

The Korea-Centric Japanese Imperium and
The Transformation of the International System From the 1930s to the 1950s

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This is the précis of a longer paper that I will distribute at the Congress in July 2002. Given time constraints for presenting our papers at the Congress, here I will limit myself to general remarks that may be of interest to participants well in advance of the Congress, and those who remain interested can then read the full paper. The essential argument is that Korea became a site, and subsequently a highly unlikely fulcrum, for the transformation of the international system from one of rapidly declining British leadership in the early 1930s to a short period of regional Japanese hegemony in East and Southeast Asia, thence to a defining crisis in 1950-51 that became the global building block for American predominance in the international system ever since.

I will seek to distinguish three aspects of this transformation: (1) a model of industrializing political economy that began under Japanese auspices in Northeast Asia in the 1930s, forming a regional bloc that deeply shaped the postwar political economy in the region; (2) the contribution of that regional formation to hastening

British manufacturing decline (in the 1930s) and assisting American manufacturing advance (in the 1940s), which was one important aspect of the shift from British to American hegemony that characterized the 20 years from 1930 to 1950; (3) the civil war in Korea which provided in 1950-51 the fulcrum for building the military sinews of the American global position abroad and a national security state at home, both of which have now long outlasted their ostensible cause, namely, the Cold War that ensued from 1947 to 1989.

Developmental Colonialism

In the 1930s a scholar observed that Koreans were still "poor merchants" and that Korea's cities still did not have a commercial bustle:

The cities of Korea ... are largely centers of administrative activity.... Not a single city in Korea is busy and brisk like a trading center of the Western world, or Tokyo or Shanghai; Seoul, the largest, has a population of less than 370,000, and even here everything seems at a standstill and quiet.¹

The few seats of commerce were the new railway centers and rice-exporting seaports, and as they grew they slowly eroded the ancient hostility to commerce that had marked Korea. At first Japan was determined to have Korea's commerce for itself. Colonial authorities passed laws in 1910 inhibiting the formation of Korean firms, with limits on how much paid-up capital could be Korean; this came at a time when Japanese capital was already quite predominant. Japanese-owned firms accounted for 70 per cent of the total, Japanese-Korean firms had 10.5 per cent, and purely Korean firms, only 18 per cent.

Massive Korean resistance that began on March 1, 1919 and continued throughout the country for months, however, convinced Japanese leaders to try and co-opt moderate Korean leaders and isolate radical ones. Under the new

"cultural policy," Korean commerce began to grow. One source argued for "a tremendous increase in the number of Korean entrepreneurs," but by the end of the decade Koreans still held only about three per cent of total paid-up capital. Most Korean capitalists were still wholesalers, brokers and merchants dealing in grain or grain-based liquor transactions, with this activity mushrooming in the new ports. The most important fruit of the cultural policy for Korean industry was the integral role it soon had in Japan's "administrative guidance" of the entire Northeast Asian regional economy. Now Korea was to play a part in plans linking the metropole with hinterland economies, and it is from this point that we can date Japan's specific brand of architectonic capitalism that has influenced Northeast Asia down to the present.²

Japan entered a period of economic stagnation in the 1920s and pursued free trade policies, and Westerners then and ever since lauded Japan for its liberal institutions. This period of "Taisho democracy" was for modernization theorists the progressive culmination of the Meiji success story, marred later by the aberration of the decade of militarism, 1936-45.³ Japan girded its loins at home for trade competition, inaugurating tendencies in its political economy that remain prominent today; here was an early version of what is now termed "export-led development." Both Johnson and Fletcher date the origins of Japan's national industrial strategy and "administrative guidance" from the mid- to late 1920s, and both the Americans and the British were most receptive to Japan's outward-turning political economy.⁴ Also visible at this early point was the developmental model of state-sponsored loans at preferential interests rates as a means to shape industrial development and take advantage of "product cycle" advantages, yielding firms whose paid-in capital was often much less than their outstanding debt. Businessmen did not offer shares on a stock market, but went to state banks for their capital. Strategic investment decisions were in the hands of state bureaucrats,

state banks, and state corporations (like the Oriental Development Company), meaning that policy could move "swiftly and sequentially," and in ways that influenced South Korea in the 1960s and 1970s.

