 because this would clearly be the limit of the authority of our President as of 1969, and he said that this was indeed the reason for selecting this date. I gave him my own personal view that we should be busting a button to get the thing really settled by then.

[Omitted here is brief discussion of the U.S. Presidential election.]

Finally, Alex, I might add that I told him that, while I was a political animal myself, I did not look at our relations with Japan as being in any sense a partisan issue. I said that with you in Tokyo and Dick Sneider here, we should be able to stay in very close touch with the Japanese at the professional level, and that I had every hope that the transition to whomever would be the next President would go with great smoothness.

Because of both the sensitivity and the future importance of this conversation, I am giving a copy of this letter solely to Win [Brown]

³ U. Alexis Johnson also agreed “that a Japanese Government will not by 1969 be able to bite the bullet of nuclear storage on Okinawa.” Johnson also pointed out his impression “that while the Japanese tend somewhat lightly to dismiss it, the issue of ‘free use’ is in many ways more important and fundamental than the issue of nuclear weapons. It seems to be hard for any country, and particularly now the third largest economic power in the world, in effect, to turn over to another power, determination of war and peace as far as its own territory is concerned, for this in fact is what is involved in the issue of ‘free use.’” He thought the solution to the matter depended on the “political climate within the United States,” which was dependent on the situation in Vietnam. (Ibid.)

and Dick Sneider at this end. I see no present action implications in it, but think that you two should have it well and truly in mind.

With love to Pat,

Yours ever,

William P. Bundy⁴

⁴ Printed from a copy that bears this typed signature.

133. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, October 2, 1968, 0830Z.

12589. Personal for the Secretary. Ref: Tokyo 12504.²

1. Re para 5 C reftel,³ I hope that in your talks with Miki⁴ you will be able to say just a word on Japanese protectionism including a statement that you may want to be in touch with him later on this matter so as to leave basis for possible future approach which now being considered between Embassy and Washington agencies. Although we do not yet have agreement on exact form approach should take, I would hope that what you say to Miki could be of such nature that it could provide basis for approach to GOJ within framework of cabinet-level

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967-69, POL 7 JAPAN. Confidential; Exdis. Repeated to the USUN. Rusk was in New York to attend the opening of the UN General Assembly.

² In telegram 12504 from Tokyo, September 30, Johnson outlined the topics, such as Okinawa, security issues, and economic and trade questions, he expected Miki to raise in his meeting with Rusk at the United Nations and suggested issues, such as NPT, Korea, and ADB, that Rusk should raise. Johnson also discussed Miki's future political plans. (Ibid.)

³ Paragraph 5C of telegram 12504 from Tokyo September 30, listed the economic issues between the U.S. and Japan, namely, "civil air transport problems, log experts, protectionism, tariff preferences for LDC's, economic aid." (Ibid.)

⁴ Rusk met with Miki in New York on October 5. Their discussions focused on Chinese representation in the United Nations, Japan's role in Southeast Asia, defense matters, Okinawa, and general U.S.-Japan relations. A summary of their conversation was transmitted in telegrams 6886 and 6888 from New York, October 6. (Ibid., POL JAPAN-US)

economic committee if agreement is reached between Embassy and Washington to recommend this course of action.⁵

2. For your background, Washington agencies are pressing to bring action against Japan in GATT under Article 23.

3. I entirely agree situation is serious but what I am proposing is at least initial step attempt of high-level formal bi-lateral talks with GOJ. As you know, I have several times hit Miki hard on this whole question of protectionism and GOJ foot-dragging and publicly and privately preach here on subject every opportunity pointing out importance of Japan taking initiative to improve its own record before being paced with massive protectionist pressures in the U.S. next year. A word of reinforcement from you to Miki would be most helpful.

