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Case Study - Reversion of Okinawa

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THE REVERSION OF OKINAWA: A CASE STUDY IN INTERAGENCY COORDINATION (U)

Peter W. Colm
Rosemary Hayes
Joseph A. Yager

July 1972

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This study is one of a number done by academic and other research institutions for the Department of State as part of the Department's external research program. These studies are designed to supplement the Department's own in-house research capabilities and provide independent, expert views to policy officers and analysts on key questions with important policy implications.

The idea for a series of case studies in decision processes was proposed by Mr. Howard M. Sollenberger, Director of the Foreign Service Institute, and Mr. Paul M. Kattenburg, the Institute's Deputy Coordinator for Political Studies, and developed in discussions with officers in several Department Bureaus. Overall monitoring of the project within the Department was under the direction of Pio D. Uliassi, Senior Program Officer in the Bureau of Intelligence and Research (INR).

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E. Raymond Platig, Director
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INSTITUTE FOR DEFENSE ANALYSES
INTERNATIONAL AND SOCIAL STUDIES DIVISION

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ABSTRACT

At first, the US administration of Okinawa and the rest of the Ryukyu Islands was a minor adjunct to the occupation of a defeated Japan. By 1951, however, when the peace treaty with Japan was signed, the United States had come to view the island as a major strategic outpost. Under the peace treaty, the United States in effect obtained the right to rule the Ryukyus indefinitely, with Japan retaining only "residual sovereignty." Two years later in 1953, the United States returned the northern part of the island chain to Japan, but took the occasion to proclaim its intention of retaining control of the remainder, including Okinawa, "so long as conditions of threat and tension exist in the Far East."

The US position in the Ryukyus did not come under heavy pressure from the Japanese Government or the local population until after 1960. Even then, the problem was not perceived in terms of whether or not the islands should be returned to Japan in the near future, but rather in terms of how much autonomy should be given to the local government, how much money the United States should spend on improving the living standards of the island people, and--most controversial of all--how much recognition should be given to the islands' residual ties with Japan.

In 1961, an interagency task force headed by Carl Kaysen of the White House staff studied these and other problems in the Ryukyus and recommended greater local autonomy, increased US expenditures, and a larger economic aid role for Japan. These recommendations were approved by President Kennedy, but implementation of the last one was delayed for two years by the High Commissioner, General Caraway, who feared that it would enable the Japanese to subvert the US position on Okinawa.

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Despite the various ameliorative measures taken by the United States, dissatisfaction with the status quo in the Ryukyus mounted both in Japan and on the islands themselves. In mid-1965, fearing serious damage to US-Japanese relations, Ambassador Reischauer wrote Secretary of State Rusk that time was running out for the United States on Okinawa. Reischauer urged that studies of future US requirements on the island be undertaken, including examination of the fundamental question: Could US bases on Okinawa function effectively under Japanese administration?

Reischauer's recommendation led to the formation of a joint State-Defense working group in January 1966 to study various aspects of the US-Japanese relationship. Two months later, this arrangement was transferred to the newly formed Interdepartmental Regional Group, Far East (IRG/FE). Both in the short-lived State-Defense working group and in the IRG/FE, an impasse over policy on Okinawa appeared to be rapidly developing between State and Defense.

The threatened major interdepartmental confrontation, however, failed to materialize. In June 1966, a new Ryukyus Working Group, reporting to the IRG/FE, was formed and instructed to study Okinawan public opinion, Japanese policy toward the Ryukyus, and possible measures to satisfy Okinawan and Japanese aspirations. Work on more basic (and highly controversial) policy questions was deferred.

In September 1966, the Senior Interdepartmental Group (SIG) considered a paper on the above topics which had been prepared by the Ryukyus Working Group and approved unanimously by the IRG/FE. The SIG approved the paper's recommendations that local Ryukyuan autonomy be expanded and Japan's role in Ryukyuan affairs increased, without impairing the essential integrity of the US administration or the operational capability of the US bases. The SIG requested that the Ambassador to Japan and the High Commissioner (1) submit a joint plan to the IRG/FE for carrying out these recommendations and (2) report jointly to the IRG every six months on reversionist pressures and measures taken to contain them. The SIG also directed the Ryukyus Working Group to prepare by December 1966 a further study on the future of the bases, including the military consequences of returning

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the Ryukyus to Japan. This Top Secret study had the effect of moving official US thinking further along the road toward reversion.

In July 1967, the Japanese Government for the first time formally requested that the US Government open talks on the future of the Ryukyus and the Bonins. This request, and the impending visits of Foreign Minister Miki and Prime Minister Sato in September and November, respectively, brought the reversion question to a head. After extensive interagency consultations, the Japanese were told that, while the US Government agreed to the principle of reversion of the Ryukyus, a decision on its timing and circumstances could not be made until after the 1968 US elections. In the meantime, an Advisory Committee to the High Commissioner was established to help conform conditions in Okinawa to those in Japan and prepare the way for reversion. (The United States, however, agreed to begin negotiations immediately for reversion of the Bonins.) During 1968, the reversion question was held in abeyance, although useful behind-the-scenes consultations continued among key US officials in an effort to achieve a wider area of agreement on terms and timing.

The Okinawa problem was high on the agenda of the Nixon administration when it took office in January 1969. An interagency paper on US-Japanese relations (NSSM-5) was considered by the National Security Council on April 30. On May 28, the President directed that preparations be made for early negotiations with the Japanese with a view to agreeing on reversion of the Ryukyus in 1969 and actually returning administration of the islands in 1972. The negotiations were to seek maximum free conventional use of the military bases, particularly with respect to Korea, Taiwan, and Vietnam. The sensitive question of whether nuclear weapons could be stored on Okinawa after reversion was set aside for later presidential decision.

In mid-June three interagency working groups were set up to coordinate the impending negotiations. Richard B. Finn, the State Department Country Director for Japan, chaired a group on the draft communiqué, which would announce the reversion decision at the conclusion of Prime Minister Sato's visit to Washington, scheduled for November. The

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communiqué (or associated statements) was to contain in generalized language whatever assurances concerning the use of the Okinawa military bases might be agreed upon. Robert W. Barnett, Deputy Assistant Secretary of State for East Asian Affairs, chaired a group on the economic and financial aspects of reversion. According to guidelines agreed upon by this group, the United States was to receive fair reimbursement for US assets on Okinawa that would be transferred to Japan, and there was to be no balance-of-payment loss from reversion (particularly from the exchange for yen of the dollar currency circulating on Okinawa). Dennis J. Doolin, Deputy Assistant Secretary of Defense for International Security Affairs, chaired a group on the turn over to Japan of local defense duties in Okinawa. This group also prepared a set of guidelines providing that Japan should take over air defense and internal security responsibilities for Okinawa, along lines similar to those applying in Japan proper.

The negotiations with the Government of Japan had three aspects. There were cabinet-level talks between Foreign Minister Aichi and Secretary of State Rogers in June and September on the broad principles involved, and between Finance Minister Fukuda and Secretary of the Treasury Kennedy in September on the financial aspects. The detailed negotiations were begun in Tokyo in late July, when Richard Sneider was assigned to the embassy as Special Assistant for that purpose. Sneider's negotiations led to agreement on all essential aspects of reversion except the question--deferred for later decision by the President himself--of whether the United States would be permitted to store nuclear weapons on its Okinawa bases. The financial and economic principles for reversion were negotiated separately by a Treasury Department official, Anthony J. Jurich, and were not included in the communiqué because the Japanese Government did not want to give grounds for the impression that it was "buying" Okinawa from the United States.

Prime Minister Sato visited Washington in late November, and on November 21 the communiqué was issued announcing that agreement had been reached on the reversion of Okinawa to Japanese administrative control in 1972. The communiqué stated that the US-Japanese Mutual

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Security Treaty and related agreements on US use of bases in Japan proper would also apply to US bases in Okinawa. In addition, the President stated in the communiqué that the United States would carry out the reversion in a manner "consistent" with Japan's policy in regard to nuclear weapons. Prime Minister Sato in turn stated that the reversion should not prejudice the security of the Far East. In terms more specific than had ever been stated publicly, Sato said that the security of the Republic of Korea was "essential" and that of Taiwan "also a most important factor" for the security of Japan itself.¹ Japan agreed gradually to assume responsibility for the defense of Okinawa as part of Japan's defense effort.

In retrospect, the most remarkable feature of interagency handling of the Okinawa problem was the avoidance of a bitter controversy between the State and Defense Departments. In the early 1960s, anyone familiar with the Okinawa problem and with the different attitudes toward it in the State and Defense Departments would have predicted that somewhere in the future lay a violent interdepartmental controversy over the timing and terms of reversion. Indeed, precisely such a controversy appeared to be building up in 1965-66 as the US Ambassador to Japan pressed for action to meet rising Japanese and Ryukyuan dissatisfaction with the status quo and as two successive high commissioners in Okinawa made clear their firm resistance to any degradation of the US military position on the island. The threatened second battle of Okinawa, however, was never fought. After a series of probes and minor skirmishes, all parties concerned joined in an orderly, reasoned attack on a common problem.

There is no simple explanation for this happy, and at one stage unexpected, turn of events. Sheer luck, in the form of a fortuitous conjunction of key personalities, played a part. But a number of other more substantial factors were also involved, which point to generalizations (or "lessons") of possibly wider applicability. These generalizations cannot be proved from the history of the handling of the Okinawa problem. They are presented here only as hypotheses of

1. By agreement with the United States, Sato reiterated these statements in somewhat stronger form in a speech before the National Press Club delivered on the day the joint communiqué was issued.

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possible use to officials facing other problems of interagency coordination²:

1. The decision-making process on a foreign policy problem should ideally be guided by individuals who have a strategic concept for conducting a two-front negotiating campaign with the concerned foreign government and within the US Government.

2. Interagency agreement should be achieved as soon as possible on the basic relevant facts and on priorities among competing US objectives. At least a passive consensus should also be sought early in the decision-making process on a solution to the underlying policy problems.

3. Taking up issues in proper sequence is important. Addressing an issue prematurely can cause unnecessary difficulty and impede progress. Sometimes, reformulating an issue or shifting from one issue to another can avoid an impasse. Setting aside a controversial issue for later decision at the highest level can open the way to the solution of other issues.

4. Formal coordinating machinery usually cannot make hard policy decision, but it can reduce parochialism, lessen risks of bitter confrontations late in the decision-making process, keep the middle level of government informed, focus staff work on the right problems, and monitor action on decisions.

5. The "options" approach in interagency papers is more realistic and useful than the "agreed recommendations" approach. By focusing on options, a thorough analysis of problems is more likely and the "lowest common denominator" phenomenon can be avoided.

