FIRST CHALLENGES FOR THE BUSH ADMINISTRATION
Submarine, Mori, and Japan's Troubled Economy

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The new administration came into office with a promise to strengthen the U.S.-Japan relationship. This is a noble and important goal. It is complicated, however, by three immediate issues—the February 9 collision between the U.S.S. Greenville and the Japanese fisheries training ship Ehime Maru, the perilous state of Mr. Mori's government, and the Japanese economy.

The submarine accident off the coast of Oahu has severely lowered public confidence in both countries in the professional skills of the U.S. Navy. The U.S. government response, while it has been excellent in several respects has been slow and plagued by the serial revelation of new facts. An earlier presidential statement would have been fitting and helpful. Furthermore, U.S. officials appear to be cold to the Japanese custom that requires maximum effort to recover remains, even though we have spent years, billions of dollars, and much diplomatic capital attempting to recover remains from the Vietnam War. A U.S. vessel caused the accident and the deaths of nine Japanese citizens. The cost of recovery should not be an issue, or even discussed in public.

Although it is not likely that this tragic incident will have a lasting adverse effect on U.S.-Japan relations, confidence in our skill, attention to detail, and professionalism has been severely eroded. The scheduled board of inquiry will go a long way in clarifying just what happened, but it is extremely important that its deliberations be credible and that they are followed by appropriate legal procedures. This should include an assessment of the propriety of the actions of those farther up the chain of command and their oversight role. This episode could affect the acceptability of certain dispositions and practices of U.S. forces in Japan, and we must work to accommodate to such changing attitudes, if they take place.

The second complication is the long-term political transition that is taking place in Japan, as the ruling Liberal Democratic Party seems to be losing its legitimacy. Mr. Mori's current predicament is a symptom of that transition, which will not end with his departure-nor even necessarily with the next general election, which could come as soon as this summer. This transition has severely constrained initiative by the Japanese government and hindered reform in a host of areas of interest to the United States, including movement toward a more vigorous security relationship, deregulation, and more open markets. Although Japan has a world-class economy in many areas, it has also nurtured old industries that are a major drag.

The third complication is Japan's continuing troubled economy. Despite several years of nagging by the Clinton administration, the expenditure of billions of dollars on public works projects, and generous infusions of cash into the Japanese banking system, the Japanese economy continues to lag. The nonperforming asset situation has worsened, and the national debt has ballooned to historic proportions. At the same time, however, Japan holds more net external assets and more personal savings than any other nation. Many U.S. government officials, fearing that a weak Japanese economy would eventually have an adverse impact on the United States, have goaded Japan into huge deficit spending, and economists have urged deregulation as a way out. Due to a reluctance to face genuine and sudden reform and the fact that there has been so little pain, the measures have been inadequate and the economy continues to linger.

So what should be done? First, we must take Japan for what it is. For the foreseeable future, Japan will not have a government with a strong leader or a viable mandate for change, either militarily or in the economic field. Public bullying will not help, as demonstrated in Japan's reactions to the early Clinton years. We have to realize that our agenda does not
coincide exactly with that of the Japanese people. Thus, we should behave with a little more humility. We do not have all the answers, and if we have ideas, we should convey them privately.

On the military side, it is important to ensure that the mutual security system remains viable and strong, but it is hard to persuade the Japanese people that the world is any more dangerous than it was 10 years ago. In fact, the Soviet Union is gone, and Japan's relations with all of its neighbors are arguably better now. Support for the alliance is at a very high level in Japan, but the impact of U.S. forces' activities is being increasingly questioned, and we should reexamine our deployments and procedures to revalidate their appropriateness. We can work with the Japanese government in this process.

The inauguration of the Bush administration raised great hopes on both sides of the Pacific that the importance of Japan in America's foreign policy and international strategy would be recognized. The relationship suffered during the Clinton years as high-level attention was focused on establishing a better working relationship with China. Many Japanese and Japan hands lamented the attention focused on China and were concerned that the United States was turning its back on its ally of some 50 years.

It is not hard to understand why so much attention was focused on the China relationship. Japan is an ally with which we have a rich, broad, and solid relationship, based on a remarkably broad range of shared values and goals. China is a rapidly rising potential rival with which we share few common values. We are at odds over the future of Taiwan and, perhaps, much else in Asia as well. Most of our transactions with China require some government participation. Most of our relationship with Japan is conducted by the private sector. Thus, in terms of government effort, China is more demanding.

The bottom line, however, is that Japan is our important and loyal ally, and that much can be accomplished in the Pacific when the two nations act in concert. Japan's interests must be a consideration in the formulation of policy and the decisions for action, including those outside of Asia. It does not want, however, to be smothered in an American embrace that effectively denies it any semblance of independent action.