Johnson

⁵ The Bureau of Economic Affairs agreed with Johnson's suggestion that Rusk raise the issues of Japanese protectionism and import quotas during his meeting with Miki, but recommended that no course of action be mentioned at that time. (Telegram 249671 to New York, October 3; *ibid.*, POL 7 JAPAN)

134. Memorandum From the Deputy Director of Coordination for the Bureau of Intelligence and Research (Trueheart) to the Director (Hughes)

Washington, October 24, 1968.

[Source: Department of State, INR/IL Historical Files, East Asia and Pacific General File, East Asia, EA Weekly Meetings, 1968. Secret. 2 pages of source text not declassified.]

135. Memorandum From Alfred Jenkins of the National Security Council Staff to the President's Special Assistant (Rostow)¹

Washington, November 11, 1968.

SUBJECT

Okinawa Election Results

The Yara victory can only be read as a vote to speed up reversion.² We are likely to have somewhat increased troubles in administering the Islands. Just how much is hard to say at this point—it could range from very difficult to mildly troublesome. We can work with Yara, and now that he is elected he may have a tendency to recognize most of the pragmatic realities of life. The problem will be with some of the extremists around him, who are better organizers than he is.

We did as much as we dared to influence the elections toward the conservatives. The outcome is probably just the inevitable indication of restiveness after twenty plus years of alien administration.

The outcome in the legislature will at least be a tempering factor.

AI

¹ Source: Johnson Library, National Security File, Country File, Ryukyu Islands, Vol. I, January 1964 to November 1968. Confidential.

² Chobyō Yara won 53.5 percent of the popular vote and defeated Nishime by 31,564 votes. OLDP candidates won 18 of 32 seats in the legislature, although opposition candidates won 52 percent of the votes cast. In a November 23 memorandum to Rusk, Hughes postulated that Yara's victory derived from "the widespread respect and affection for him as a courageous and honest educator, the political muscle of his own Teachers Association, the unity of opposition support for his candidacy," and from "popular feeling that a new administration might mean cleaner government." (National Archives and Records Administration, RG 59, Central Files 1967-69, POL 19 RYU IS)

136. Editorial Note

The situation on Okinawa and in Japan was further affected by the appointment of a new High Commissioner for the Ryukyu Islands. In early November the Department of Defense decided to replace General Unger with General James B. Lampert, but first announced its decision on November 21. The news came as a complete surprise to the High Commissioner, the Embassy, and the Japanese and Ryukyuan governments and populace. Ambassador Johnson notified Washington

that the unanticipated announcement, for which no advance notice had been given, created widespread astonishment. He admitted his inability “to conceive of anything more ill-timed and calculated to be misinterpreted both here and in Okinawa.” Not only did it undercut the carefully constructed relationship General Unger had built with new Chief Executive Yara and with the Japanese Government, the Ambassador believed, but the change also gave rise to a sense that the United States planned to adopt a hard line toward Okinawa in response to the Yara victory and served to strengthen sentiments for reversion. Ambassador Johnson added that he personally found “it hard, and the Japanese will find it equally hard, to credit that those dealing with these matters really attach the importance that we say we attach to Okinawa, when we deal with an appointment as sensitive and fraught with consequences as this as if it were a change of division commanders.” (Exchange of letters between Secretary Rusk and Deputy Secretary Nitze, as well as Telegrams 14047 and 14099 from Tokyo, November 21 and 22 respectively; National Archives and Records Administration, RG 59, Central Files 1967–69, DEF 17 US)

137. Research Memorandum From the Director of the Bureau of Intelligence and Research (Hughes) to Secretary of State Rusk¹

REA-34

Washington, November 23, 1968.

SUBJECT

The Okinawa Elections Increase Pressure for Reversion

This paper discusses the impact of the recent election in Okinawa of a new Chief Executive and legislature on the reversion of Okinawa to Japan²

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 RYU IS. Confidential.