By the mid-1930s, this sort of financing had become a standard practice; the key institution at the nexus of this model was the Korean Industrial Bank (Chösen Shokusan Ginkö), the main source of capital for big Korean firms (by the end of the colonial period about half of its employees were Korean). Meanwhile the Bank of Chösen played the role of central bank and provisioned capital throughout the imperial realm in Northeast China. It had twenty branches in Manchukuo (the colony established in 1932), served as fiscal agent for Japan's Kwantung Army, and also had an office in New York to vacuum up American loans for colonial expansion. On the side it "trafficked in opium, silver and textile smuggling," and participated in the ill-famed Nishihara Loan, designed to buy off Chinese opposition to Japan's "twenty-one demands" (most of which bit off pieces of Chinese sovereignty).⁵ Most important for Korea, however, was the Industrial Bank's role under Ariga Mitsutoyo (1919-1937) in "jump-starting Korea's first industrial and commercial entrepreneurs, men such as Min T'ae-shik, Min Kyu-sik, Pak Hông-sik, and Kim Yôn-su."⁶

We see the kernel of this logic in the Government-General's Industrial Commission of 1921, which for the first time called for supports to Korea's fledgling textile industry and for it to produce not just for the domestic market, but especially for exports to the Asian continent, where Korean goods would have a price advantage. This was by no means a purely "top-down" exercise, either, for Koreans were part of the Commission and quickly called for state subsidies and hothouse "protection" for Korean companies. The nurturing of a Korean business class was a necessity if Japan's new policy of "gradualism" was to have any meaning, and this was in effect its birthday party--although a controversial one

(three days before the Commission opened, two bombs were thrown into the Government-General building).⁷ That Japan had much larger ideas in mind, however, is obvious in the proposal for "General Industrial Policy" put before the 1921 conference:

Since Korea is a part of the imperial domain, industrial plans for Korea should be in conformity with imperial industrial policy. Such a policy must provide for economic conditions in adjacent areas, based on [Korea's] geographical position amid Japan, China, and the Russian Far East.

One of the Japanese delegates explained that Korean industry would be integral to overall planning going on in Tokyo, and would require some protection if it were to accept its proper place in "a single, coexistent, co prosperous Japanese-Korean unit."⁸

Government-General Subsidies to Korea's first large textile firm, Kyôngbang Textile Company, began in 1924, amounting to four per cent of its capital, and continued every year thereafter until 1935 (except for the depression year of 1932-33), by which time they accounted for one-quarter of the firm's capital. Kyôngbang's leader Kim Sông-su got loans from the Industrial Bank of ¥80,000 in 1920 and a loan triple that size in 1929, allowing a major expansion of his textile business. For the next decade Kyôngbang got several million yen worth of loans from this bank, so that by 1945 its ¥22 million outstanding debt was more than twice the company's worth.⁹

Japanese textiles had long been dominated by technology supplied by the famous Pratt Brothers in England, but by the mid-1930s Japan had become the most efficient textile producer in the world.¹⁰ With Japan's new-found preeminence in textile machinery, however, a time came to find a buyer for obsolescent machinery: why not find it in Japan's near reaches? Soon the giant firm C. Itoh was fobbing off its machines on Korean textile producers, who could

match the older technology with lower labor costs and markets for cheap clothing in China, not to mention military uniforms. (See for example the use of surplus Japanese machinery in a new yarn and cloth mill set up in Taejôn in 1942¹¹). Thus began a product-cycle regime involving Japan and Korea that would continue into the 1990s.

In other fields, however, Japan remained dependent on the U.S. and England. The Japanese allowed Americans to continue running Korean gold mines until 1939, because they needed American technology. Japan occupied "an intermediate position" in mining, being an imperial power with mines, but requiring advanced technology it did not have to exploit them.¹² The Chösen Oil Company set up a refinery in Wônsan, using American oil company "blueprints and consultations," a reflection of American dominance in the world oil regime of the 1930s.¹³ Kim Sông-su also invested in this refinery, considered "the king of the peninsula's oil world" and of critical importance to Japan's war industry after American bombing of its home islands began, since the Wônsan plant produced high-quality lubricating oil.

