

IPSHU RESEARCH REPORT SERIES

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THE "DEAD ANGLE" OF ANALYZING JAPANESE MILITARIZATION

—Problems in Analyzing the Japanese Defense
Budgetary Process for fiscal 1981—*

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Feb. 1982

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* This paper was first presented at the 1981 inter college summer school on global militarization organized by Professor Hiroharu Seki's graduate course seminar, Faculty of Law, University of Tokyo, then its revised version was presented at GPID militarization workshop held in Tokyo, August 31, 1981. The present paper is, in a sense, a coordinated product by Kiichi Fujiwara, Kazuo Ogushi, Shiho Miyamae, Takaaki Mizuno and all the other attendants at the seminar who helped, criticised and advised me in completing my work, and by Mark Seralnick who improved my English. Responsibility for the final form of the paper is, of course, strictly the author's.

I. Introduction

The repeated American demands on Japan for her increase in defense capabilities from January 1980, added to the recent Japanese domestic political mood called "the right shift" or "the conservative trend", made the defense budgetary process for fiscal 1981 one of the most controversial political issues in both the international and the domestic context. Thus many journalistic and a few academic analyses concerning this issue have been published. In this paper I would first like to touch upon what existing analyses of Japanese militarization have and have not pointed out, and by doing so shed light on the significance of the "dead angle" (areas not yet analyzed). Secondly, I would like to present a perspective in which we can see this "dead angle" in analyzing the structure of Japanese militarization for the future analyses.

II. Two Types of Analyses of Japanese Militarization

Recent analyses of the mechanism which influences Japanese militarization can be divided into two types. The first type consists of those which pay attention mainly to the confrontation between the Ministry of Finance (MOF) and the Defense Agency (DA) and conclude that there is no strong military-industrial-complex (MIC) in Japan and the MOF has been able to hold down the pace of Japanese militarization. The second type consists of those which point to the general coincidence of the interests and the political perspectives among the leaders of the governing party, bureaucracy, and big business, and warn of the danger of a military-industrial plus bureaucratic complex (MIBC).

1) The First Type : Finance-Defense-Conflict Model (FDC Model)

Professor Hideo Otake and certain press comments are representative of this type¹⁾. Professor Otake interprets that the increase in defense spending in fiscal 1981 was held down to some extent and attributes this to the “merchant state ideology”— the ideology which advocates that Japan should continue to be specialized in economic affairs — of the MOF and the governing faction of the Liberal Democratic Party (LDP), which is at variance with the strong military policy of the DA, the Ministry of Foreign Affairs (MFA) and others. He states that the reason why the MOF won the bureaucratic battle was that there is no strong MIC of vested interests among the Dietmen who support a strong military policy, defense industries, and the DA and thus there was support for a strong military policy only at an ideological level. In other words, the rightist ideology of the LDP is so alienated from the fundamental power structure of the party which itself is mediated by vote-gathering and political donations from big business that it has no strong influence on the budgetary process²⁾. On the other hand, the MOF’s sound finance ideology is widely accepted by the top leaders of the LDP and has been acting as a brake on the militarization of Japan.

2) The Second Type : MIBC Model

There are many analyses of the economic effects of defense spending, especially concerning the defense industries, and the way in which an increase in defense spending creates a pressure for even greater increases³⁾. But few of these analyses mention factors relating to the political decision-making structure. In my opinion, Yu Takaoka is the only one who has touched upon this in some of his essays⁴⁾. He views defense spending in fiscal 1981 as the first step towards a militaristic state, and that behind this defense policy there is a Japanese style MIBC which is led by the bureaucrats. He says that a new consensus among the bureaucrats including the MOF and the Ministry of International Trade and Industry (MITI), (which up until now have placed greatest priority on the economy) is being generated. This new consensus is that after becoming a great economic power, Japan should now become a great political and military power, and to accomplish this aim, Takaoka said, an MIBC with a network of personal connections in a "Japan Incorporated" style is coming into being. However, he does not point to any concrete actors which influence the political process, nor to any structure of vested interests. Thus, he fails to clarify the mechanism which influences the structure of Japanese militarization.