The history of the Okinawa problem also has something to say about the role of the State Department. It suggests that State has some special advantages in dealing with the Defense Department and that, contrary to common belief, State Department leadership can be effective in interagency deliberations.

2. Chapter IV deals with these and several other hypotheses at greater length and explains how they were derived from the history of the Okinawa problem.

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INTRODUCTION

This paper is one of a series of studies of interagency decisionmaking commissioned by the Department of State.

This paper recounts the interagency coordination processes in Washington and the field which led up to the decision to return Okinawa to Japanese administration, and analyzes those coordination processes in an effort to derive both broader generalizations concerning governmental decisionmaking and specific lessons possibly applicable to future interagency problems. We were not asked to study the US-Japanese negotiations on the reversion of Okinawa as such, but to focus on the internal functioning of the executive branch of the US Government.

The first three chapters deal with the historical record of events leading up to the reversion decision. Chapter I briefly summarizes the evolution of the Okinawa problem, beginning with the US occupation of the island in 1945. Chapter II reviews the policy deliberations and studies during the last three years of the Johnson administration, when the Okinawa problem was a subject of active interagency concern. Chapter III tells how the Nixon administration arrived at the reversion decision which was announced in the Nixon-Sato joint communiqué of November 21, 1969. Chapter IV examines the Okinawa problem in retrospect and asks what generalizations or "lessons" may be drawn from it that might be of value in handling future interagency problems.

The first three chapters are based largely on the written record revealed in those classified files of the State and Defense Departments that were made available to us. Some questions of fact were resolved by interviews with key participants in the interagency coordination process. Interviews, however, proved to be most useful as a source of ideas for Chapter IV. That chapter, it must

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be emphasized, is speculative and highly subjective. The judgments expressed there are solely those of the authors. We recognize that some readers may draw different lessons from the historical record.

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I

HISTORICAL BACKGROUND

A. MILITARY GOVERNMENT ORGANIZATION

The US occupation of the Ryukyus began in World War II following the American conquest of Okinawa in June 1945. As a result of the massive disruption and devastation wrought during the Battle of Okinawa, the occupying authorities were initially concerned with problems of relief and security. Because Okinawa was to be used as a staging area for an assault against the Japanese home islands, military considerations were also of paramount concern. Following Japan's acceptance of unconditional surrender in September 1945, the occupation of the Ryukyus was overshadowed by the massive efforts involved in the occupation of the four home islands of Japan proper and, for the next several years, there appears to have been no clear-cut US policy regarding the duration of the Okinawa occupation. With the steady postwar deterioration in US-Soviet relations, the Communist victory on mainland China, and finally the outbreak of the Korean war, Washington clearly came to realize the strategic significance of Okinawa and the US presence there, and US administrative control of the island came to be thought of as continuing indefinitely. The United States steadily built up its military presence on Okinawa until it had, by 1968, more than 100 installations and other facilities there, at a cost of about one billion dollars. Okinawa had thus become one of the most important US military bases.

Before 1945, the Ryukyus had been administered by Japan as a prefecture. Following the Japanese surrender, the islands came under the administrative responsibility of the US Supreme Commander in Tokyo, General MacArthur. He, in turn, delegated those responsibilities to the US military government in Okinawa. On orders from General MacArthur, the Ryukyus were administratively separated, in early 1946, from Japan,

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and in July 1946, the US Army took over responsibility from the Navy for the military government of the Ryukyus.

Between 1946 and 1950, administrative authority over Okinawa rested with the US Army. Until October 1950, the deputy commander for military government, who was responsible to the commanding general, Ryukyus Command, was in control of the military government. In 1950, the commander-in-chief, Far East, became the top military government commander and the military government duties were transferred to the US Civil Administration of the Ryukyus (USCAR). The commander-in-chief, Far East, became governor, and the commanding general of the Army's Ryukyus Command became deputy governor. A civil administrator charged with the day-to-day operations of the government (this position was filled by a member of the US armed forces until 1962) was also designated. In June 1957, an Executive Order established a high commissioner system for the Ryukyus. According to the Executive Order, a high commissioner "shall be designated by the Secretary of Defense, after consultation with the Secretary of State and with the approval of the President, from among the active duty members of the armed forces of the United States." The high commissioner customarily was the commanding general of the Army forces in the Ryukyus. Thus, there was no real change in the administrative system following the issuance of the 1957 Order; in effect, the Executive Order formalized existing arrangements for the administration of the Ryukyus.

Legally, the authority for the administration of the islands was vested in the Secretary of Defense. He in turn delegated this responsibility to the Department of the Army as executive agency. The individual serving as high commissioner exercised authority over USCAR and was also the CINCPAC's representative in the Ryukyus. USCAR, composed of military officers and civilians, had its own administrative departments and extraterritorial courts and initially supervised the local Government of the Ryukyu Islands (GRI) in considerable detail. The GRI had a legislative, executive, and judicial branch. Thus, there were in effect two levels of administrative authority in the Ryukyus--that of the United States (USCAR) and that of the local inhabitants (GRI).

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The US high commissioner had ultimate power in all fields. Until November 1967, he appointed the five judges of the Ryukyus' highest court, and he had the power to transfer any case from a Ryukyuan to a USCAR court, which had the power to reverse decisions of the Ryukyuan courts. In addition, the high commissioner could, for specific reasons, veto any bill, remove from office any public official, annul any law within 45 days after its enactment, and proclaim ordinances on his own authority.

In 1945, the Ryukyus were divided into sixteen military government districts for administrative purposes, eleven on Okinawa and five on the outlying islands. Temporary local governing bodies were formed in the four Ryukyu Island groups.¹ In September 1945, elections were held for mayor and councilmen in each of the eleven districts on Okinawa. During 1946, these district "governments" were replaced by the city, town, and village structures that existed before the war, and the prewar municipal mayors and councilmen were then returned to office. (By February 1948, municipal governments with elected mayors and assemblies were in existence throughout the Ryukyus.)

In August 1945, the military government headquarters had begun to prepare for a central Ryukyuan government by establishing an Okinawan Advisory Council consisting of fifteen local leaders who served as a link between the military government and the civilian population. In April 1946, this council was transformed into the Central Okinawa Administration (redesignated the Okinawa Civilian Administration in December 1946) and included thirteen executive and administrative departments, a court system and an advisory body known as the Okinawa Assembly. In December 1949, Provisional Government Assemblies, each composed of thirteen members appointed by the military government, were established for all four guntos. The Okinawa Civilian Administration was replaced in September 1950 by the Okinawa Gunto Government. Elections were held at that time for governor and assemblymen

1. Each island group is referred to as a gunto.

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in all four guntos. In April 1951, the military government, at the request of local political parties, united the four Ryukyu Island groups by establishing a Provisional Central Government and appointing a chief executive and a deputy chief executive.

The GRI was established in April 1952 following USCAR Proclamation No. 13 of February 29, 1952, which provided for independent Ryukyuan executive, legislative, and judicial organs, a popularly elected legislature, and a chief executive to be appointed by the United States "pending the time such office shall become elective." A legislature of thirty-two members had been elected in March 1952. It should be emphasized, however, that the high commissioner retained ultimate authority over all GRI actions.

The executive branch, headed by the chief executive and his deputy, was composed of nine departments. The thirty-two-man legislative body convened every February for a period of five months. The judicial branch was composed of magistrate courts, circuit courts, and the Court of Appeals. These courts had jurisdiction over all persons in the Ryukyus except US citizens. Sixty municipalities, each having its own municipal government, assisted the GRI in carrying out its administrative duties.

Until 1965, the chief executive of the Ryukyuan government was appointed by the high commissioner. After 1965, he was elected by the members of the legislature. Following an executive order, issued by President Johnson in 1968, the position of Chief Executive came to be filled by popular election.

B. EARLY REVERSION SENTIMENTS

A movement for the reversion of Okinawa to Japanese control began developing in the early 1950s. In fact, the reversion question was one of the major issues the Japanese hoped to have resolved at the San Francisco Peace Conference of 1951. As a result of the conference, however, the US position as the "sole administering authority" for the Ryukyu Islands was sanctioned. As stated in Article 3 of the peace treaty that emerged from the conference:

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Japan will concur in any proposal of the United States to the United Nations to place [the Ryukyu Islands] under its trusteeship system, with the United States as the sole administering authority.... Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters.

Although the treaty gave the United States the right to exercise de facto sovereign powers over the Ryukyus, Japan retained what John Foster Dulles, chief US negotiator of the treaty, described as "residual sovereignty" over the Ryukyus, that is, the United States could not transfer its sovereign powers over the Ryukyu Islands to any nation other than Japan. Because of divergences of views both within the United States Government and among the Allied powers at the San Francisco Peace Conference, Dulles presumably made this remark to allay fears that the United States intended to annex the islands permanently.

The United States, in recognition of the political relationship of Amami O Shima to Kagoshima Prefecture in southern Kyushu, restored that northern island group to Japanese control in December 1953. At the time of the reversion of Amami O Shima, however, the United States reaffirmed its intention to maintain control of the rest of the Ryukyus "so long as conditions of threat and tension exist in the Far East."² Throughout the Eisenhower, Kennedy, and part of the Johnson administrations, the need for continued US control of Okinawa was justified in this manner, i.e., security requirements in the Far East.

Sentiments within Japan and Okinawa for increased Japanese participation in Ryukyuan affairs and for the reversion of the Ryukyus.

2. Text of Dulles statement announcing reversion of Amami O Shima, New York Times, December 25, 1953.

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continued to grow throughout the Eisenhower administration.³ In the late 1950s, the Japanese began to express a desire to participate formally in an economic assistance program for the Ryukyus. In September 1958, Foreign Minister Fujiyama formally proposed economic aid while on a trip to Washington; in 1959, the Government of Japan (GOJ) provided \$125,000 to the GRI and sent twenty-four teacher-consultants to the islands for a one-year period. Among other things, the Japanese desire to aid in the development of the Ryukyus pointed up the inadequacy of US resources allocated for the Ryukyus.⁴ Officials in USCAR recognized the Japanese offer as an attempt to fill the void created by the grossly inadequate US funding of programs for the Ryukyus. Early in his term as high commissioner (1961-1964), General Caraway articulated his concern with what he described as a deteriorating situation in the Ryukyus--one in which the United States was being "outmaneuvered" by the Japanese desire to "buy ever greater interest" in the Ryukyus, which would serve to guarantee Japan's position with the Ryukyuans. Caraway argued that the millions the United States had invested in Okinawa would be "worthless or drastically depreciated" if the reversion campaign

3. During Prime Minister Kishi's visit to Washington in June 1957, the question of reversion was raised with President Eisenhower. A joint communiqué released on June 21, 1957, stated in part:

The Prime Minister emphasized the strong desire of the Japanese people for the return of administrative control over the Ryukyu and Bonin Islands to Japan. The President reaffirmed the U.S. position that Japan possesses residual sovereignty over these islands. He pointed out, however, that so long as the conditions of threat and tension exist in the Far East the United States will find it necessary to continue the present status. He stated that the United States will continue its policy of improving the welfare and well-being of the inhabitants of the islands and of promoting their economic and cultural advancement.