The Japanese were and are great rail builders, as an integral part of their industrial architecture. To leave Tokyo station on a bullet train and whistle to Kyotô is still one of the great travel experiences in the world. Before 1939 you could board an express train in Pusan and travel all the way to Paris. Korea and Manchuria were stitched together by state-administered rail networks, webs drawn by colonial spiders on a determined southeast (Japan) to northwest (Asian mainland) axis, thus to shrink space and time and to pile up Korean rice and Manchurian soybeans all along the wharfs looking out to the Sea of Japan, then to bring back fruit-of-the-(Toyoda) loom cotton clothes onto the waiting backs of Koreans and Chinese. What the colonizers called "a mighty trio" of railway, highway and sea transport drew the colonial peoples into new forms of exchange,

not just with Japan but with the world market system. As much as any other Japanese institution, the railroad network provided the people of Korea and Manchuria with a harbinger of unprecedented change and a symbol of Japanese power. Villages like Taejôn became key railroad junctions, and remote outposts like Najin, near the Russian border, became entrepôts of a huge export trade. (Najin grew from 500 people in 1927 to 26,000 a decade later; nearby Ch'ôngjin grew from 100 people in 1900 to 72,353 in 1938, making Ch'ôngjin by 1940 the leading port on the Sea of Japan.) Korea's traditional isolation was broken; now the majestic White Head mountains had black trains whistling through high tunnels on their way to China.

It was not the Harrimans and the Hills who built these railroads, but a state company, the South Manchurian Railway Company (SMRC). Set up in 1906, it was the first of the great companies organized to promote Japanese interests on the continent. The big Japanese banks supplied its capital and the bureaucrats supplied everything else: to quote from an early SMRC handout,

The traveler journeys in the company's cars and stops at the company's hotels, which are heated by coal from the company's own electric works.... If unfortunate enough to fall sick on the way, [the traveler] is certain to be taken to one of the company's hospitals.¹⁴

After 1931 the SMRC took over Chinese and Russian rail lines and in 1933 the Korean rail lines (which had been run by a separate colonial company); within ten years it had doubled the rail lengths, to more than 10,000 kilometers in Manchukuo and over 6,000 in Korea. By contrast China, with a population about eight times larger than Korea's and whose rail lines were heavily concentrated in Manchuria, carried only about twice the number of total passengers per year as the Korean railroads in the 1940s. Meanwhile Vietnam had one rail line meandering from Hanoi down through Hue to Saigon.

The colonizers were also road builders: until this century Korea was "one of the most road less countries in the world," but by 1945 it was estimated to have 53,000 km. of auto and country roads, compared to perhaps 100,000 km. of "serviceable" roads in all of China. _ In short, by 1945 Korea had a much better developed transport and communications infrastructure than any East Asian country save Japan; this sets Korea off from China and Vietnam, and helps to explain the different fate of rural political movements in postwar Korea.

Japan's closed door policy in the 1930s had clear Keynesian pump-priming goals--farm village relief, a military buildup and a "big push" in heavy industries, thus to pull Japan and its colonies out of the depression. Ugaki Kazushige was Governor-General of Korea from 1931 to 1936; he was "an ultra-nationalist, [who] deeply believed in the need for a Japanese imperium of economic autarky and industrial self-sufficiency." Korea, like Japan, was industrialized out of the depression, with growth rates in manufacturing averaging more than ten per cent annually; unlike Japan, however, Korea was a "capitalist paradise," with minimal business taxes and little regulation of working conditions and business practices. The zaibatsu, of course, got the best treatment of all; Mitsubishi, Mitsui, Nissan and Sumitomo were all heavily involved in Korea in this period, and by 1940 had become more important than the colonial state's companies, accounting for 75 per cent of total capital investment.

Perhaps the model zaibatsu, however, was Noguchi Jun's "new" one, a very close model for postwar South Korea's chaebôl. Noguchi, who was known as the "king of Korean industry," had his own little empire in the colony, accounting for more than one-third of Japan's total direct investment in Korea and including firms dealing in magnesium, coal, oil, explosives, aluminum, and zinc, in addition to his major firms in chemicals. He also built 90 per cent of Korea's electric resources, including the great Suiho dam on the Yalu River, second in the world only to

Boulder Dam. Noguchi founded Nippon Chisso, the second-largest chemical complex in the world, and which provided the starting point for North Korea's postwar chemicals industry (which was integral to its self-reliant industrial policy). Noguchi's main plant, the Chōsen Nitrogenous Fertilizer Company, was at Hôngnam; it made ammonium sulfates and phosphates, most of which went to Japan. In 1936 its production was one-eighth of that in the whole German empire--and Germany was the largest producer of chemicals in the world. Noguchi was able to build this huge complex because of nearby hydroelectric facilities which provided cheap energy, especially the Chōsin (Changjin) Reservoir.