Thus, the criteria for dividing these two analytical types are the interpretation of the character of the defense spending during 1981 and the opinion regarding the existence of an MIC. The FDC model concentrates its analysis on the budgetary process and states that there is no strong MIC of vested interests which intervenes in the defense budgetary process. On the contrary, the MIBC model focuses only on the budget itself and warns of the danger of the existence of an MIBC as a network of personal connections. Thus, both of types are premised on the fact that the MIC is the fundamental factor in Japanese militarization. Their conceptual frameworks of the MIC are defined by the way in which they analyze the increase in defense spending, and this leads them to either deny or admit to the ex-

istence of an MIC. But neither of the two analyze the militarization mechanism which can not be treated within the MIC framework.

Next, I would like to re-examine the interpretation of the character of defense spending during fiscal 1981, and then examine problems which are generated from the aforementioned analytical concentration on the MIC factor in Japanese militarization.

III. The character of the Defense Spending in fiscal 1981

1) The Budgetary Process

Key events which occurred in the budgetary process are shown in Table 1. Here, I would like to re-examine Professor Otake's analyses. According to him, the 7~8% increase in defense spending was actually decided when the 9.7% increase in the ceiling of the approximate fiscal 1981 budgetary appropriations requests was decided in late July of 1980. In the budgetary process in a narrow sense, from September to December, the main issue was the confrontation between those who argued for a decrease in defense spending and the opposition against this. A central figure was the MOF which placed greatest priority on financial reform and therefore was against increased spending in any field. Prime Minister Suzuki and his faction in the LDP supported the MOF on this issue. They thought that public opinion should be kept quiet in order that financial reform and an incremental increase in defense would not fail. On the other hand, the Dietmen who support the DA were not in the mainstream of the LDP and as they had no support from defense industries they had to lobby for support from other sources. For example, they had to lobby for the survivors' pension in order to receive the backing of the Japanese War Bereaved Association. Such conditions were of great advantage to the MOF. As a result, an absence of an MIC of vested interests allowed the MOF to win.

In so far as the problem here is restricted to analyzing the budgetary process only from a microscopic level, it is sufficient to pay attention only to the bureaucratic confrontation. But if we want to analyze the macroscopic structure of Japanese militarization, this level is not only insufficient but also problematic. As Professor Otake himself noted in his article, analyses at the microscopic level must not be confused with the macroscopic ones⁵⁾. When this confusion is seen, for example in newspapers, there are such problems as described below.

Table 1. Key Events Concerning the Defense Budgetary Issue

1980

- Jan 13 Defense Secretary Brown urged the Japanese government to increase in defense spending to the 1% level of GNP.
- Mar. 20 Defense Secretary Brown told Japanese Foreign Minister Okita that the United States expected Japan to increase its defense spending "steadily and significantly".
- 27 A high-ranking foreign ministry official said the government should upgrade the DA's unofficial "midterm defense buildup plan" to the government's official defense plan in order to respond to the American call for "steady increase" in Japanese defense spending.
- Apr. 30 Hosoda, Director-General of the DA, instructed top leaders of the agency to work out details of programs for fiscal 1981 to modernize major equipment of the Tri-Service Self Defense Forces (SDF) and improve the nation's defense capabilities.
- May 1 At Ohira -Carter Talks, Prime Minister Ohira remarked that Japan would seriously tackle the question of improving its defense capabilities.
- 14 The DA disclosed full details of its 5 years defense buildup plan
- Jun. 22 The LDP swept simultaneous elections.
- 30 At Japan-U. S. annual working level talks on security affairs, United States insisted that Japan should complete its defense buildup plan (1980-84) one year ahead of schedule.
- Jul. 27 Informal report by MFA suggested that the government should complete the midterm defense buildup plan one year ahead of schedule.
- 28 Finance Ministry Watanabe and Director-General of the DA Omura agreed that the ceiling of the increase in the request of defense spending in fiscal 1981 should be 9.7% of the 1980 spending. This means that the defense budget should be made outside the framework set by the government for the fiscal 1981 budget.
- Dec. 10 Prime Minister Suzuki told the officials of MFA and the DA that he believed that it was a "wrong notion" to think Japan-U. S. relation would be adversely affected if the government failed to increase the defense budget in fiscal 1981 by 9.7%.
- 11 Defense Secretary Brown told Prime Minister Suzuki that Japan should increase its defense spending by 9.7%.
- 25 Prime Minister Suzuki indicated that Japanese defense spending in fiscal 1981 could be considerably beyond the 6.6% tentatively allocated in the MOF's draft budget.
- 28 The Japanese government and the LDP agreed to increase its defense spending in fiscal 1981 by 7.61% of the spending in fiscal 1980.

