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**DIRECTORATE OF INTELLIGENCE**

17 August 1988

**Japanese Perceptions of the US-Japan Relationship**

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**Summary**

Despite clear evidence that for most Japanese the relationship with the United States remains central to Japan's economic well-being and national security, our reading of public opinion  suggests important perceptions of the United States are changing. Many in Japan see the United States in decline and increasingly question whether Washington can maintain security commitments in East Asia as well as play the kind of role as Western alliance leader that has historically benefited Japan. The pride of the Japanese in their own success, and consequently in their changing international role, also plays a major part in explaining their perspective on the United States. We believe that at least some in Japan sense a new power balance between the two alliance partners. To date, however, little in the way of public commentary or official behavior suggests that Tokyo will move rapidly to assume responsibilities that Japan's economic power could afford.

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This memorandum was prepared by  Office of  Analysis. Information available as of 15 August 1988 was used in its preparation. Comments and queries are welcome and may be directed to the Chief,

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**US Relations Still Number One...**

Tokyo continues to regard a strong relationship with the United States as its foreign and security policy priority. In a recent Diet speech, Prime Minister Takeshita put his imprint on the objective, borrowing the well-worn vocabulary of his predecessors to describe the US-Japan alliance as the cornerstone of Japanese policy. Notwithstanding its annual repetition, Takeshita's characterization captures a perception shared by the population at large. Indeed, a nationwide survey conducted in July found that 75 percent of the respondents believe the US-Japan Mutual Security Treaty is important in maintaining Japan's peace and security. This figure does not significantly differ from similar polls conducted in 1981 and 1984. [redacted]

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Whatever the pride in Japan over its wealth, recognized success, and economic power, official as well as popular Japanese interest in strong bilateral ties still reflects a belief that Japan's relationship with the United States is economically critical:

- Most important to Japanese across the board is the fact that the United States remains by far Japan's leading export market. Over 35 percent of Japanese exports still reach the United States each year--more than six times the volume channeled into Japan's next-largest market, South Korea.
- Of growing significance in light of Japan's role as the world's leading financial power, the United States also represents stable financial markets with high returns for Japanese investors. Japanese banks, securities firms, and insurance companies have several hundred billion dollars invested in US stocks and bonds. Corporate financiers in Tokyo see the United States as a critical long-term investment proposition.
- The United States remains the preferred location for Japanese overseas direct investment. Japanese real estate purchases in the United States--which have increased dramatically since 1980--stand at around \$24 billion; over 600 Japanese manufacturing firms also operate plants in the United States.
- The United States continues to be the source of most imported technology. US know-how is key for Japanese technologists in the civil sector, but it is indispensable to those involved with defense, which requires US inputs to produce state-of-the-art weaponry. [redacted]

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Perhaps even more fundamental than their view of the US market, Japanese policymakers regard the alliance with the United States as vital to Japan's security. [redacted] the effectiveness of the US defense commitment has allowed Tokyo to develop a security policy that requires only limited investment--in an economic and political sense--in military readiness. For senior policymakers and politicians, particularly in the ruling party, attitudes toward the United States also are a

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[Redacted]

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function of their view of the Soviet Union; here, the Japanese perspective has changed little. Senior conservative decisionmakers remain suspicious of the Soviets because of their continuing force modernization in East Asia as well as Moscow's refusal to accommodate Japanese interests as Japan's economic power has grown. [Redacted]

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Nonetheless, for most Japanese, the Soviet military threat to Japan remains essentially Washington's responsibility. Most of the top of Tokyo's hierarchy seem to want Japanese military capabilities to remain modest, recognizing that both domestic political opinion and economic self-interest warrant no significant change in the only moderately paced Japanese defense buildup. [Redacted]

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**...But Perceptions Are Shifting**

Despite the seeming durability of the "fundamentals" in the Japanese view of the United States, the perception of the benefits derived from close bilateral relations appears to be changing. Our judgment on this score is admittedly impressionistic, but fragmentary information suggests many Japanese perceive increasing costs and declining returns for Japan as a result of trends in US economic performance and political behavior. [Redacted]

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Japanese concern about US staying power as a leader of the Western alliance has been reflected in several quarters. Most obviously, academic and editorial opinion have begun to openly question whether a country with a massive national deficit can sustain its role as Western alliance leader and its power in international security affairs. Beyond pundits and editorialists, however, some Japanese security policy makers fear increasing bilateral contention as budget-driven constraints on US defense efforts impel Washington to push Tokyo harder to bear a greater burden. [Redacted]

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**Will the Trends Continue?**

Japanese pride in maintaining economic vitality in the face of an array of challenges--from the oil shocks of the 1970s to the appreciation of the yen in the 1980s--clearly underlies much of the critical perspective on the United States. Virtually all projections of Japan's economic and technological strengths--by Westerners and Japanese alike--point to continued success and accruing power, suggesting the Japanese will grow more, not less confident in their capabilities. [Redacted]

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[Redacted]

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Despite Japan's sense of growing power and a perception that its one-time alliance mentor is declining, important aspects of the Japanese international role remain ill-defined [Redacted]. Foremost among them is how the Japanese see the need to reconcile their success with the responsibilities that derive as a consequence. Some--primarily a few intellectuals [Redacted]--have suggested that Japan's economic competition with the United States, notwithstanding its profitability, is undermining the health of its primary national security guarantor. The implication of their case is that Japan has new responsibilities and must bear increasing costs within the alliance. [Redacted]

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Whatever the persuasiveness of the argument, most public opinion sampling suggests that the majority of Japanese do not see such connections. Their view of Japan's international role remains circumscribed by traditional perceptions of the country as an overpopulated, economically vulnerable island nation. We believe that, however self-serving, these views are deep-rooted. Such perceptions probably will change over time, but to date little in the way of public commentary or official behavior suggests that Tokyo will move rapidly to assume responsibilities commensurate with its more contemporary attitudes or the leverage its economic power could afford. [Redacted]

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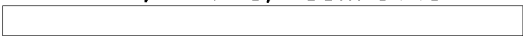
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**Department of State**

1 - Michael Armacost, Under Secretary for Political Affairs, Room 7240

**Central Intelligence Agency**

- 1 - DDI, Room 7E44
- 1 - Senior Review Panel, Room 5G00
- 1 - PDB Staff, Room 7F30
- 1 - NIO/EA, Room 7E62
- 1 - NIO/ECON, Room 7E62
- 1 - CHIEF, PPS/DO, Room 3D13



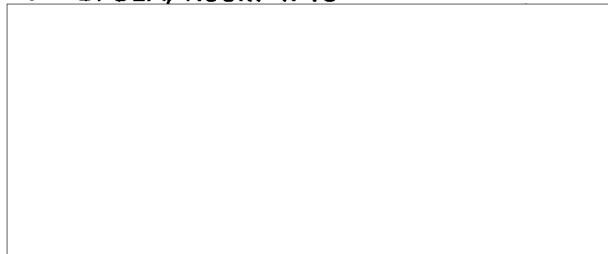
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- 1 - CPAS/ILS, Room 7G50
- 1 - CPAS/ISS, Room 7G50
- 6 - CPAS/IMC/CB, Room 7G07
- 1 - FBIS/NEAD, Room 1N07
- 1 - LDA/AN, Room 1H18
- 1 - LDA/NEAP, Room 1H18
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