In agriculture Koreans were to eat millet from Manchuria while exporting rice to Japan, just as in textiles they were to make rough clothes for the Manchurians while Japan produced the fine silks and cottons preferred by metropolitan consumers. Meanwhile wage rates were set such that even though their skills were the same, Japanese workers in Korea got over ¥2 per day in 1937, a Formosan worker 1 yen, and a Korean worker .66 yen. Rarely has the typically tri-partite segmentation of global capitalism into core, middling, and peripheral economies been so clear.¹⁵

Manchukuo was established on March 1, 1932, the date chosen precisely to stick in the Korean craw. Modeled on the Korean colony, the new puppet state was not going to have anything as disagreeable as another March First Movement. Instead Manchuria got something far worse, a skeleton of modernized cities and new industries, and an interior that became a quagmire of revolt and violence for the Japanese army. As historian Iyenaga Saburo was among the first to point out,¹⁶ it was the army's failure to pacify Manchuria and (subsequently) North China that deeply influenced the military's critical July 1941 decisions to turn south and, four months later, to attack Pearl Harbor.

Manchuria was also an arena of opportunity for Koreans, however, as the Chōsen Business Club knew when it held a celebration of the new Manchukuo regime in Seoul in May 1932, with many important Korean business leaders attending.¹⁷ Manchukuo was a frontier for Korean rice farmers, bureaucrats, soldiers and businessmen. Nearly one and a half million Koreans were there by 1940, including the large population just across the Yalu River and deeply hostile to Japanese imperialism, but also the thousands of Korean families that the Japanese settled there because, so they thought, they were better rice farmers than the Chinese (apparently true in many cases¹⁸). Koreans also served in the Japanese police and military organizations in the puppet state, and many of the most important civil servants in postwar South Korea also served there, for example Ch'oe Kyu-ha (interim president in 1980-81). Kyôngbang Textiles even opened a spanking new subsidiary in Manchuria in 1944, just in time to lose it to incoming Soviet forces, who carted off \$45 million worth of spindles and looms.¹⁹

By 1936 heavy industry accounted for 28 per cent of total industrial production, and more than half a million Koreans were employed in industry, a figure that had tripled by 1945. Industry expanded in Korea at double or triple the rate in Taiwan. By 1943, the production ratio between Korea's heavy and light industry had become equal. Nor is it really the case that the northern Korea had all the heavies and the South only light industry; the South surpassed the North in

machine building, electric machinery, heavy vehicles, mining tools, and the like.²⁰ Thus Korea's industrial revolution began in earnest during the last fifteen years of Japanese rule.

One observant scholar was much impressed by the rapid development of Korea in the late 1930s. Here was an "obvious, indeed astonishing success," even if the development was "oriented toward the needs of the empire". This, combined with a succession of excellent harvests in 1936-38, yielded the idea of a "Korean boom:" with "the rapid development of all of Korea's economic capacity ... a certain amount of prosperity is beginning to enter even the farmer's huts."²¹ The northeast corner of Korea, long backward, was "experiencing an upswing unlike any other part of Korea," mainly because of its incorporation into Manchukuo trading networks.²² Japan, Korea and Manchukuo also formed a "Northeast corner" in the world economy, one that was growing dynamically in the 1930s, and which returned to rapid growth after two devastating wars (1937-45, and 1950-53). When we factor in North Korea's rapid industrial growth in the 1950s and 1960s, and the dramatic regional skewing of China's industrial growth toward the Northeast in the same period, we uncover one of the truly weighty regional economic engines of the 20th century, obscured by the lines drawn through warfare, both hot and cold.

Tokyo and East Asia, London and Washington—and the World

The abstract schema that I present below will satisfy no one except aficionados of shorthand, but for purposes of strict brevity I want to examine the structure of a world system in which modern Japan has been an important, but almost always subordinate part. An abstraction of Japan in the 20th century international system unearths the following timelines:

- (A) 1900-1922: Japan in British-American hegemony
- (B) 1922-1941: Japan in American-British hegemony
- (C) 1941-1945: Japan as regional hegemon in East Asia
- (D) 1945-1970: Japan in American hegemony
- (E) 1970-2000s: Japan in American-European hegemony

Highlighted is an interesting aspect of this structure: three of the periods (A, B, and E) are trilateral partnerships, and none are colonial or necessarily imperial. A bilateral regime is predictable in the temporary phase of comprehensive predominance or hegemony (1945-1970 for the U.S.), whereas a trilateral regime is predictable in the rising and falling phases of transitional hegemonies. Period C is the exception that proves the rule.