² Jenkins forwarded to Rostow this document along with CIA Intelligence Information Cable TDCS-314/17254-68, November 14, which reported the conclusion reached by Sato’s quasi-official committee on Okinawa that from a military-strategic standpoint U.S. nuclear bases on Okinawa were unnecessary. Jenkins noted that the Department of State believed the CIA report credible. (Memorandum from Jenkins to Rostow, November 25; Johnson Library, National Security File, Country File, Ryukyu Islands, Vol. I)

Abstract

In the first public election of their Chief Executive, a clear majority of the Okinawan electorate chose Chobyō YARA, president of the Okinawan Teachers Association and the candidate of an alliance of the three opposition parties, including the communist Okinawan People's Party. However, the Okinawa Liberal Democratic Party retained its two seat majority in the 32 seat legislature. The Okinawan electorate has shown its preference for, among other things, return to Japanese rule as soon as possible rather than for the LDP/OLDP course of concentrating on integration with Japan and leaving the reversion problem to be worked out sometime in the future between the United States and Japan. Yara's victory will have a psychological impact which is likely to be more important in Japan and particularly within the Liberal Democratic Party, than in Okinawa, where Yara's limited capacity for initiatives is not expected to affect the US military mission.³ It seems likely that Prime Minister Sato's rivals in the LDP will pressure him to press the US harder on reversion and to abandon his "blank sheet" policy on the status of US bases after reversion.⁴ In this context they may point to Yara's strong opposition to US "nuclear bases" as an expression of a popular consensus for a "non-nuclear reversion." By promising (after his talks with President Johnson in 1967) that a date for reversion could be set in "two or three years" if the Japanese people showed determination to defend their own country, Sato initiated the first substantial debate on Japanese defense posture since the end of World War II and made Okinawan reversion the major point in that debate. If, in the next few months his Okinawan policy draws too much fire, particularly from within the LDP, Sato may very well press the United States to set a reversion date under a formula which would exclude US nuclear weapons from Okinawa.

[Omitted here is detailed review of the election and the reversion question.]

³ Renewed opposition to the U.S. presence on Okinawa arose after a B-52 crashed on the island on November 19. The accident reawakened the controversy surrounding the stationing of the planes on the island and reopened demands for their withdrawal. (Telegram 14006 from Tokyo, November 30; National Archives and Records Administration, RG 59, Central Files 1967-69, DEF 17 US)

⁴ The debate on the status of U.S. bases after reversion took on added importance in the autumn not only because of the Okinawan elections on November 10, but also because of the election of a new LDP president on November 27 and the forthcoming election for Prime Minister on the mainland. Sato's "blank sheet" approach, which advocated entering into negotiations on reversion without predetermined restrictions on U.S. bases, contrasted with that of Yara and Sato's political opponents, such as Miki. The latter embraced the "homeland-level" approach to reversion, that is, they insisted that the U.S. prior to entering into negotiations accept restrictions on its Ryukyuan bases identical to those governing its bases on Japanese territory under the terms of the Security Treaty. Numerous telegrams and similar documents discussing the debate are *ibid.*

138. Memorandum From the Country Director for Japan (Sneider) to the Assistant Secretary of State for East Asian and Pacific Affairs (Bundy)¹

Washington, December 24, 1968.

SUBJECT

Trip Report: Okinawan Reversion on the Front Burner

The overwhelming impression I have after ten days in Japan and Okinawa is that we have reached the point of no return on the reversion issue. The pressures have built up in both Japan and Okinawa to the point where I can see virtually no hope of stalling off beyond the end of next year a decision on the timing of reversion, although the actual return would take place later.² Particularly worrisome is the turn of events in Okinawa since Yara's election. There, our problems could indeed mount up very rapidly. At the same time, there is little indication that we are as yet any closer to a mutually satisfactory solution covering our post-reversion base rights than we were a year ago.

Japan and the Sato Pledge

Once again, Sato has easily overcome the threats to his power from his rivals within the Party and has put into office a cabinet, which is by far the ablest and most understanding of the vitals of U.S.-Japanese relations. But, the strength of Sato's position can prove to be transitory: he is an acknowledged lame duck and the consequential intra-party maneuvering to succeed him has only now begun. Furthermore, by publicly committing his regime to solution of the Okinawa problem, he has given his rivals within the party and his foes outside the party a major test of success.