4. In FYs 56-59, the US Bureau of the Budget allowed 66, 44, 44.5 and 69 percent, respectively, of the amounts the Department of the Army considered necessary to administer its programs for the Ryukyus.

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gained more momentum, and he concluded that the only way to redirect or retard the reversion momentum was through increased economic assistance. He attributed to US officials in Washington the facile assumption that US military installations on Okinawa were secure, when, in fact, it was not because Washington was "unwilling or unable to organize itself to guarantee the economic and political climate required to keep the Ryukyuan people manageable under American rule."⁵

The situation, as Caraway saw it, continued to worsen following the Kennedy-Ikeda meeting in June 1961. Hopes were raised in both Japan and Okinawa that, as a result of that meeting, Japanese participation in Okinawan affairs would increase.⁶ From the high commissioner's viewpoint, such increased participation would further an erosion of US administrative control of the Ryukyus.

In early August 1961, Ambassador Reischauer (US Ambassador to Japan, 1961-1966) traveled to Okinawa to discuss the situation there with General Caraway. The ambassador agreed on the need to improve US relations with the Okinawan people, but he stressed the concomitant need to handle the Okinawa situation in a way that contributed to the US-Japanese partnership concept.

C. THE KAYSEN REPORT

As a result of General Caraway's expression of concern regarding the vulnerability of the US position in Okinawa, both the Department

5. Army Staff Communications Office, High Commissioner to Department of the Army, HCRI 7-36, July 13, 1961. CONFIDENTIAL

6. The Kennedy-Ikeda joint communiqué included the following paragraph:

The President and the Prime Minister exchanged views on matters relating to the Ryukyu and Bonin Islands, which are under United States administration but in which Japan retains residual sovereignty. The President affirmed that the United States would make further efforts to enhance the welfare and well-being of the inhabitants of the Ryukyus and welcomed Japanese cooperation in these efforts; the Prime Minister affirmed that Japan would continue to cooperate with the United States to this end.

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of the Army and the Office of the Secretary of Defense began to give serious consideration to measures to alleviate the situation. Caraway had suggested the establishment of a special task force to investigate Ryukyuan requirements for additional US economic aid. In July 1961, the Army proposed the establishment of such a survey group, and in early August the Department of State and the American Embassy in Tokyo concurred with that proposal.⁷ On August 4, Carl Kaysen of the National Security Council staff met with Secretary of the Army Stahr, Under Secretary of the Army Ailes, and Deputy Under Secretary for International Security Affairs Haugerud to elicit their views as to what was needed to remedy the situation in the Ryukyus. All agreed on the establishment of a task force as a proper step toward that end.

On August 11, a task force was created by National Security Action Memorandum (NSAM) No. 68, signed by McGeorge Bundy. According to the NSAM, the task force was established "to examine the present situation and US programs in the Ryukyu Islands":

The Task Force will investigate the extent to which economic and social conditions contribute to the dissatisfaction of the Ryukyuans, what measures we can undertake to improve economic and social conditions, and what specific steps are needed to make such a program effective. In carrying out its task, the group will bear in mind the importance to us of (a) Okinawa as a military base, (b) continued friendly relations with Japan, and (c) our responsibility to the people of the Ryukyus under the peace treaty with Japan.

The task force was to be chaired by a White House representative and composed of representatives of the Departments of State, Defense, and Labor and the International Cooperation Administration (ICA). The areas to be investigated by the group included public health and sanitation; social welfare; emigration and resettlement;

7. On August 1, Secretary of State Rusk, in a cable to the American Embassy in Tokyo stated: "In line with Undersecretary Ball's conversation with HICOM we are prepared to recommend establishment of a special task force to study problems and make recommendations for improvements in such fields as public works and services, including social services, and agriculture and fisheries."

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training of the labor force; education; public works; and political problems, such as GRI organization and autonomy and GRI relations with USCAR and with the Japanese.

The task force headed by Carl Kaysen and a working group headed by John Kaufmann were appointed in September. Both groups consisted of representatives of the Departments of State, Defense, and Labor, and ICA. The working group spent the first three weeks in October in Okinawa holding discussions with High Commissioner Caraway, the civil administrator, the USCAR staff, the chief executive of the GRI and his staff, committees of the Ryukyuan legislature, and private citizens and groups. Carl Kaysen and a few working group members traveled to Tokyo in mid-October to hold discussions with Ambassador Reischauer. Kaysen also held discussions with the Prime Minister and the Minister of Foreign Affairs.

In November, the working group completed papers dealing with what they considered to be the major issues. Some preliminary conclusions reached by the working group were relayed in a message from General Caraway to the Department of the Army. According to Caraway, the group had concluded that the United States should have "more organized and positive relations" with the Government of Japan and that Japan should absorb as much as possible of (a) the general irridentist sentiment and (b) the organized leftist sentiment that were working against the US position. It was believed that the GOJ could act as a buffer between the US position and the above-mentioned forces by taking a more active role in promoting the welfare and well-being of the Ryukyuans. Kaysen also suggested that an economic assistance program might be presented to the GOJ as a joint US-GOJ responsibility. It was further suggested that greater autonomy be given the GRI, thus allowing it to act as a "shock absorber" rather than a "transmission belt" to USCAR of outstanding issues and problems.

The final task force report, issued in December 1961, was based on the assumption that the United States must retain exclusive control over the Ryukyus for an indefinite period. According to the report, it was imperative that the United States take the steps necessary to minimize the possibility of a deterioration in the domestic situation

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in Okinawa. The report attributed the source of problems in the Ryukyus to the fact that the Ryukyuans were anxious for the return of Japanese administration, that the social and economic situation in the Ryukyus compared unfavorably with that of the four home islands of Japan, and that the GRI did not wield enough power. It pointed out that, in comparison with the situation in Japan proper, there were obvious shortcomings in the areas of Ryukyuan education, health, and welfare and pensions, and that a minimum requirement for continued US administration was the "immediate narrowing and eventual elimination" of these differences.

The report also pointed out that the perceived economic disadvantage of the American administration was magnified by the fact that in recent years (since 1958) the GOJ had made public offers of assistance to the Ryukyus and that the United States rejected more of those offers than it accepted.⁸ Thus, it was concluded, an organized system of cooperation should be established that would provide a means for Japan to help the United States raise the Ryukyuan standard of living. To reduce the inevitable friction between USCAR and the GRI, a considerable increase in the degree of GRI autonomy was recommended. It was also suggested that more financial assistance was needed to diversify the Ryukyuan economy.

In general, the task force recommendations fell into three categories:

- (1) US dealings with Japan in regard to the Ryukyus.
- (2) The levels and types of external aid for economic and social development in the Ryukyus.
- (3) Relations between the GRI and USCAR.

8. By way of example, the report pointed to FY 62, when the GRI selected an aid list of \$19 million in projects for support from Japan. USCAR screened the list to choose projects "with relatively little political appeal" and forwarded a \$2.6 million request to Japan. Tokyo then suggested \$8.6 million in assistance; however, the Japanese amount was again reduced to \$2.6 million.

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In the first category, it was suggested that the United States (a) reach an agreement with GOJ providing for Japanese assistance to US-approved programs in economic and social development of the Ryukyus for an indefinite period of time, and (b) establish US-Japanese policy committees for joint consultation regarding the GOJ contributions.

Regarding the levels of US aid to the Ryukyus, a program of increased US assistance was suggested that included raising the ceiling on US assistance to \$25 million annually.⁹

As for improving relations between the GRI and USCAR, the report recommended, inter alia, some reorganization within USCAR, the appointment of a civilian as civil administrator, and the delegation to the GRI of as much autonomy as possible.

Based upon the task force recommendations, President Kennedy issued a series of directives in March 1962 to the Secretaries of State and Defense and to the Director of the Bureau of the Budget. In NSAM 133 of March 5, Kennedy directed the Secretary of State, inter alia, to initiate negotiations with the GOJ "to provide a framework for continuing Japanese contribution to economic assistance to the Ryukyus that minimized interference with US administrative control." The President directed the Secretary of Defense to present to Congress an amendment to raise the ceiling of the Price Act and to adjust upward the wages paid by the military services to Ryukyuan employees.¹⁰ Kennedy directed the high

9. In 1960, Congress had passed the Price Act, which set the ceiling on US aid at \$6 million annually. The task force report called for amending that Act. Among programs to be funded with the increased aid were higher teacher and government employee salaries; the establishment of a retirement system for teachers and government employees; improving health insurance, medical facilities, and disaster relief; and an increase in the capitalization of both the Central Bank of the Cooperatives and the Ryukyuan Development Loan Corporation.

10. In a note sent to Secretary McNamara on March 5, Kennedy stated: "As you know, both Dean Rusk and my brother think that the Okinawa situation is hurting our relations with Japan seriously, and we should do what we can to improve it as quickly as possible."

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commissioner to speed up the process of delegating more responsibility to the GRI. Finally, he amended the 1957 Executive Order as follows: the civil administrator is to be a civilian; the chief executive of the GRI is to be nominated by the legislature before appointment by the high commissioner; the term of office of the legislators is to be lengthened from two to three years; and the number of legislators and the boundaries of the election districts are to become matters for determination by the legislature.

Between 1961 and 1964, certain of the programs ordered implemented by President Kennedy were successfully undertaken. For example, in FY 62 and FY 63, the United States contributed \$1 million toward increased pay for Ryukyuan teachers; in FY 62, teachers received a 14 percent pay increase. In FY 63, Ryukyuan employees of US forces received a 12 percent pay increase and a retirement annuity was established. It was not until April 1964, however, that agreement was reached regarding the implementation of the directive calling for the formalizing of a cooperative relationship with the GOJ for providing economic assistance to the Ryukyus. The task force had recommended the establishment of a Consultative Committee and a Technical Committee to serve as the means for joint consultation regarding Japanese contributions to Ryukyuan development. The Consultative Committee, it was suggested, should be composed of the Minister of Foreign Affairs as the chief Japanese representative, the director-general of the Prime Minister's office, and the US Ambassador to Japan. This committee would meet at the request of either government to coordinate policies for cooperation in providing economic and technical assistance. The Technical Committee would be composed of a representative of the high commissioner (who would serve as chairman), an official designated by the director-general of the Prime Minister's office, and the chief executive of the GRI or his representative. This committee would meet at the request of either government to consider problems arising from the implementation and administration of the GOJ's economic and technical assistance to the Ryukyus.