Made by Tetsuya Sakai

Source: *The Asahi Newspaper, The Japan Times*

The first problem is a misunderstanding that the MOF and the governing faction of the LDP are opposed to militarization. We must remember that their argument was not opposed to an increase in defense capabilities itself. They argued that too great an increase in defense spending in fiscal 1981 would badly influence future increases. Thus the MOF and the mainstream of the LDP also support some increase in defense spending. The bureaucratic confrontation merely originated in a difference concerning the way in which increases could be procured. But paying attention mainly to the bureaucratic confrontation tends to pass over this point. It is true that the increase in defense spending in fiscal 1981 was restricted to 7.6%, but the DA's defense build-up program itself was not changed. Here we can see the limit of the MOF's braking function on militarization.

The second problem concerns the difference between the character of the budgetary process and that of the budget itself. It is one thing that the increase in defense spending was restricted, and another that militarization itself was braked. As the FDC model does not mention the character of the budget itself, I would like to deal with this problem later.

The third problem concerns a political tactic which makes it easy to increase defense capabilities. In the Japanese political theater the following play has been running for about a year. The DA, supported by radical nationalistic militarists and American pressures, has aimed at a great increase in defense spending. However, the MOF, a rational and anti-militaristic financial office, shattered the DA's goal and put a brake on Japanese militarization. But in reality, incremental militarization was not braked at all. The efficacy of this tactic is indicated by Haruo Natsume, Director of the Secretariat of the DA. He noted that on defense policy debates in the Diet, opposition party Dietmen approved the existing defense program or the 1% ceiling in the proportion of defense spending of the GNP, and were only opposed to a stronger defense policy.⁶⁾ Nevertheless the Japan Socialist Party and Japan Communist Party did not change their fundamental view regarding holding down military

power. This suggests that the LDP's tactic won out over opposition parties. Professor Otake divides promoters of the "right shift" into two types. The first type are nationalistic emotional reactionaries. The second type are those who, disguised as rational administrators, support the formation of a national security state.⁷⁾ And Otake seems to regard central figures of "merchant-statists" such as the MOF and the MITI, as opposed to the "right shift". It is true that the merchant-statists are opposed to a great increase in defense spending since they regard this as a threat to their sound finance policies. But they do not have any concrete defense policy themselves. Moreover, as was mentioned above, they approve of the basic defense policy of the "national-security-statists" concerning the acquisition of sufficient but not excessive military power. Thus, when they can compromise with the "national-security-statists" on a budgetary issue, they will not oppose a concrete defense policy of the "national-security-statists". The policy distance between the "reactionaries" and the "national-security-statists" is wider than that between the "national-security-statists" and the "merchant-statists". But through political tactics the difference between the "national-security-statists" and the "merchant-statists" attracted public attention. And behind the MOF's apparent policy victory it became easier to increase defense spending incrementally. Thus the total structure of Japanese militarization can not be completely analyzed through such dichotomy as mentioned above.

2) The Character of the Budget Itself

First, I would like to examine the relative proportion of defense spending. The increase in defense spending in 1981 as compared with 1980 was 7.61%. This is far beyond the increase in the proportion of general expenditures which was 4.3%, making it for the first time slightly greater than the increase in social security spending, which was 7.60%. The proportion of defense spending in fiscal 1981 compared with the estimated GNP was

0.906%, which was slightly beyond the 1980 figure of 0.900%. And the proportion of defense spending as compared with general expenditures was 7.26% in fiscal 1980 and 7.49% in fiscal 1981. In the "Defense White Paper" and government publications, it is often noted that the proportion of defense spending compared with the general account has been decreasing. But the reason for this is due to the sudden increase in the financing the national debt which is expected to reach 25% in fiscal 1981, and in the regional subsidy tax which is forecasted at 23% in fiscal 1981. Because these do not leave any room for discretion by the MOF, defense spending enjoys a special preference.