This abstract pattern can be readily found in the *oeuvre* of the dean of diplomatic historians of East Asia, Akira Iriye, whose books dominate the field. Because Professor Iriye's work has dwelt in the realm of culture, ideas and imagery in international relations,²³ and perhaps because of his understated style, few recognize just how deeply revisionist his work is. Iriye has consistently argued through his career:

- (1) That Japanese imperialism (conventionally dated from the Sino-Japanese War and the seizure of Taiwan in 1895) was subordinate to British imperialism, and coterminous with a similar American thrust toward formal empire in the 1890s, and no different in kind from the British or American variety;²⁴

(2) That Japan pursued a "cooperative" policy of integration with the international system at all times in the 20th century, except from the critical turning point of July 1941 and the resulting war;²⁵

(3) That Japan got the empire the British and Americans wanted it to have, and only sought to organize an exclusive regional sphere when the other powers did the same, after the collapse of the world economy in the 1930s (and even then their attempt was half-hearted, and even then the development program was "orthodoxly western")²⁶;

(4) That Japan's presumed neo-mercantilist political economy of protection at home and export to the free trade realm abroad, with corresponding trade surpluses, has been less important over the past ninety years than an open market at home and a cooperative policy abroad.

In the midst of the world depression and shrunken world trade Japan's total exports more than doubled, 1932-1937, and "appeared to flood world markets." Cotton yarn, woven goods, toys, iron and steel led the advance. Yet Japan registered a trade surplus only in 1935, when its exports were but three per cent of the world total, compared to the U.S.' ten per cent. Despite that, Japan's trade partners got obsessed about its exporting. The American economist Miriam Farley explained this by saying Japan had merely "picked the wrong century in which to industrialize," an observation as brilliant as it is correct. By 1936 every major nation had curtailed the influx of Japanese exports, yet Japanese business groups still "tried to induce Americans to invest in Manchuria," even in the late 1930s. Meanwhile American textile concerns "lobbied for restraints on exports to the U.S. despite a massive trade surplus with Japan." So it goes.

On the critical 1941-45 period, Iriye noted that until the Japanese military's "turn south" in mid-1941 (a decision deeply conditioned by Soviet power), Japan was still dependent on the United States, which he terms (in a nice summary of the dramatic change that came in the early 1920s) "the key to postwar international relations ... its capital, technology, and commodities sustained the world economic system throughout the 1920s ... as the financial, business, and political center of

the world.” The U.S. deployed a series of “slipknot” measures against Japanese expansion (to use Walter LaFeber’s excellent metaphor), invoking the outer limits of its hegemonic power by embargoing scrap iron and oil to Japan, which came as a tremendous psychological shock to Japan and made its leaders assume that the only alternative was war.

The U.S.-Japan war moved quickly to its denouement, but even quicker was the American hand in pursuing Japan's restoration and its repositioning in the postwar international system. Within months of Pearl Harbor a small cadre of internationalists in the American State Department and in Japan began moving on remarkably parallel lines to reintegrate Japan into the postwar American hegemonic regime. By the time of the famous “fifteen weeks” in early 1947 George Kennan had elaborated plans for Japan's industrial revival, plans that called for a modified restoration of Japan's former colonial position in Northeast Asia.

The Great Crescent and the Kennan Restoration

The definition of Japan and Korea’s place in the postwar world occurred in the period 1947 to 1951, and still governs the situation today. It was in that period that the tectonic plates of the international structure found their resting place after the earthquake of World War II. Dean Acheson, George Kennan, and John Foster Dulles--to take three of the most important American planners--wished to situate Japan structurally in a global system shaped by the United States, so that Japan would do what it should without having to be told--by remote control, as it were. In so doing they placed distinct outer limits on Japan's behavior, and these limits persist today.²⁷

Japan was demilitarized and democratized during the early Occupation years, if with less thoroughness than the proponents of the policy had hoped for. It is thus proper to view the years 1945-47 as an exception to the general thrust of American policy toward Japan in the postwar period, a policy elaborated during the war years by Japanophiles in the State Department who looked forward to reforms that would quickly restore Japan's position in the world economy, and that would not penalize Japan's industrial leaders for their support of the war. It is also important to remember, however, that the twin goals of democratization and demilitarization were not antithetical to the subsequent strategy,²⁸ but in fact represent the extraordinary reach of American hegemony in the late 1940s: restructuring both the world system and the internal political economies of major industrial competitors Japan and Germany (something that England tried but failed to do in regard to Germany after World War I).