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Beginning in the summer of 1962, Ambassador Reischauer began holding discussions with the Japanese Foreign Minister regarding the level of Japanese aid and the establishment of both a consultative and a technical committee along the lines discussed above. However, a disagreement arose between the Tokyo embassy and High Commissioner Caraway regarding who would serve as Japan's representative on the tripartite Technical Committee, and until that dispute was resolved, the United States could not complete a written understanding with the Japanese Government establishing a pattern of bilateral cooperation.¹¹ Agreement was finally reached in April 1964 on the establishment of a Consultative Committee, and in July of that year, the Technical Committee was established.

This dispute regarding the Japanese representative on the Technical Committee reflected more basic disagreements between Ambassador Reischauer and the high commissioner, General Caraway. The ambassador argued that the United States should not obstruct Japanese generosity to Okinawa, thereby negating the cooperative relationship envisioned by the President. Reischauer charged that US military authorities in Naha felt that every effort should be made to limit Japanese activities in the Ryukyus, that Japanese interests were contrary to those of the United States, and that the Japanese constituted a subversive element and were to be treated as such. Reischauer accused Caraway of limiting Japanese aid to the extent possible and channeling the remainder into

11. The Tokyo embassy thought that the Japanese assigned to the GOJ Liaison Office in Okinawa should represent Japan on the committee, while the high commissioner felt the Liaison Office should not have a role in the Japanese aid program. Instead, the high commissioner suggested that a group of technicians be sent annually from Japan to Okinawa to consult with the United States on the Japanese aid program. While the technicians were in Okinawa, they could meet with representatives of the GRI and the high commissioner, and thus constitute the tripartite committee.

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the least conspicuous areas.¹² As will be described below, the short-sightedness of US policy in Okinawa came to be seen by Ambassador Reischauer as part of an overall myopic US policy toward Japan.

12. Reischauer cited as examples the fact that the United States refused to approve any increase in Japanese technical assistance programs for training Okinawans in Japan and for sending Japanese technicians to Okinawa. The United States also refused to authorize the construction by Japan of additional hospital facilities on Okinawa or to allow an expansion of activities at the Japanese-sponsored model farm. Numerous other conflicts arose between Reischauer and Caraway regarding the amounts and types of Japanese participation in Okinawan affairs.

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II

THE OKINAWA PROBLEM IN THE JOHNSON ADMINISTRATION

A. STATE-DEFENSE DIFFERENCES, 1965-1966

In July 1965, Ambassador Reischauer articulated his concern with what he perceived to be US indifference in its policy toward Japan. In a memo to the Secretary of State, the ambassador argued that continued good relations with Japan were of vital importance to the United States, that Okinawa was the most contentious issue in the US-Japanese relationship, that Japanese cooperation in continued US administration of the Ryukyus was absolutely essential, and that a confrontation over the Ryukyus would do incalculable damage to all other aspects of the US-Japanese relationship. Reischauer suggested that Washington begin to engage Tokyo in a dialogue that would be the basis for a new relationship--perhaps leading to the reversion of the Ryukyu Islands. Maintaining that time was running out for the United States in Okinawa, he suggested that studies of future US requirements in the Ryukyus be undertaken, including an analysis of whether administrative responsibility for the Ryukyuans could be assumed by Japan without impairing the value of the bases to the United States.

On September 25, Secretary of State Rusk, in a memorandum to Secretary of Defense McNamara, indicated that he shared Ambassador Reischauer's views and suggested the United States undertake a two-pronged attack on the problem:

- (1) Remove available irritations in the US-Japanese relationship.
- (2) Undertake high-level talks with the Japanese to review common interests in the Far East and to stimulate the Japanese to a larger role in the promotion of those interests.

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Before undertaking such talks, however, Rusk suggested that the State Department and the Defense Department undertake confidential studies of the US-Japanese relationship. Specifically, Rusk suggested studies of the Japanese defense forces, the overall US-Japanese strategic relationship, and the US position in the Ryukyu Islands. In regard to the Ryukyus, the study was to include an analysis of whether administrative responsibility for the Ryukyuan population could be carried out by Japan without impairing the value of the bases.

On October 11, Secretary McNamara accepted Rusk's proposal, and on October 13, the Joint Chiefs of Staff also agreed that such studies should be undertaken. However, in concurring with the response, the JCS underscored the need for an adequate appreciation of the essentiality to US security interests of US jurisdiction over the Ryukyus. A month later, on November 10, Assistant Secretary of State William Bundy, in a memorandum to Deputy Secretary of Defense Vance, recommended that an interdepartmental group be organized to conduct the studies, and he proposed the terms of reference for the study of the Japanese defense forces. John McNaughton, Assistant Secretary for International Security Affairs, indicated his concurrence with Bundy's proposal on November 22 and was designated to represent DoD on the joint study group for the Ryukyuan portion of the study. He was to be assisted by the Deputy Under Secretary of the Army for International Affairs. (The joint State-Defense Working Group held its first meeting on January 20, 1966.)

On November 24, McNamara formally asked the JCS for their views on the Ryukyuan question. On December 23, the Joint Chiefs completed a comprehensive study of the future of the US administration of the Ryukyus, which was to become the basis of DoD's position on the Okinawa question. The JCS argued that reversion, whether under the current US-Japan Mutual Security Treaty or under a special base-rights agreement with a status of forces arrangement, would be unacceptable for the foreseeable future. The principal conclusions reached in the study were the following:

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(1) Reversion would so degrade the US strategic posture and so seriously impair the US military position in the Far East that exclusive US jurisdiction over the Ryukyus would continue to be essential to US security interests for the foreseeable future.

(2) Because of the threatening and unsettled situation in the Far East, it would be unrealistic to attempt to draw up a timetable for reversion.

(3) In order to prevent direct imposition of political limitations by another country upon the utilization of US forces on Okinawa, the United States must retain unilateral control of the island. This would be essential for as long as the United States wanted to maintain Okinawa as a major base.

(4) The Japanese reluctance to share proportionately in the free world defense in the Pacific strengthened the requirement for continued sole US jurisdiction.

(5) The United States should continue to transfer to the Government of the Ryukyu Islands administrative functions that do not adversely affect US security interests.

(6) Economic assistance from Japan and the United States should continue, but the United States should have basic control over Japanese aid.

(7) The political situation in Japan and Okinawa appeared to have improved since July 1965 when Ambassador Reischauer expressed alarm over that matter.

There is reason to believe that the DoD expected the State Department to push as rapidly as possible for further autonomy for the islands, with the ultimate goal of reversion within a few years. The US military was opposed to any measures that would result in a transfer of administrative authority to Japan, but an attempt was made within the DoD to ascertain in what areas greater autonomy could be granted without jeopardizing US control. On January 14, 1966, the Army's Deputy Chief of Staff for Military Operations (DCSOPS), in response to the needs of the State-DoD Working Group, sent the Deputy Under Secretary of the Army (DUSA) a list of suggested areas in which the GRI could be given greater autonomy. The list included such items as further diminution of USCAR participation in the GRI legislative process, expanded criminal jurisdiction for the GRI courts, increased

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GRI supervision of immigration, and enhanced GRI authority over the granting of pardons.¹

The examination of the overall US-Japanese relationship was removed from the State-DoD Working Group forum in March 1966, when President Johnson ordered the formation of a Senior Interdepartmental Group (SIG) to assist the Secretary of State in discharging his authority for certain interdepartmental matters.² On March 16, a memorandum from the SIG staff director to the Secretaries of State and Defense, the Administrator of AID, the Director of Central Intelligence, Director of USIA, and the Chairman of the JCS recommended that the IRG/FE (Far East) undertake a series of studies dealing with US-Japanese relations. The memorandum gave the IRG/FE this general policy guidance: the key aim of US foreign policy is "to maintain the closest political, economic and security ties with Japan, and to encourage it to assume more and broader responsibilities in its own national interests." Studies on the following subjects were to be completed by May 15, 1966:

- Japanese defense forces
- Ryukyu bases
- US-Japan Mutual Security Treaty
- Overall US-Japan relationship.

1. On February 25, USCAR, in a letter to DCSOPS, Civil Affairs Directorate, commented on and concurred with many of these suggestions for greater GRI autonomy.

2. As a result of National Security Action Memorandum 341, signed March 2 and directed to the Secretaries of State and Defense, the Administrator of AID, the Director of Central Intelligence, the Chairman of the JCS, and the Director of USIA, the Secretary of State was assigned the authority and responsibility for the overall direction, coordination, and supervision of interdepartmental activities overseas (excluding authority over US military personnel operating in the field). The SIG, which was to assist the Secretary in discharging this responsibility, was to consist of the Under Secretary of State as executive chairman, the Deputy Secretary of Defense, the Administrator of AID, Director of CIA, Chairman of the JCS, the Director of USIA, and the Special Assistant to the President for National Security Affairs. Interdepartmental Regional Groups (IRGs) were to be established on a geographic basis as regional subgroupings of the SIG.

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The paper on the Ryukyu bases was to enumerate future requirements in the Ryukyus, including an analysis of whether administrative responsibility for the local population could be transferred to Japan at a future date without impairing the value of the US bases, and whether such a transfer seemed conducive to a more secure political environment for the US bases there.

Following the SIG directive, it was agreed that State would prepare a draft study on the Ryukyu bases in light of the tentative DoD views expressed in the December 1965 JCS study of the future of US administration of the Ryukyus.

In April 1966, the State Department circulated a proposed draft of the Ryukyus paper, taking issue with the JCS conclusions as to the unacceptability of reversion. In summary, the State draft reported the following:

- (1) US policies in the Ryukyus had not been adequately responsive to Ryukyuan aspirations for autonomy or to Japanese desires for a greater role in Ryukyuan affairs.
- (2) Political instability and civil disaffection existed in the Ryukyus, and there was mounting pressure within Japan for a return of administrative rights to Japan (with necessary US base rights guaranteed). The GOJ was likely to propose such an arrangement to the United States in the near future--perhaps in a year or two.
- (3) If the GOJ was given an effective role in Ryukyuan affairs not impinging on US base requirements, it would use its influence in support of US objectives in the islands. If not, the GOJ might be forced by domestic pressures to assert itself in ways contrary to US interests.
- (4) A working group should be established to undertake confidential studies on possible alternative courses open to the United States in the Ryukyu Islands and to make policy recommendations to the IRG and the SIG. The group should undertake a detailed assessment of what facilities, rights, and controls were essential for military purposes, as well as an assessment of the feasibility of a negotiated return of administrative rights to Japan with a provision for continued unrestricted US military rights in the islands.