Next, I would like to examine the contents of defense spending in fiscal 1981. The DA placed priority on acquiring major weapons in order to complete the 1978 midterm defense buildup plan (1980–1984) as fast as possible. The amount of major items that has been procured through fiscal 1980 and will have been procured through fiscal 1981 is shown in Table 2. For many weapons the proportion exceeds 40% of the midterm plan. As 1981 is the second year of the five years plan, the figure shows a satisfactory achievement for 1981. Originally, the midterm defense buildup plan was based on a paper of the DA, which was made to estimate each yearly budget, but it does not include any fiscal considerations at all. It is true that American demands for Japanese increase in defense capabilities regarded the midterm plan as a formal defense program, but it is unusual for the MOF to allow such an inside plan to be fully completed. This is in contrast to the fact that the fourth defense buildup program (1972–1976) was not fully completed in the end, even though it was a formal defense program which had been passed by a Cabinet council.

The total amount of defense spending was decreased by the MOF, but it was possible to keep a satisfactory pace for the procurements of major weapons by reducing the spending on rear service and using deferred payments. In 1981, only 45 billion yen will be payed out for weapons which are worth 752.5 billion yen. 705.5 billion yen will be payed out

Table 2. The Amount of Major Items that have been procured in fiscal 1980 and will be procured in fiscal 1981

items	the goal in the midterm plan	requested by DA for fiscal 1981	1981 budget	till 1981 the goal (%)	1980 budget
Type-74 tanks	301	80	72	44	60
Type-73 armed car	44	9	9	41	9
84mm recoilless rifle	852	219	219	48	188
missile boat	2	1	1	50	0
submarine	5	1	1	40	1
P-3C anti-submarine patrol plane	37	0	0	27	10
F-15 fighter plane	77	0	0	44	34
E-2C early warning airborne	4	4	4	100	0
Short-range SAM	12	not available	2	17	0

Source: *the Asahi Newspaper*

of future budgets. The total account of deferred payments exceeds 1300 billion yen in 1981, and it has been suddenly increasing year by year. This amount exceeds a half of the total spending on defense in fiscal 1981, which is 2400 billion yen. Such a great amount of deferred payments will inevitably put much pressure on defense spending.

These examinations of the character of defense spending in fiscal 1981 show that Japanese militarization was not held down at all. The MOF's revision of the defense budget appears to be cutting down the increase in this spending at a glance. But when we consider the level of deferred payments, we find that the pace of Japanese militarization was not slowed down but even substantially speeded up.

IV. A Perspective for Further Analyses

In the third section it was made clear that, in spite of the absence of an MIC of vested interests and cuts in defense spending by the MOF, the pace of Japanese militarization was substantially accelerated. Thus, what is the crucial factor in Japanese militarization? An MIBC of personal connections? It is easy to demonstrate that militarization profits the military, some industries, Dietmen, and bureaucrats. But this does not answer the question what is Japanese militarization and what kind of mechanism is it influenced by?

I would like to present questions which are not answered by the existing two types of analyses, and try to offer a perspective which will respond to them.

The first question concerns Japanese pacifistic sentiments. In post-war Japan, there have always been political groups which do not agree to the maintenance of any military power, and they have received considerable popular support. How does such a condition influence the structure of Japanese militarization? In order to answer this question, it is necessary to analyze the function of such political groups acting in and out of the Japanese Diet. Here, something we should pay attention to are the political tactics which are employed to minimize the influence of these pacifistic political groups. Until a few years ago, actual changes led to formal changes in defense policy, and sometimes the Prime Minister fired Cabinet members who used inappropriate language, in order to quiet opposition parties. Recently Prime Minister Suzuki did (could?) not fire Minister for Justice Okuno who frequently used such language, and pretending not to approve such policy, Suzuki has continued incremental militarization. This change in political tactics suggests the change in the functions of the pacifistic political groups and the change in the balance among factions in the LDP. The former was caused by the LDP's victory in the simultaneous elections in July 1980. And concerning the latter the fact that Okuno is a semi-member of the biggest faction of the LDP has been often mentioned in newspapers.