The United States was the one great power with the central economic, financial and technical force to restore the health of the world economy. Although hegemony usually connotes "relative dominance" within the group of core states, by 1947 it was apparent that the U.S. would have to exercise unilateral dominance for some time, given the gross asymmetry between the robust American industrial system, then producing half of the entire world's output, and the poverty of nearly all the others. It was this critical problem of industrial revival, spanning Western Europe and Japan, that detonated basic shifts in 1947; the so-called "reverse course" in Japan was thus an outcome of global policy--as William Borden has aptly demonstrated. The new goal was the reconstitution and flourishing of the German and Japanese industrial economies, but in ways that would not threaten hegemonic interests.²⁹ The revival of Axis industry also spelled out a new regional policy.

Soviet-American conflict in central Europe had erected barriers to almost any exchange, a great divide known to Americans after Churchill's 1946 speech in Missouri as the Iron Curtain. This curtain sliced up marketing and exchange patterns that had underpinned important regional economies. The bulwarks dropped across the central front in Europe and the developing Cold War in Asia cut the Western European and Japanese economies off from peripheral or colonial sources of food, raw materials, and labor--in Eastern Europe, grain from Poland and Hungary, meat and potatoes from Poland, oil and coal from Rumania and Silesia; in East Asia, rice and minerals from Korea, sugar from Taiwan, coking coal and soybeans from Manchuria, tungsten from South China. With the European recovery so sluggish, Japan still dormant, and communist parties threatening in Italy and France, China and Korea, this structural problem was newly perceived and demanded action in 1947. The East Asian expression of this policy had an elegant metaphor.

The foundation of "containment" in East Asia was a world economy logic, captured by Under-Secretary of State Dean Acheson's notion of a "great crescent" stretching from Japan through Southeast Asia and around India, ultimately to the oil fields of the Persian Gulf.³⁰ Although containment was thought to be preeminently a security strategy against communist expansion, in East Asia it mingled power and plenty inextricably. To complement and to achieve their security goals, American planners envisioned a regional economy driven by revived Japanese industry, with assured continental access to markets and raw materials for its exports. This would kill several birds with one stone: it would link together nations threatened by socialist state-controlled economies (containment), make Japan self-supporting (not incontinent), weave sinews of economic interdependence with Japan and the U.S. (plenty), and help draw down the

European colonies by getting a Japanese and American foot in the door of the pound and franc blocs in Asia (power and plenty).

After the victory of the Chinese revolution, the search for Japan's hinterland came to mean mostly Southeast Asia, but in 1947-48 Korea, Manchuria and North China were all targets of potential reintegration with Japan. In a stunning intervention at the beginning of the famous "fifteen weeks" that inaugurated the Truman Doctrine and the Marshall Plan, Secretary of State George Marshall himself scribbled a note to Acheson that said, "Please have plan drafted of policy to organize a definite government of So. Korea and connect up [sic] its economy with that of Japan," a pearl that cannot be brought to the surface and examined without demolishing much of the diplomatic history on Korea in this period.³¹ It captures with pith and foresight the future direction of U.S. policy toward Korea from 1947 through to the normalization with Japan in 1965, and the emergence of rapid export-led growth.

The irony, of course, is that Japan never really developed markets or intimate core-periphery linkages in East and Southeast Asia until the 1960s. It was the Korean War and its manifold procurements, not the "great crescent," that pushed Japan forward along its march toward world-beating industrial prowess (indeed, Chalmers Johnson has called the Korean War procurements "Japan's Marshall Plan"). A war that killed three million Koreans was described by Prime Minister Yoshida as "a gift of the Gods,"³² giving the critical boost to Japan's economy; the Tokyo stock market fluctuated for three years according to "peace scares" in Korea. Yet the logic of an Asian hinterland persisted through the Korean War; it is remarkable to see how vexed the Eisenhower administration still was with "the restoration of Japan's lost colonial empire."³³ Ultimately this logic explains the deep reinvolvement of Japanese economic influence in Korea and Taiwan from the 1960s onward.