Ambassador Reischauer was opposed to the suggestion regarding the establishment of a working group. In a telegram to the State Department dated May 24, Reischauer argued that no useful results could

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emerge from a Ryukyus working group so long as the Defense Department continued to ignore the judgment of State and the Embassy that the present situation on the Ryukyus was probably not tenable beyond the next two to five years. Reischauer reiterated the State Department position that the existing political situation could not be counted on for too much longer and that the United States must be prepared to accept a certain limited diminution of its theoretical rights in the Ryukyus in the hopes of thereby assuring practical exercise of at least the most essential of its rights over the bases for a much longer period.

The reluctance of the Defense Department to accept any diminution of US rights over the Ryukyus was understandable, according to Reischauer, but the question was essentially not how to prevent a slight diminution of rights occasioned by a carefully defined return of administrative authority to Japan or some alternative actions, but rather how to prevent a situation in which the United States would lose the bases entirely and with them the immensely valuable relationship with Japan. Reischauer contended that the Defense position ignored that point entirely. He then pointed out that the question of the Ryukyu bases was essentially a political one and the role of the State Department ought to be predominant in the matter. He elaborated this point by stating that the problem in the Ryukyus was part of the overall relationship with Japan. Serious friction with Japan over the Ryukyus could prove a major reason for a breakdown of relations with Japan, which would then force abandonment of both the bases in Japan and in the Ryukyus. For that reason, he doubted that a working group could serve a useful purpose, since its conclusions would most likely continue to reflect basic differences that were already apparent. Reischauer preferred that some action recommendation be made that would result in a decision on the basic problem of a unified US view on policy towards Japan, within which a realistic study of alternative long-range solutions to the Ryukyu problem could be made and plans laid for future motion toward one or more of those solutions.

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The DoD took strong exception to most of the arguments and recommendations contained in the State draft and concluded that it was incompatible with the JCS study of December 1965. The DoD and JCS reaction to the State draft centered on the following points:

- (1) Reversion under any arrangement would derogate substantially the strategic value of US bases and would seriously impair the US military posture in the Far East.
- (2) US policy looked to maximum possible accommodation of Ryukyuan and Japanese desires under continued US control.
- (3) The degree of urgency and concern emphasized in the State paper for return of administrative rights was not shared by the JCS. The GOJ does not support a separation of the military bases from US administrative rights.
- (4) Dissatisfaction with the US administration is limited to only certain elements in Japan and the Ryukyus.
- (5) The establishment of a full-time high-level working study group was unnecessary. The study should be accomplished within existing DoD-State arrangements under the aegis of the IRG and the SIG.

In May, CINCPAC responded to the State draft in a cable to the JCS which reaffirmed its support for the JCS position as set forth in the December 1965 study. The basic CINCPAC position was that any Ryukyu study must be based on the premise that as long as the United States has a responsibility for maintaining peace and security in the Far East, it must maintain a strong position within the Western Pacific. Thus, the United States must have unrestricted use of the bases on Okinawa, which could not be ensured if Japan assumed administration of the island.

CINCPAC argued that the State position suggested several alternatives, each of which would inevitably hamper the effectiveness of the US base structure. References to the return of the Ryukyus to Japanese administration, it was stated, should be rejected as an unworkable arrangement. It was further argued that even if Japan could be persuaded to grant the United States extensive rights in return for Japanese assumption of normal administrative control, US enjoyment of the rights would be subject to continual "nibbling." Agitation for the elimination of any rights would, it was argued,

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begin immediately after the granting of administrative control. As to a suggestion contained in the State draft that civil administration of the Ryukyus be separated from the administration of its military bases, CINCPAC argued that this would be misrepresented by the Japanese as a prelude to transfer of sovereignty and could start an accelerating progression toward loss of control. It would, furthermore, greatly reduce any leverage the United States might have in future bargaining with Japan to obtain long-term strategic use of the bases. In addition, it was argued, there did not seem to be much practical possibility that US concessions to reassertion of Japanese sovereignty would be balanced in the foreseeable future by a commensurately increased Japanese security role in the Pacific.

In May 1966, the high commissioner forwarded his response to the State draft. In a cable to the Department of the Army, General Watson (HICOM, 1964-1966) argued that unimpeded use of the Ryukyu Islands must not be degraded solely to meet the expressions of national interest by Japan. Increasing nationalism in Japan must, according to Watson, coincide with the assumption of a more positive attitude than Japan so far exhibited toward free-world collective security. Watson agreed that the US objective should be to strengthen the GOJ's position domestically, but no course to do so had been suggested that did not at the same time degrade the US military posture in favor of some uncertain gains which might derive from a piecemeal political accommodation. Gradual transfer of administrative control was seen as "salami" tactics--giving away bit by bit of assets that would be needed later in bargaining for Japanese agreement to assume a more positive defense role.

Under Secretary of the Army McGiffert was also opposed to State's proposal regarding further study of the facilities, rights, and controls in the Ryukyus essential to US military objectives. (He was, however, willing to support further study of accommodating legitimate Japanese interests, short of sharing administrative authority of the Ryukyus.) McGiffert urged that the DoD adopt a policy of opposition to the designation of a special working group to study the basic

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question of the acceptability of reversion in the immediate future and suggested that use be made of existing instrumentalities for such studies as might be required. Following discussions with representatives from ASD/ISA in May, the Under Secretary modified his position on this question and agreed that studies on the basic question of reversion under a base-rights arrangement would be acceptable, but only after preliminary studies had been completed on less basic issues, such as public attitudes on the question in the Ryukyus and in Japan, Ryukyuan autonomy, and accommodation to Japanese interests in the Ryukyus.

On May 27, a revision of the State Department draft was transmitted by McGiffert to ASD/ISA. ISA accepted the revised draft and it was then sent to the State Department for approval. After extensive consultation and compromise, State and DoD agreed to forward an interim report to the SIG proposing the establishment of an inter-agency working group to conduct a study on the Ryukyuan bases.³

Meanwhile, at the IRG/FE meeting held on May 25, William Bundy reported that the Ryukyu bases study had not been completed and suggested that he report to the SIG that the Ryukyu paper involved a major examination that could not be completed in the available time.

On June 3, State accepted with minor changes, the DoD position as stated in McGiffert's draft. An agreed State-DoD draft, which was forwarded as an interim report to the SIG on June 4, proposed the creation of a study group to examine in detail the bases question and acknowledged that the IRG/FE had not completed the study of future US requirements in the Ryukyus. The interim IRG/FE report also stated that the United States should not, as long as unrestricted use of the Ryukyu bases was vital to the security of the Far East, initiate a change in its present policy of retaining administrative

3. It had become obvious by early May that due to differences between the State Department and DoD, the IRG/FE would not have completed by May 15 a study on the Ryukyu bases as directed by the SIG in its memorandum of March 16.

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authority but should accommodate, as feasible, Ryukyuan aspirations for autonomy and a greater role, short of participation, in the administration of the islands. However, there was, the draft pointed out, increasing Japanese and Ryukyuan concern with the current situation. The United States must therefore keep a close watch on sentiments for reversion. Accordingly, before final report and recommendations could be submitted to the SIG, further study should be given to the following:

- (1) Attitudes in the Ryukyus and in Japan.
- (2) The likelihood and probable nature of changes in these attitudes.
- (3) What clarification and expansion of policy guidance with respect to the Ryukyus is appropriate.
- (4) Appropriate courses for the United States to take in response to likely Japanese initiatives.

The interim report stated that the 1965 JCS study, together with any other documents submitted by US agencies concerned with the problem, should be used as references.⁴ The working group conducting the study should consist of representatives of the State Department, the White House,⁵ ASD/ISA, DUSA, and the JCS. The group would be chaired by the State Department⁶ and would make recommendations to the IRG/FE by July 15, 1966, on the following:

- (1) Public opinion and official attitudes in the Ryukyus and Japan with respect to the Ryukyus, and an assessment of possible changes over the next four to five years and the effect of such changes on overall US-Japanese relations.
- (2) What steps might be taken to deal with--

4. According to the original DoD draft, the JCS study was to serve as a "substantial component of the study." State insisted that this wording be deleted and substituted the above, which was then accepted by DoD.

5. The State Department added the White House representative to the suggested working group.

6. The State Department specified that its representative would act as chairman of the group.

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- (a) Ryukyuan aspirations for greater autonomy.
- (b) Japanese desires for a greater role in Ryukyuan affairs.
- (c) Japanese pressures for a return of administrative authority in the next several years.

In light of the conclusions the working group was to reach, the IRG would report to the SIG and might then direct the working group to make further studies of:

- (1) The degree of impairment of the effectiveness of the bases that would result if a transfer of administrative authority became necessary.
- (2) Contingency plans to assure continuation of the performance of necessary functions in the Ryukyus or elsewhere if administrative control was transferred to Japan.
- (3) The cost of any necessary removal of facilities or construction of substitute facilities in the Ryukyus or elsewhere.
- (4) Assessment of the feasibility and costs of a partial transfer of administrative authority.

B. SIG-IRG ACTIONS, JUNE-SEPTEMBER 1966

On June 7, the SIG met to consider the interim IRG report. At that time, formal approval was given for the establishment of a Ryukyus Working Group (and presumably also its study program). The working group held its first meeting on June 14, 1966.⁷ The group agreed that the DUSA/IA (International Affairs) would prepare the initial draft report on public opinion and official attitudes in the Ryukyus, and the preliminary draft examining ways to deal with Ryukyuan and Japanese aspirations. The State Department was to prepare the initial draft on Japanese public opinion and official attitudes and an assessment of possible steps to contain Japanese pressures for reversion.

7. Richard Sneider of the State Department served as chairman. Also present were Captain Boyles, representing Mr. Steadman, OASD/ISA; Captain Rizza of the JCS, representing General Baker; James Thompson of the White House; and Thaddeus Holt, DUSA.

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The first State Department draft on Japanese public and official attitudes on the Ryukyus, which was circulated on June 29, 1966, was generally pessimistic regarding the future of the US administration of the Ryukyus. It described the rise of nationalism in Japan and the rise of reversion sentiments as problems for the Japanese Government and predicted that the Japanese focus on the Ryukyus would sharpen over the next five years and desires for reversion would intensify. A major confrontation between US authorities and the Ryukyuan people backed by Japanese public opinion would become an increasing danger. Such a confrontation would very likely lead to a breakdown in the cooperative relationship between the United States and Japan. In analyzing events within Japan, the report noted that events there were moving toward a Japanese initiative for a basic change in the status of the Ryukyus. The trend was seen as clear and unlikely to be reversed. The report predicted that a critical point was likely to be reached within the 1966-71 period. Reversionist pressures could mount rapidly, it was argued, if the Japanese found the door closed to further Japanese involvement in the Ryukyus or if there was significant popular dissent in the Ryukyus.