With the onset of 1969, there is no doubt that Okinawa is the number one national issue in Japan. It may be argued that Sato placed himself in his present predicament of needing an agreement with the U.S. on Okinawa during 1969 by stressing the issue over the past few years. However, for better or worse, he has done so. I think his political judgment was probably sound and that any effort to play down the issue

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 RYU IS. Secret; Exdis. A copy was also sent to Deputy Assistant Secretary Brown.

² In a meeting with William Bundy in Washington on December 30, Shimoda indicated "that Sato hopes to settle Ryukyu issue before end of 1969," by setting a date for reversion 2 or 3 years thereafter and by deferring the question of U.S. base rights. Bundy indicated that both issues should be resolved at the same time. (Telegram 293620 to Tokyo, December 30; *ibid.*)

would have handed his opposition an even stronger point of attack. In any event, not only Sato but the conservatives and their U.S. alliance policy could well be at stake in the forthcoming effort to resolve the Okinawa issue.

Sato continues to proceed cautiously in working out his plans on Okinawa. Neither he nor the Foreign Office has reached any conclusion on GOJ policy towards post-reversion base rights—although all are overwhelmingly aware that an offer of continued nuclear storage could be political suicide. The Foreign Office is toying with some concept of conventional free use but has not thought through the details, particularly how to sell it to the Japanese public. In fact, there appears to be a conscious effort to avoid deciding the GOJ position until the new U.S. Administration is thoroughly tested. Ambassador Johnson keeps reminding the GOJ, on the other hand, that it must first think through its policies in terms of a realistic assessment of the security needs of Japan and the countries adjacent to Japan whose security is vital to it.

In the meantime, the Sato Government is trying to clear the decks on all other U.S.-Japan issues and develop a package of “helpful” actions in Asia which will sweeten the Okinawan package for us. Typically, a small hint by Ambassador Johnson to Vice Minister Ushiba that the GOJ might give consideration to how it would participate in the defense of the Ryukyus after reversion sent JDA officials immediately scurrying down to Okinawa to study the problem.

The Japanese are, thus, in the preparatory phase of policy making and not moving precipitously. Their timetable calls for careful soundings throughout the spring and summer, to be followed by a summit meeting in Washington in the fall. They have accepted the wisdom of not pushing the new Administration for an immediate decision on the Ryukyus, but are worried lest it be put off too far and bring them into 1970 without an agreement.

Okinawa, a Potential Trigger

The new factor in the Okinawa reversion equation is the pressures developing within Okinawa on reversion. In the past, it has been the implicit assumption of both ourselves and the Japanese that the big boys (the U.S. and Japan) will settle the problem and the Okinawans will docilely accept our joint decision. This assumption can no longer be counted upon. The Okinawan intrusion into the reversion negotiations can come in two ways, through agitation leading to open incidents with U.S. forces, and through the evangelistic pressures for action on the part of the new Chief Executive, Yara.

The potential for an incident involving an open clash between demonstrators and American military forces protecting our bases is much higher today than ever before. Given the limited capabilities of

the Ryukyuan police, such an incident has always been possible. The odds have been considerably shortened in recent weeks by three factors:

- (1) The increased militancy and radicalism of the students who are beginning to mimic the tactics of their Japanese brethren;
- (2) the ambiguous position of Yara who at the same time is the accepted leader and spokesman of the anti-base movement and is now responsible for controlling it—nobody knows how he will react when the crunch comes; and,
- (3) the development of an issue that binds almost all Okinawans and strikes a sympathetic, emotional chord—the B-52 operations at Kadena and the danger of another incident.