Second, there is a question concerning the basic design of militarization, because the goal of existing Japanese militarization is not clear. Is it a formation of a national security state of the NATO type? Or is it a regional military power center in East Asia? Or is there no basic design? Or is there a basic design among officers, but through the political process it has become mutilated? As the midterm defense buildup plan is originally an officers' request, we can possibly try to construct an officers' defense design through examining the midterm plan. But the diversity among three service's basic defense design and the existence of some transnational networks (as mentioned below) make it difficult to clarify how directly is defense force officers' defense design reflected in the midterm plan.

The last question is how to treat the various levels of transnational networks between Japan and America. American demands on Japan for her increase in defense capabilities were usually treated as an environmental factor in Japan. But some actions of certain groups in America can not be separated from some actions or aims of certain groups in Japan. For example, according to *the Asahi Newspaper*, American demands for Japan to purchase certain major weapons at Japan-U.S. annual working level talks on security affairs held in June 1981, was originated by Japanese officers.⁸⁾ A Japanese general trading company which is an agent for the American defense industry may act for the interests of the American defense industry at the cost of the Japanese weapons industry. Thus, a structure of vested interests concerning imports of high priced weapons may be of greater importance than the relationship between Japanese defense industries and Dietmen who support strong national defense. Moreover, there are transnational networks at the levels of officers, administrators, businessmen, politicians, and others between Japan and America. And each of them acts to influence the militarization of Japan sometimes confronting and sometimes in harmony with each other.

Thus, because of a danger of failing to analyze these transnational factors, the framework of a *Japanese* MIC is insufficient to thoroughly analyze the structure of Japanese militarization. The excessively strong Japanese defense industries would not be welcomed by the American ones, and the latter would act to weaken its Japanese rivals. Such actions might emerge as a demand either by the American government or by some Japanese general trading companies. In any case, because such a situation would create an intensification of economic friction between Japan and America, it does not suit the general interests of Japanese big business. Thus, it would be more acceptable for Japanese big business and for the American defense industries that Japan should prefer to buy most of its major weapons from America and to export automobiles, computers and other civilian items to America. In this way, without any strong Japanese MIC, Japanese big business can cooperate with the American defense industries to accelerate the pace of Japanese militarization. The “merchant-statists” may be a central factor in this kind of structure of Japanese militarization. Furthermore, we cannot neglect to classify various transnational connections and to re-examine factors which have been treated as environmental ones, within this cooperative-transnational-framework.

In sum, the structure of Japanese militarization is complicated by the existence of a strong domestic opposition and various levels of transnational networks. Thus, it is not sufficient to analyze this issue through a single framework of MIC. It is necessary to simultaneously employ several frameworks, for example, analyzing transnational cooperation, the confrontation between the governing power and the pacifistic opposition, and conflict among political actors in the decision-making process, at various levels of analysis. But it is a task left for further analyses.

List of Abbreviations

MOF	Ministry of Finance
DA	Defense Agency
MFA	Ministry of Foreign Affairs
MITI	Ministry of International Trade and Industry
LDP	Liberal Democratic Party

Notes

- (1) Hideo Otake, "Japan-U. S. disaccord concerning Japanese defense spending", *Keizai Hyoron*, July 1980; "Political Dynamism in the LDP on the issue of defense spending", *Asahi Journal*, Jan. 30 1981; "Two types of rightists in Japan today" *The Yomiuri Newspaper*, Feb. 28, 1981.
- (2) Hideo Otake, "Political Dynamism" p. 14
- (3) Kazuo Tomiyama represents this type; see, Kazuo Tomiyama, *Japanese Defense Industry*, Toyokeizaishinposha, 1979
- (4) Yu Takaoka, "Military-Industrial Complex Coming into Being" *Sekai*, Jan. 1981, "Military Industrial Complex Starts to Function", *Sekai*, Mar. 1981
- (5) Hideo Otake, "Political Dynamism" p. 10
- (6) Interview by Masahiko Tanaka, *The National Defense*, vol. 30, no. 3, 1981, pp. 14–15.
- (7) Hideo Otake "Two Types of Rightists" and "Political Dynamism"
- (8) *The Asahi Newspaper* July 14, 1981