The draft report discussed areas in which GOJ participation could be increased and in which greater autonomy could be delegated to the GRI and the Ryukyuans. Specifically, it recommended expanding the advisory role of the GOJ in several fields, such as education and public health; suggested that Ryukyuans be permitted to participate in the Japanese social security system; and suggested that the Consultative Committee be more fully employed as a forum for frank discussions of the full range of matters relating to internal Ryukyuan administration. It further recommended that unlimited GOJ economic assistance be sought and that a direct advisory role on economic planning and development be granted the GRI. The report noted, however, that these measures would not permit indefinite US administrative control or even prolong the present status, under optimum conditions, much beyond a five-year period. It urged that any actions under consideration be evaluated in terms of their effect

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on the return of administrative control to Japan within this relatively short period. It argued that a crisis-free period during the "transition to reversion" would enhance Japanese and Ryukyuan acquiescence in current base rights in the Ryukyus. It would also buy the maximum time politically feasible for sole US administration of the area and for allowing the current trend in Japanese defense thinking to evolve to the point that the GOJ would be able to agree voluntarily to arrangements which would preserve the essential core of US base rights in the Ryukyus under Japanese administrative control.

The DUSA/IA draft on public opinion and official attitudes in the Ryukyus toward continued US administration of the Ryukyu Islands was also circulated on June 29. Like the State draft, it was pessimistic in its assessment of the future of the US administration. It noted that the people and the political parties in the Ryukyus desired reversion, but that the majority wanted reversion within the context of US-Japanese cooperation. A growth of anti-US feeling and possible events that might hasten that growth were described. These events were said to include, inter alia, congressional refusal to raise the ceiling on aid to Okinawa to \$25 million by amending the Price Act, a major military training accident causing death and destruction of property, increased use of the bases for Vietnam operations, and a US failure to permit direct election of the chief executive when the incumbent's term expired in 1968.

High Commissioner Watson took exception to many of the arguments and recommendations contained in the State-DUSA/IA drafts. In general, he argued that the drafts failed to focus on the primary US national objective in the Ryukyus, namely the long-term maintenance of an effective military base. He maintained that the study did not effectively relate the proposed courses of action to the primary objective. General Watson did not agree with the State Department view that the status of Okinawa was already in a transitional phase; he argued that the current phase was not one of actual transition, but rather one of forging policies that would later guide transition. For the United States, it was a period of preparing to negotiate

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for the best long-term arrangements possible, while maintaining an effective base. If the United States gave away its position piecemeal, it might then find itself unable to counter an offer from Japan for a reversion base-rights agreement that would give the United States little more freedom in using the bases than it then enjoyed in Japan proper. In sum, the high commissioner felt that many of the proposed courses of action suggested in the drafts would result in an unacceptable derogation of US authority.

In a memorandum to DUSA on July 13, the Army's DCSOPS also disagreed with the State Department conclusion that events were moving toward reversion and that to prevent an unmanageable situation, the United States should move quickly to expand Ryukyuan autonomy and increase Japanese participation in Ryukyuan affairs. He argued that the situation was not that bleak and that by effective administration in Naha and firm, astute diplomacy in Tokyo, events could be kept in hand for an indefinite period. This was where, according to the memo, the emphasis of the study should lie.

On July 23, the working group completed a second draft of the study. Although similar to the first, the second draft was more in tune with the conclusions reached by the JCS in their study of December 1965. Accordingly, the draft recommended the following as guidelines for future US actions:

- (1) Preserve the military effectiveness of the base structure.
- (2) Maintain the US administration.
- (3) Increase Ryukyuan autonomy in an orderly and deliberate manner.
- (4) Ensure that the GOJ recognizes the need to maintain the effectiveness of the US bases and the need for a smooth transition to eventual reversion.
- (5) Welcome close consultation with the GOJ on civil administration not affecting the operation of the bases.
- (6) With the assistance of the GOJ, continue to increase the economic and social-welfare standards of the Ryukyuan people.

High Commissioner Watson commented on the second draft in a cable dated August 1. Again he disagreed with the conclusions reached in the draft, and again he asserted that the draft failed to focus

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adequately on the primary US national objective, i.e., long-term maintenance of an effective military base under unrestricted US control. By long-term, he stated that he meant a dependable arrangement lasting twenty-five years, since the causes of international friction in the Far East were long-range in nature. In the short run, the United States should seek to maintain the maximum effectiveness of the base and the development of the most advantageous negotiating position to obtain a desired and acceptable long-term agreement. Watson reported that USCAR believed that effective use of the base could be maintained for the interim period by gradually making appropriate concessions until the GOJ proposed acceptable terms for a long-term agreement. He objected to undertaking certain measures suggested in the draft which he felt would take the United States too far down the road to reversion. He argued that granting concessions to the Japanese in the Ryukyus, coupled with greater measures for increasing Ryukyuan autonomy, should be phased and timed to minimize any "snowballing" effect and to avoid losing the essential elements of US control. (CINCPAC and CINCUSARPAC supported these views.)

Ambassador Reischauer disagreed with the HICOM's position. In a cable to Secretary Rusk on August 6, Reischauer concurred with the second State-DUSA/IA draft and made no suggestions for changes. He argued that the HICOM's proposed changes would fundamentally alter the nature of the draft and that he, Reischauer, would not concur in the paper if those changes were adopted. Reischauer insisted that US objectives in the Ryukyus be seen in terms of the overall US national objectives in the Far East, which he contended were adequately reflected in the paper. Alleging that US policy in the Ryukyus had been to grant concessions only when forced to by adverse circumstances, he recommended that the United States expand Ryukyuan autonomy and increase Japanese participation as rapidly as possible to ensure good GOJ-US relations.

On August 7, CINCPAC aired its attitudes on the draft. In general, CINCPAC argued that as long as the United States was responsible for

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maintaining peace and freedom in the Far East, and as long as the Communist nations continued aggressive opposition to US objectives, the United States must maintain a strong position in the Western Pacific. For that purpose, the United States must have unrestricted use of the US bases on Okinawa, which could not be ensured if Japan assumed administrative control of the island. Therefore, CINCPAC recommended that there be no transfer of administrative authority over the Ryukyus unless further study of the implications of such a transfer clearly indicated the feasibility and desirability of such a transfer. CINCPAC also felt that the guidelines in the draft for the types of administrative functions that could be turned over to the GOJ were too sweeping. Finally, CINCPAC asserted that the 1965 JCS study should continue to prevail as the basic doctrine for the US presence in the Ryukyus and that the US objective should be to continue to maintain full and unfettered US military operating rights in the Ryukyus.

In August, J-5 began preparing a revised version of the draft, based on comments received from the field. This draft was then sent to Richard Sneider, chairman of the Ryukyus Working Group. A coordinated revision was agreed upon by the working group on August 18 and approved without dissent by the IRG on August 24. The draft entitled "Our Ryukyuan Bases" was sent to the SIG for discussion at the September 13 meeting.

The new report concluded that pressures for reversion were rising in Japan and in the Ryukyus; a crisis resulting in unmanageable demands for reversion was not, at present, likely given effective handling by the United States of local problems; pressures for change in the nature of the US administration toward a larger Japanese role are strong, but satisfaction of these demands within the framework of continued US administration will help contain reversionist pressures and prolong the acceptability of the US administration; current trends in Japan and the Ryukyus point toward the possibility within the next five years of a major Japanese initiative for the return of administrative control, probably following a settlement in Vietnam; the likelihood was growing that by the "1970 period,"

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the GOJ would be prepared to negotiate, with sufficient public support, an agreement on the Ryukyus providing for special US base rights. Such rights would include maximum freedom of operational action essential for US security needs, thus permitting the retention of an effective US base complex in the area for an extended period after reversion.

More specifically, the report included the guidelines for US action as appeared in the revised draft of July 23, and included a list of specific actions that could be undertaken to increase the GRI's authority. Regarding the amounts and types of GOJ assistance desired by the United States, the report stated that GOJ economic assistance should continue to be sought "in amounts that are absorbable and useful." It also recommended that the GOJ be permitted to assist USCAR and the GRI in economic planning and development and suggested that the Consultative Committee is more fully employed as a forum for frank discussions on a full range of matters relating to the Ryukyus.

At its September meeting, the SIG approved the recommendations contained in the paper:

- (1) Actions to counter pressures in both Japan and the Ryukyus as set forth in the paper should be undertaken. The United States should constantly maintain a sense of forward motion and should expand local Ryukyuan autonomy and increase the Japanese role in Ryukyuan affairs without impairing the essential integrity of the US administration or the operational capability of US bases.
- (2) At the same time, the United States should emphasize to the Japanese Government the importance of maintaining the operational capability of the Ryukyuan bases, keep reversionist pressures within manageable proportions, and seek the advice, cooperation, and assistance of the GOJ in accomplishing these objectives.

The SIG then requested that the high commissioner and the US Ambassador in Tokyo jointly submit to the IRG a plan for carrying out the actions recommended in the working group's report. (The plan was to be forwarded to the IRG by December 15, 1966.) It was also agreed that they would submit a report to the IRG every six months assessing reversionist pressures and actions taken to contain such pressures.

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The IRG/FE Ryukyus Working Group was also requested to submit a report to the IRG on December 15, 1966, on the following⁸:

- (1) The degree of impairment of effectiveness of the bases in the Ryukyus and of the overall US defense posture that would result if transfer to Japan of administrative authority over the Ryukyus became necessary.
- (2) Plans to assure continued performance of necessary functions, in the Ryukyus or elsewhere, if administrative control was transferred.
- (3) The cost of any necessary removal of facilities or construction of substitute facilities in the Ryukyus or elsewhere.
- (4) Assessment of the feasibility and associated monetary and other costs of a partial transfer of administrative authority.

On September 21, the Ryukyus Working Group adopted a draft outline of the study as requested by the SIG. The working group assigned the J-5 representative the responsibility for overall preparation of the initial draft.⁹ The outline included the following areas to be analyzed by various members of the group:

- Relevant political considerations in the Ryukyus and Japan--State-Army.
- Effect on military functions of the transfer of administrative authority to Japan--JCS.¹⁰
- Effect on nonmilitary functions of a transfer of administrative authority to Japan--CIA-Army.¹¹
- Comparison of US base rights in Japan and the Ryukyus--ISA-State.

8. When submitted, this report was classified Top Secret and will, therefore, not be summarized in this paper. Its general effect was to move official Washington thinking further down the road to reversion by crystalizing key issues and lessening some concerns.

9. The following were members of the IRG Ryukyus Working Group at this time: Richard Sneider, chairman, State Department; Morton Halperin, ISA; Col. James Cavender, J-5, JCS; Alfred Jenkins, White House; Richard Davis, CIA; Thaddeus Holt, DUSA/IA.

10. This was to include an analysis of current functions in the Ryukyus; functions to be performed in a post-Vietnam environment; contingency functions in various cases, e.g., partial transfer, complete transfer; costs and degradation of transferring each function.