Acheson, meanwhile, had come to understand Great Britain's inability to defend Greece and Turkey (and by implication, the Middle East) as the final death wriggle of British global leadership; after receiving the UK Foreign Ministry's famous "blue note" in February, 1947, he walked off to lunch with a friend, remarking that "there are only two powers in the world now," the U.S. and the Soviet Union. In a short five years since Roosevelt reached for global leadership after Pearl Harbor, events had delivered it into the American lap. It was also in those fifteen weeks that Acheson told a Senate committee in secret testimony that the U.S. had "drawn the line" in Korea, and sought funding for a major program to turn back communism there on the model of "Truman Doctrine" aid to Greece and Turkey. Thus decisions taken in early 1947 foreshadowed the American decision to enter the Korean War in June 1950; the initial decision was simply to defend South Korea, but by late August Truman and Acheson had decided to attempt a "roll-back" of the North Korean regime (in the language of National Security Council document 81). Chinese and North Korean forces dealt a catastrophic defeat to American and South Korean soldiers in the depths of that frigid winter, but later on Secretary of State Dean Acheson remarked that "Korea came along and saved us," because it finally convinced Congress to fork over the massive defense budget that he and Paul Nitze had called for in the most important American Cold War strategy paper, National Security Council document number 68 (approved but not funded in April 1950). U.S. defense spending was pegged at \$13.5 billion in June 1950, and nearly \$55 billion six months later (or more than \$500 billion in current dollars, a high point never reached again).

After the crisis of 1950-51, American elites came to agree on a bipartisan strategy of containment, putting "rollback" on the back burner of covert action thereafter—useful only against new regimes or small countries that appeared to be going communist, like Cuba. But containment was very expensive, necessitating

that building of military and economic bulwarks at various choke points around the Soviet-Chinese perimeter. American expeditionary forces remained in Korea and garrisoned Japan, keeping it on twin outer-limit dependencies: resources, primarily oil shipped from the Middle East along lines policed by the U.S. Navy; and a defense dependency that rendered Japan a semi-sovereign state ever since. Stated succinctly, Japan in the postwar period has been an engine of the world economy, an American-defined "economic animal," shorn of its prewar military and political clout and lodged in an American-policed security structure.

All this happened quickly, coterminous with the emergence of the Cold War and the hot war in Korea, and it deepened as Japan benefited from America's wars to lock in an Asian hinterland as against the Chinese revolution, first in Korea and later in Vietnam. In this era, which ran from the Truman through the Johnson administrations, Japan was a dutiful American partner and the partner was tickled pink at Japan's economic success. As the American capacity unilaterally to manage the global system declined in the late 1960s, however, a new duality afflicted the U.S.-Japan relationship: Japan should do well, yes ... but not so well that it hurt American interests. (The symbol and pivot of this reversal was Richard Nixon's "New Economic Policy" in 1971, announced on V-J Day.) American thinking about Japan remains firmly within that duality today, symbolized by the inability of elites to do more than oscillate between free trade and protectionism, between admiration for Japan's success and alarm at its prowess (or in the most recent years, alarm at its apparent loss of industrial prowess).

(My apologies for incomplete notes; full references to be supplied at the Congress)

1 Lee (1936), p. 195.

2 Cumings (1984).

3. See John W. Dower's introductory essay in Dower, ed., Origins of the Modern Japanese State: Selected Writings of E. H. Norman (New York, Pantheon, 1975).

4 Chalmers Johnson, MITI and the Japanese Miracle (Berkeley, University of California Press, 1982); William Miles Fletcher III, The Japanese Business Community and National Trade Policy, 1920-1942 (Chapel Hill, University of North Carolina Press, 1989).

5 Jung-en Woo, *Race to the Swift*, (1991), pp. 23-30.

6 Woo (1991), pp. 29-30.

7 Eckert (1991), pp. 44, 82-84.

8 Quoted in Eckert (1991), p. 115, p. 128.

9 Eckert (1991), pp. 85-6.

10 Cumings (1994)

11 Eckert (1991), p. 118.

12 Foster Bain, "Problems Fundamental to Mining Enterprises in the Far East," Mining and Metallurgical Society of America, 14/1 (Jan. 1921), pp. 1-34.

13 MacArthur Archives, Record Group 6, box 78, Allied Translator and Interpreter Service, Issue No. 23, Feb. 15, 1951, quoting original documents captured in Wônsan.