In this climate, our insistence upon exercising our unrestricted rights for B-52 operations, SSN visits, etc. becomes not only a focal point for potentially dangerous demonstrations, but further an incentive to seek as soon as possible reversion of Okinawa at the “homeland level” where the Japanese Government will “protect” the Okinawans against the U.S. General Unger is making every effort to reach a *modus vivendi* with Yara without making serious concessions on base rights. But it is a precarious task given the pressures Yara is under from his left-wing coalition and the inherent desire of the conservative opposition to see him fail.

Yara, moreover, has cast himself as the confirmed and authentic spokesman of Okinawan reversion sentiments. In his grand tour of Japan, he constantly pushed the theme of early reversion. But, of even more concern to us is his effort at the same time to inject himself into the debate on the conditions for reversion. Yara has publicly urged not only “homeland level” but a thinning out of U.S. bases. He has made it clear that he, as Okinawa’s elected leader, is going to resist efforts to ignore the Okinawan view on post-reversion U.S. base rights.

Thus, it is not impossible that the pace of events in Okinawa could press the Japanese Government to accelerate its current timetable. Certainly, an incident involving a clash between demonstrators and U.S. military guards around bases will put the Japanese Government on a very difficult spot. The spectre of such a development constantly plagues the Foreign Office and other Japanese officials.³

³ Shimoda expressed concern about that possibility to Rusk on December 23. Shimoda noted that after reversion Japanese police would protect U.S. bases, but in the meantime potential clashes between U.S. military troops and student demonstrators could lead to what he called “unfortunate incidents.” (Telegram 291646 to Tokyo, December 24; *ibid.*)

The General State of Health of U.S.-Japan Relations

Outside the Okinawan issue, there are some encouraging notes of progress in resolving current U.S.-Japan problems, particularly with respect to trade restrictions against U.S. imports, and the reasonably quiet visit of the nuclear sub. In very large part these actions taken by the Japanese are in their own self-interest and cued to clearing the decks for a favorable decision on reversion. But, they also reflect the dedication of the current leadership to maintaining a close relationship with us. Symptomatically, after lengthy consideration, the Japanese Government has accepted our offer for space cooperation rather than going it alone.

However, below the surface there are bubblings of serious discontent from within the ranks of the next generation of leaders about the character of the U.S.-Japan alliance and Japan's great dependence on the U.S. These younger men are not necessarily dissatisfied with a partnership with the U.S. but are concerned that the present relationship gives too little freedom to the new Japanese nationalism—a vague and still far from well-defined concept. They are not now seeking or even necessarily desirous of a break with the U.S. and embarking on a de Gaullist path. They do look for a new relationship with the U.S. by 1980 which meets their principal criterion of “equality” with us. In the context of this new nationalism, Okinawa has become a serious test of U.S. willingness to treat Japan on more equal terms.

139. Memorandum Prepared for the 303 Committee

Washington, December 27, 1968.

[Source: Department of State, INR/IL Historical Files, East Asia Country Files, Ryukyu Islands, 1969. Secret; Eyes Only. 2 pages of source text not declassified.]

140. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, January 11, 1969, 0731Z.

212. 1. My hour and one-half follow-up talk with FonMin Aichi on Okinawa yesterday afternoon was most interesting and represented a great advance in GOJ's coming to grips with hard realities of Okinawa situation. In brief, Aichi "personally and informally" suggested possibility of a formula under which bases on Okinawa would "in principle" revert to "homeland level" at time of reversion of administrative rights; but it would be agreed that they would "temporarily" retain their present status with respect to "freedom of use" and nuclear storage until such time as both governments agree that situation in area has changed sufficiently for better to permit "homeland level." Aichi said he felt it would be possible to sell such a formula in Japan only on basis it would bring about prompt reversion of administrative rights. It was his judgment that longer reversion was put off, the less freedom of action GOJ was going to have as pressures on subject continue to build up. I told him that my personal reaction was that formula was very interesting and certainly worth further study by both governments.