11. This would include the same analysis outlined in footnote 10.

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- US-Japan Prior Consultation Agreement and implications for the Ryukyus--State-ISA.
- Analysis of Japanese and Ryukyuan attitudes in public negotiations on reversion of administrative authority--State-Army.
- Transfer of administrative authority, including consideration of possibilities and difficulties of partial transfer and possible scenario for reversion--working group.

C. FIELD ACTIONS, 1966-67

The first semiannual ambassador-HICOM report on the level of reversionist pressures in Japan and in the Ryukyus and on actions taken to avoid exacerbating local dissatisfaction with US administrative control was submitted to the SIG in December 1966. The key conclusion of the report was that while reversion pressures continued to rise, those pressures could be contained for some time by putting the prospect of reversion into more concrete terms than the "millenium" implied in the standard US policy statement conditioning reversion on the end of "tension in the Far East." The report emphasized that USCAR was bending over backwards to maintain low-key operations that would not aggravate local sensitivities. It described a number of actions which had been taken to increase local autonomy and Okinawan identification with Japan and to minimize irritations stemming from the US physical presence. It also noted that before the end of the year, HICOM intended to recommend amending the Executive Order to broaden the pardoning power of the GRI and provide for the direct election of the chief executive.

The joint embassy-HICOM plan for carrying out actions recommended in the IRG's working group report was completed in January 1967. The report noted that a joint working group had been established in order to implement the recommendations of the IRG report. The newly formed group was to consist of the political, public affairs, and economic counselors from the embassy in Tokyo and the political adviser, HICOM's special assistant, and the directors of USCAR's public affairs and liaison departments from Okinawa.

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The embassy-HICOM joint report also discussed the current status and prospects of the several actions set forth in the IRG working group report. The joint report particularly noted that a paper was being prepared to enable a change in the Executive Order to provide for direct election. Due to the upcoming legislative election in November 1968 and the need to choose a new executive thereafter, it was considered advisable to reach a decision on the issue before the November elections.

In a letter of February 23 to Under Secretary of the Army McGiffert, General Unger (High Commissioner, 1966-1969) reported that he was following the recommendation made in the IRG working group report regarding plans for the direct election of the chief executive sometime before the 1968 Ryukyuan legislative elections. Unger agreed that it would be most politically advantageous to amend the Executive Order at a predetermined date in early 1968 in preparation for the legislative elections in November 1968. He felt that within that basic time frame, the United States could coordinate plans with the local Democratic Party to insure that the party got maximum political mileage from such a major concession to popular desires.

Unger expressed his thoughts on long-range planning for the Ryukyu bases in a memorandum of February 24, 1967, to the Secretary of the Army. Referring to the IRG working group report, Unger concluded that inherent in the report was a calculation that in a confrontation between Japan and the United States over the Ryukyus, the Okinawa bases would be of less importance than the long-range US interest in Japan as an Asian great power to balance the growing power of China. It was Unger's interpretation that because of a need to be prepared for such an eventuality, the SIG agreed that the IRG/FE should investigate and report on the impact of the transfer to Japan of total or partial administrative authority in the Ryukyus. Unger reported that in order to supplement actions of the IRG working group, he and Ambassador Johnson had recently begun considering suggestions designed to maintain Japan's cooperation

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and to deal with Japan on a basis of partnership. These suggestions included:

- (1) Joint use of the base with the Japanese Self-Defense Forces.
- (2) Participation by the GOJ in selected areas not associated with the security of the base.
- (3) Joint financing of various enterprises.

Unger noted that the purpose in selecting areas of cooperation was to provide a safety valve for reversionist pressures and to prolong US administration.

Regarding long-term security interests in the Pacific, Unger argued that so long as China threatens to dominate the region and until a "local balance of power" develops, the United States will need a base in the Western Pacific to assist in the defense of the area. The base in the Ryukyus was thought to fill this requirement effectively. Furthermore, Unger noted that the United States had a large investment in the Ryukyus and removal or transfer rearward at any time in the near future would involve a loss of strategic advantage and great expenditure. He felt that given continued Japanese cooperation and an expanding economy in the Ryukyus, the United States should be able to withstand reversionist pressure and continue administration control until 1970 and possibly beyond. However, he argued, development of detailed studies for alternate sites and fall-back positions should not be delayed.

Unger then suggested that the time had come to look elsewhere in the Ryukyuan chain for areas to meet US needs for further expansion of the military base if required and possibly for transfer of some of the components now on Okinawa. He recommended the following:

- (1) A thorough engineering study of other large islands in the Ryukyus, specifically Ishigaki and Iriomote for alternate sites for selected facilities now located or planned to be located on Okinawa.
- (2) Long-term leased rights for exclusive US use of such areas if engineering studies prove their suitability.
- (3) That any expansion of present base facilities requiring acquisition of additional land be accomplished where possible by reclamation of tidelands.

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Unger's recommendations regarding relocation of Okinawan facilities brought disagreement from commanders in Hawaii. On March 9, 1967, General Dwight Beach, CINCUSARPAC, reported CINCPAC's views and his own on the relocation issue in a letter to General Johnson, Army Chief of Staff. Beach argued that relocation within the Ryukyus would neither meet GOJ goals nor provide even an interim solution to the continued US need for a forward base in the Pacific. It was CINCPAC's view that as an alternative to continued use of Okinawa, the United States should base its planning on the use of Guam. In that regard, Beach noted that a team from CINCPAC had visited Guam in February to survey what was available there. (The survey was concerned with current requirements and the development of post-Vietnam plans for both force deployments and supply locations.) Beach then noted that the only drawback to the use of Guam was the fact that the price of property had been driven up; the Navy and Air Force owned all the land currently under military control on Guam and both services had plans for relocating there if and when the United States withdrew from Vietnam, Okinawa, and the Philippines. Thus, he felt that there was some merit in looking into US military utilization of the islands of Saipan, Tinian, and Rota, all about 100 miles from Guam.

On April 11, 1967, Admiral Sharp, CINCPAC, reaffirmed his position in a memorandum to the Secretary of the Army. Sharp argued that the United States should consider Guam and the other islands in the Marianas group. He felt that future base development in areas belonging to the United States was greatly to be preferred to an investment of additional capital for permanent facilities in the Ryukyus, which were destined for ultimate reversion.

As inconsistencies in the various service positions on relocating facilities on Okinawa became obvious,¹² General Johnson, Army Chief of Staff, called for a reappraisal of the US use of the Okinawa base.

12. The Army was looking for alternate sites in the Western Pacific, while the other services continued to expand their facilities on Okinawa.

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In a memo dated June 6, 1967, Johnson noted that unrestricted use of the Ryukyus was the most desirable military situation for the United States but that strong political forces were in motion which might require the selection of alternative sites. Johnson suggested that the JCS analyze possible alternatives and promulgate a JCS position on the subject. He also noted some changes in the Japanese outlook that could lead to increased pressures for reversion. The GOJ was undecided about the degree or form of administrative control it wanted, but had come to believe that reversion in some form was necessary to quiet the growing public clamor. Johnson thus suggested that the JCS assess the impact of reversion and examine four alternatives:

- (1) Continued US operation of the bases within the context of the 1960 Treaty of Mutual Security, extended to cover US bases in the Ryukyus.
- (2) Continued US operation of the bases under special base-rights terms similar to those then in effect in the Philippines.
- (3) Establishment of an enclave-type base structure on Okinawa, or possibly on one of the other islands in the Ryukyus, under exclusive US jurisdiction.
- (4) Relocation of US bases elsewhere in the Western Pacific where restrictions would not exist.¹³

In May 1967, the second semiannual embassy-HICOM report assessing reversionist pressures and actions taken to contain those pressures was released. The report noted that during the period under review, the pressures in Japan for reversion had grown markedly and that the GOJ was considering the necessity of finding a way to accommodate US base requirements under conditions of reversion. The report stated that it was probable that Japan would take the initiative on the reversion issue by offering a special base agreement in

13. By mid-August 1967, Under Secretary McGiffert had withdrawn his previous support of General Unger's suggestion that consideration be given to surveying other islands in the Ryukyus for alternative sites. Upon further consideration, General Unger had also revised his views of the appropriateness of other islands in the chain as possible sites for additional military installations.

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return for reversion within the next year or two. The increase in pressures for reversion in Okinawa, it was noted, was a result of agitation for educational reform and the growing alliance of anti-base leftist parties and other mass organizations in the Ryukyus.

The embassy-HICOM report also noted that there had been discussion within the GOJ of the possibility of offering a special base agreement (application of Security Treaty without provision for consultations) or a type of enclave reversion under which the United States would retain full jurisdiction within specified areas. In late March, it was reported, the Prime Minister's office and the Foreign Ministry had come to an agreement that Japan, in seeking a return of administrative jurisdiction, would exclude major military bases from the scope of the transfer and permit the United States to retain direct jurisdiction over those areas. In addition, the Foreign Ministry was reported to believe that an attempt should be made between late 1967 and mid-1968 to work out an agreement with the United States on the jurisdictional question. If agreement was not reached by mid-1968, the Foreign Ministry believed the issue should be dropped and further negotiations withheld until the question of the post-1970 status of the Mutual Security Treaty was settled.

In a July meeting of Ambassador Shimoda, Assistant Secretary Bundy, and Deputy Assistant Secretary Berger, Shimoda noted a rise in public pressure on the GOJ for some kind of reversion arrangement and outlined the two main Japanese alternatives: an enclave arrangement and the special base arrangement. Shimoda supported a special base arrangement and felt that Sato also did. Shimoda argued that a change in the status of the Ryukyus should occur before 1970, and he hoped the GOJ would have established a concrete position on the question in time for Foreign Minister Miki's visit to Washington in mid-September. The final decision on the question, Shimoda hoped, could be settled during Prime Minister Sato's visit to Washington in November.

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D. JAPAN PRESSES FOR REVERSION

On July 14, 1967, the Foreign Office presented an aide-memoire on the Ryukyus to the Tokyo embassy which called for the American and Japanese Governments to begin to explore a solution to the problem of Okinawa and the Bonins.¹⁴ Regarding Okinawa, the Japanese note called for an examination of "possible means which could provide for accommodation between the national desire of the Japanese for the return of the administrative right over Okinawa and the military role which Okinawa should play." It called for: a search for a formula that would enable restoration of administrative rights to Japan while arranging for the continued existence of the military bases, an agreement on interim measures for improving the administration of the Ryukyus, and an agreement on an early return of the Bonins and other Western Pacific islands to Japan.