14 Japan Times, Economic Development of Korea and Manchuria (Tokyo: Japan Times Publishing Co., 1923), p. 250.

15 V. T. Zaichikov, Geography of Korea, trans. Albert Parry (New York: Institute of Pacific Relations, 1952), pp. 82-83;
Cumings (1981), p. 16.

15 Cumings (1981), p. 30.

16 Ienaga (1978).

17 Eckert (1991), p. 169.

18 Koreans in the state of Parhae first brought wet paddy rice farming to Manchuria, and then revived it again in the 20th century. Changyu Piao in Suh and Shultz (1990), p. 55.

19 Cumings (1981), p. 55; Eckert (1991), pp. 162, 178-9..

20 Woo (1991), pp. 31, 34-36, 41.

21 Lautensach (1945), pp. 383, 386-7.

22 Lautensach (1945), p. 204-07.

23 Especially in Across the Pacific: An Inner History of American-East Asian Relations, his most brilliant and original book; but see also Pacific Estrangement: Japanese and American Expansion, 1897-1911 (Cambridge: Harvard University Press, 1972), After Imperialism (Cambridge: Harvard University Press, 1965), and the deeply revisionist Power and Culture: The Japanese-American War, 1941-45 (Cambridge: Harvard University Press, 1981). All these books operate on the terrain of inter-cultural imagery and conflict.

24 Iriye, Pacific Estrangement, pp. viii, 18-19, 26-27, 35-36. In fact the U.S. was for the Japanese both "a model and an object of their expansion." Iriye has a remarkably benign view of both American and Japanese expansion, terming the former "peaceful" and "liberal" because it sought only commercial advantage--that is, what we call hegemony (see pp. 12-13, 36).

25 Power and Culture, pp.1-2; from the Meiji Restoration to 1941, he writes, Japan wanted to integrate itself with the regime of the great powers, which he connotes as a policy of "international cooperation" or "interdependence."

26 Ibid., pp. 3-4, 15, 20, 25-27. Iriye dates Japanese plans for an exclusive Northeast Asian regional hegemony from 1936, but according to him it still did not have a blueprint in 1939, and was still dependent on the core powers in system until the middle of 1941.

27 At the time the leader of the small "Japan Lobby," Harry Kern, said of the U.S.-Japan relationship, "'remote control' is best." Harry Kern, "American Policy toward Japan," 1948, a privately-circulated paper, in Pratt Papers, box 2. Kern's quotation marks on "remote control" refer to George Sansom's use of the term.

28 The exception would be industrial reparations policy, which was a key element in the early development of the Cold War in Europe, and which was rejected outright in East Asia by late 1946 because it would benefit Japan's communist or communizing neighbors at the expense of democratizing Japan.

29 See William S. Borden, The Pacific Alliance: United States Foreign Economic Policy and Japanese Trade Recovery, 1947-1955 (Madison, Wis.: University of Wisconsin Press, 1984).

30 William Borden and Michael Schaller have done original work on the "great crescent" program (Acheson and the State Department used the term several times in 1949-50). See Borden, Pacific Alliance, and Michael Schaller, The American Occupation of Japan: The Origins of the Cold War in Asia (New York: Oxford University Press, 1985). I have set out my ideas here at greater length in Origins, II, chapters two and five.

31 National Archives, 740.0019 Control (Korea) file, box 3827, Marshall's note to Acheson of January 29, 1947 attached to Vincent to Acheson, Jan. 27, 1947.

32 Dower, Empire and Aftermath: Yoshida Shigeru and the Japanese Experience, 1878-1954 (Cambridge, Mass.: Council on East Asian Studies, Harvard University, 1979), p. 316. Japan lost about two million people during the entire Pacific War.

33 At the 139th meeting of the NSC, April 8, 1953, "The President expressed the belief that there was no future for Japan unless access were provided for it to the markets and raw materials of Manchuria and North China." Secretary of Treasury Humphrey wanted the U.S. to be "aggressive" in providing Japan and West Germany with a secure position where they could "thrive, and have scope for their virile populations." In some respects, it seemed to him, "we had licked the two wrong nations in the last war." Whereupon, "Mr. Cutler [Special Assistant to the President] inquired whether the Council wished to go further than this and adopt a policy which would look to the restoration of Japan's lost colonial empire." Ike said no, probably not. (Eisenhower Presidential Library, Eisenhower Papers [Whitman file], National Security Council Series, box 4.)