2. During course of conversation Aichi made it very clear that nuclear storage issue, even under above formula, presented great difficulties to GOJ, and statements by many prominent Americans that nuclear storage on Okinawa was no longer necessary because of development of Polaris, Poseidon etc. made it very difficult for GOJ to grapple with question, as it did not have sufficient understanding of what weapons or what purposes were involved.² Aichi asked whether GOJ could be given more information on this subject so that it would be in position to say that it was dealing with issue on basis of its own judgment. I explained difficulty, from standpoint of our legislation, of doing this and said, in any event, I really doubted how much help it

¹ Source: National Archives and Records Administration, RG 59, Central Files 1967–69, POL 19 RYU IS. Secret; Exdis.

² U. Alexis Johnson met with Sato on January 13 for 1½ hours. Johnson pointed out the need to maintain effective use of bases on Okinawa after reversion, particularly to meet potential threats posed by North Korea and Communist China. In response Sato commented "that even JDA and 'his own officer' lacked sophistication in military matters." Johnson then reported that to the "astonishment of Hori (Chief Cabinet Secretary) and Togo, who were also present, he [Sato] said that GOJ's 'three nuclear principles' (non-possession, non-production and non-introduction) were 'nonsense.' However, this should not be interpreted to mean Japan wants to have nuclear weapons." (Telegram 267 from Tokyo, January 14; *ibid.*, POL JAPAN-US)

would be. I had previously discussed with him and other members of GOJ the whole concept of importance of graduated deterrence both in nuclear and conventional fields, and what was involved was question of principle rather than operational details. If Japan were to accept storage of nuclear weapons on its territory and was politically able to enter into necessary agreement with US for exchange of information, we would then be able to go into more detail and perhaps move toward relationship in this field comparable to what we have with NATO countries. Aichi said this of course was not possible for GOJ.

3. Apart from formula mentioned in first paragraph above and our discussion of nuclear matters, Aichi suggested possibility with respect to "free use" of giving US a formula of "free use" of Okinawa for support of UN forces in Korea, which could be made public without surfacing our present secret understanding with respect to our bases in Japan. In this regard he said that Sato and he were, in event of renewal of hostilities in Korea, absolutely determined to implement this secret understanding and give full support to our actions in Korea. He also said that both he and Sato fully recognized importance of our bases in Okinawa remaining "effective" and were determined to do their best to find a formula under which this could be done.

4. He made no mention whatever of Sato's previous formula of "setting the date and then negotiating the conditions," and I am hopeful that they have now decided to get off this hook. He did reiterate Sato's desire to go to Washington in November "to settle" the Okinawa issue. He also reiterated his hope for cabinet-committee meeting in Japan in summer at which he could discuss Okinawa issue with Secretary Rogers.³ He made it clear that this was an official invitation to the new administration and that GOJ would hope for a response as soon as possible. He said that no conclusion had yet been reached for timing of visit to Washington by Kishi, but they would let us know soonest.

³ Sato's emissary, Kei Wakaizumi, came to Washington in early January and met with Walt Rostow. Wakaizumi reported "Sato's sense of urgency about finding an Okinawa formula," his intention to visit the U.S. in the autumn of 1969, and his interest in preliminary meetings—the Joint Cabinet Meeting, a visit by former Prime Minister Kishi to Washington—to pave the way for a settlement. According to Wakaizumi, Sato still wanted to reach agreement on a timetable for settlement and reversion, and he "excluded nuclear weapons on Okinawa for the long pull." Rostow presented the U.S. view that an agreement on reversion necessitated that Japan must "deliver—not promise—more muscle in Asia and the Pacific" by assuming a larger economic and security role in the region. (Memorandum of conversation, January 13; Johnson Library, National Security File, Country File—Addendum, Japan)

5. I have some doubt that GOJ could, in fact, deliver on a formula such as set forth para one above, but entirely agree with Aichi that whatever ability they may have in this regard would certainly be eroded with passage of time. I will be seeing Prime Minister on Monday and will, of course, follow up matter with him.⁴

Johnson

⁴ See footnote 1 above.