As Ambassador Johnson assessed the situation within Japan in mid-August 1967, the United States was being confronted with a clear-cut Japanese request to move toward resolution of the Ryukyu and Bonin questions. The GOJ wanted to begin discussions immediately and was, Johnson felt, prepared to consider special arrangements for the military bases which would give the United States greater freedom of action than it had with the bases in Japan proper. Johnson felt that the Japanese would like negotiations for the reversion of the Ryukyus completed so as to permit their return by 1970.

In the face of Japanese pressure for some movement on the reversion issue, the State and Defense Departments considered

14. Although this represented the first formal Japanese request for US consideration of the reversion question, the issue was openly pressed by the GOJ as early as 1965. The matter was raised during the Sato visit to Washington in January of that year, and the following note was made of the reversion question in the communiqué released after the meetings: the Prime Minister "expressed the desire that as soon as feasible, the administrative control over these islands [Ryukyu and Bonin] be restored to Japan."

In August 1965, Prime Minister Sato again raised the issue, and with it expectations, by declaring while on a visit to Okinawa that "the postwar period of Japan will not terminate until Okinawa is returned to Japan."

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submitting a formal request for White House guidance regarding the US response to the Japanese. State/EA and ASD/ISA composed a draft action memorandum from Secretaries Rusk and McNamara to President Johnson asking that the President authorize a favorable response to the Japanese request that reversion negotiations be undertaken. As best we can determine, the memorandum was never sent to the President. However, its contents and comments on it reveal the state of thinking within the government on the reversion question.

In a memorandum to Secretary Rusk explaining the action memorandum, William Bundy (EA) urged Rusk to alert the President to the seriousness of the Japanese proposal. Bundy recommended that the United States inform Japan that it was prepared to negotiate, provided that the Japanese give advance commitments to assure broad freedom of action for use of the bases, especially in regard to Vietnam, and that they enlarge Japan's political and economic role in Asia. It was Bundy's contention that the prospects for reaching an agreement would never be better than they were at the time. (He anticipated actual reversion would not take place until 1969 or 1970, however.) In his memorandum to Rusk, Bundy also mentioned that he had discussed the position recommended in the action memorandum with Walt W. Rostow of the White House staff and Henry Owen of the Policy Planning Council, and that they both supported the recommendations. However, William B. Macomber, Assistant Secretary for Congressional Relations, had "serious reservations" about acting at present on the reversion issue in light of current congressional opposition to the Panama Canal Treaty. Macomber preferred to wait until the Panama treaty debates were completed. Macomber had furthermore suggested that a joint resolution by Congress on the reversion question be sought. Bundy then noted that the draft action memorandum was being forwarded by ISA to Secretary McNamara for his approval, and that it was his understanding that McNamara was inclined to move with reversion if the United States could get the "right price." McNamara had notified Bundy that he would not act formally on the issue until he received the JCS view on the subject, which Bundy noted had

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heretofore been to keep the Ryukyus and Bonins until political pressure forced the United States to return administrative rights.

On August 10, McNamara approved the draft action memorandum for President Johnson, subject to review of the JCS position and several modifications in the recommendations. Specifically, McNamara preferred that the advance commitments sought from the Japanese be set forth in the following terms:

- (1) Japan will support US use of the Ryukyus for US military purposes and support US Pacific commitments.
- (2) Japan will agree to new special arrangements in which it will give US political support for conventional military and other activities in the Ryukyus.
- (3) Japan will enlarge its regional political and economic role in Asia and provide, over the next several years, a substantially greater economic contribution to the development of Asian countries.
- (4) The United States will retain the island of Iwo Jima as a military base.

The final version of the draft action memorandum described the situation in the following terms:

We are confronted by a clear-cut Japanese request to begin to move toward resolution of the Ryukyus and Bonin questions. They wish to commence discussions now looking to an early return of the Bonins and other Western Pacific Islands and the subsequent return of the Ryukyus. They are apparently prepared to consider the special arrangements for military bases in the Ryukyus which would give us greater freedom of action than we have with respect to the present bases in Japan. However, only through discussion with them will we be able to determine whether the special arrangements to which the Japanese Government will be able to agree will meet our minimum military requirements.

The memorandum then requested a presidential decision on whether or not to commence negotiations on the reversion question and what prior commitments were required.

The memorandum went on to describe the background of the reversion issue and noted that the Japanese wanted reversion by 1970, when the terms of the Mutual Security Treaty permitted either party to denounce

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it on one year's notice. (The Japanese did not want the reversion issue and the question of the future of the Security Treaty to come to a head at the same time.) The two major courses of action examined by State and Defense were outlined: (1) reject the Japanese request, and (2) inform the Japanese that the United States would enter into negotiations provided certain advance commitments (those insisted upon by Secretary McNamara) were obtained. Since an effort to retain the current status of the islands was thought to involve unacceptable and unnecessary risks, the action memorandum recommended the following:

- (1) That the President authorize the second course of action outlined above.
- (2) That the United States be prepared to withdraw nuclear weapons from the Ryukyus if, during the discussions, the Japanese insist and if they agree to make other commitments set forth above.
- (3) That if negotiations for the return of the Ryukyus are not possible at present, the President should authorize negotiations for the return of the Bonins and other Western Pacific islands, provided Japan agreed to US retention of the island of Iwo Jima as a military base.
- (4) That, if the President approved the foregoing, he should authorize the State and Defense Departments to consult with key congressional leaders prior to entering into future discussions with the Japanese.

The memorandum then examined the alternatives available. It argued that applying the US-Japan security treaty arrangements to the Ryukyus would not be adequate for US needs--the Japanese Government would have to agree to allow the United States to mount operations in the defense of Southeast Asia and Taiwan from the Ryukyus.

The memorandum further pointed out that the nuclear question was likely to be the major obstacle to any agreement on special arrangements. It noted that the Defense Department had studied the question and that Secretary McNamara had concluded that, because the US arsenal of nuclear weapons at other locations in the Pacific was sufficient for contingencies and because the United States could resupply

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weapons speedily from the United States if necessary, removing all nuclear weapons from Okinawa would not represent a significant degradation of the US capability. Thus, the United States should be prepared to withdraw the nuclear weapons, if the Japanese insisted. It was also argued that it would be advantageous to enter negotiations early--the US bargaining position would never be better. Furthermore, the return would be a powerful incentive for Japan to undertake broader responsibilities in Asia. The Japanese, it was cautioned, should, however, be urged to do substantially more in the area. Regarding the Bonins, it was suggested that they be returned in a "package" with the Ryukyus. The memorandum noted that the islands could be returned by Executive Agreement, but congressional opposition was anticipated; however, there would be substantial support for reversion if Japan made the commitments suggested above.

Ambassador Johnson had made several suggestions in regard to the memorandum, most of which were incorporated into the draft, but Bundy had noted problems with two of his comments. Specifically, Johnson did not want to require prior Japanese commitment for an expanded Japanese regional role and economic contribution. He did not see how the United States could bargain for a greater political or economic role in Asia against a return of the Ryukyus. That is, he felt it would be counterproductive to make advance commitments by the Japanese a price for reversion. Bundy, on the other hand, had argued for reversion as a "political plus" that offered an incentive for a larger regional role and aided the administration in answering arguments that Japan was not carrying its share of the burden in Asia. Johnson also did not want the United States to tie returning the Bonins to returning the Ryukyus. He urged that the United States authorize the return of the Bonins and the other Western Pacific islands irrespective of actions taken on the Ryukyus. Bundy argued that reversion of the Bonins and the Ryukyus should be tied together so that the United States would get what bargaining advantage it could from the Bonins reversion. He felt that if the United States committed itself to the return of the Bonins, Japan would interpret it as a commitment

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to the reversion of the Ryukyus. However, if it proved impossible to work out the reversion of the Ryukyus, Bundy was prepared to break out the Bonins from the "package" in order to buy time on the Ryukyus.

By the first of September, Ambassador Johnson had assessed the situation in Japan in more critical terms, arguing that public opinion on Okinawa's reversion had moved to "a new level of pervasiveness" with the opposition and several major newspapers hardening their position and urging the GOJ to request immediate reversion with a complete ban on nuclear weapons and without freedom for the United States to conduct military operations without prior consultation. Johnson felt that the opposition and the media had, for the moment, the initiative in building a national consensus and that the key issue in the debate was the opposition to nuclear weapons. Johnson noted, too, that Sato's position on the question seemed to be more and more obscure, and he (Johnson) had no indication of whether Sato would push the United States on the reversion issue.

It was apparent by mid-1967 that the main issue regarding Okinawa was not whether administrative rights would be returned to Japan, but when and under what conditions reversion would take place. This point of view was reflected during the August 28 SIG meeting, when the question of Okinawa's reversion was discussed. Joseph Barr, Under Secretary of the Treasury, argued that from a financial standpoint the United States had an urgent need for assistance from the Japanese in the form of a reduction of the imbalance in US international payments, including the deficit on military account. He argued that the United States should make a hard run at the Japanese and that the United States had a strong bargaining position. He thought that if the United States was not prepared to demand a quid pro quo for reversion, then perhaps it should delay reversion to a more propitious time. Paul Nitze, Deputy Secretary of Defense, commenting on Barr's suggestion, stated that Japan should be confronted with the necessity of accepting more regional responsibility in Asia. Barr then suggested that a discussion of the reversion question be deferred until the United States had the "whole bag"

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ready, and that the United States should use all its leverage to gain a complete settlement of the problem, including US financial aspects.

General Johnson, for his part, also felt that the United States was in a position to, and indeed should, make strong counterdemands to the Japanese and not simply respond to their demands. He argued that some people were of the opinion that the Japanese would agree to higher defense contributions if the United States handled the reversion case adroitly. Under Secretary of State Katzenbach then observed that on the question of reversion the United States was in a stronger position to push for a hard bargain than it would be two or three years later, when political pressures may well have weakened the US negotiating posture. That is, Katzenbach was arguing for immediate progress on the reversion issue. The question of timing was then raised. Notice was taken of the fact that the elections in the Ryukyus were to be held in 1968, while those in Japan were likely to be held in 1970. The opposition in Japan could gain control, it was felt, if some tangible progress toward reversion was not forthcoming. Katzenbach then noted that the United States had a "diminishing asset" as far as negotiations were concerned--1968, an election year (in the United States), would not be a good year for this type of negotiation.

E. THE MIKI VISIT, SEPTEMBER 1967

Meanwhile, preparations were being made for Foreign Minister Miki's visit to Washington. President Johnson solicited the views of Secretaries Rusk and McNamara as to what, with reference to the Miki visit, the United States hoped to obtain from the Japanese. In his reply to the President, Rusk stated that the United States wanted Japan to assume its share of the political and economic burdens of regional responsibility. He said that the State Department did not seek a greater Japanese military role, other than for Japan's own defense, but that Japan's actions should contribute to effective fulfillment of the US military and security commitments in Asia. This was felt to be especially applicable regarding any

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