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## What Happened to the Japanese Lobby in Washington?

### The Decline of the Japan Lobby and the Rise of the New China Lobby

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Americans have long viewed organized political interests with uneasiness. Although we recognize their inevitability in a free society, we nevertheless tend to suspect their motivations. Especially disquieting have been foreign lobbies, which have tried to influence both domestic and foreign policy in Washington, at times seemingly at the expense of the national interest of the United States. Over the last half century, the lobbying activities on behalf of Japanese interests have periodically commanded exceptional attention, as the United States has striven to compete effectively with one of the nation's chief trade rivals.

In this chapter, Ronald J. Hrebendar, Valerie Ploumpis, and Clive S. Thomas describe the growth and development of the Japan lobby as a political force, starting with its beginnings prior to World War II. In their view, the Japan lobby has been difficult to understand because it has so many facets and actors, ranging from cultural-educational organizations that aim to create favorable public opinion toward the Japanese in the minds of U.S. citizens to professional economic organizations and direct lobbying operations that represent Japanese business interests in the United States. The Japan lobby has been especially successful in cultivating "intellectual America" by making donations and grants to U.S. universities, foundations, and charitable institutions and by magnifying the voices of Americans already favorably oriented toward Japanese culture. In the policy process, much of the success of the Japan lobby has been due to the skillful employment of an "insider" lobby of former U.S. government officials, professional Washington lobbyists, superlawyers, and political consultants whose services the Japan lobby has purchased.

Over the last decade and a half, a variety of factors, chiefly a decreased fear of Japanese industrial competitiveness and the rise of China as the primary economic competitor of the United States, has led to a much diminished Japan lobby presence in Washington. The authors believe the lobby "is not much needed in the current atmosphere of U.S.-Japanese relations and the changed relationship heralded by the events of September 11, 2001." But if needed in the future, it could quickly reappear.

When Michael Crichton's novel, *Rising Sun*, was released as a motion picture in the summer of 1993, there was considerable reaction from Japanese Americans, native Japanese, Asian Americans, and even non-Japanese Americans. On the *New York Times* op-ed page, Roger M. Pang wrote:

The Asians are the villains.... Mr. Crichton's larger purpose is to present a dark vision of Japan's economic ambitions.... [T]he book portrays the Japanese as hard-edged exploiters of an increasingly vulnerable America.<sup>1</sup>

Pang's comments echo the concerns of many Japanese regarding the stereotypes Americans hold about contemporary Japan, concerns that extend to cultural misunderstandings, economic difficulties, and political confusions. The Japanese government and many individual Japanese are also convinced that Americans simply do not understand enough about Japanese culture to appreciate differences in behavior between the two societies. Many Japanese are also convinced that many Americans, including some of the nation's top political and business leaders, have blamed Japan for the inability of the United States to compete economically in recent years and for American political problems in various parts of the world. Such was the nature of Japanese and American perceptions in the early 1990s. A *New York Times*-CBS News-Tokyo Broadcasting poll of July 6, 1993, supported these conclusions. The poll found that nearly two-thirds of Japanese described their country's relations with the United States as "unfriendly." This was the highest such negative Japanese response to such a question ever surveyed.<sup>2</sup>

Acutely aware of these negative perceptions, Japanese organizations have spent billions of dollars in recent decades to influence American attitudes toward Japan, Japanese culture, Japanese politics, and Japanese business and its practices. In his 1990 book, *Agents of Influence*, Pat Choate dubbed these efforts "the Japan Lobby."<sup>3</sup> Choate's book represents one perspective, in many ways a snapshot, of the nature of Japanese lobbying in the United States. But it is not the only one.

In this chapter we examine the Japan lobby from three perspectives. First, we trace its historical development. Second, we examine the three elements of the lobby: cultural, economic, and political. We then discuss the decline of the lobby in the face of the rise of other elements of the Asian lobby, particularly the new China lobby.

### Origins of the Japan Lobby: Its Pre-World War II and Early Postwar Composition

The earliest form of the Japan lobby, as Mindy Kotler has noted, largely comprised American missionaries who served in Japan in the late nineteenth and early twentieth centuries and returned to the United States



to plead the case of Japan as a potential Asian, Christian ally. The central thrust of these missionary advocates was the goal of educating Americans about the unique nature of Japan and the creation of an American model to aid Japanese political development. The missionary advocates sought a Christian Japan, urged the end of anti-Japanese immigration laws, and defended Japanese expansionary activities in Asia.<sup>4</sup>

In the years preceding World War II, the Japanese government and a few American corporate interests that did business with Japan lobbied for Japanese interests in the United States. One lawyer, James Lee Kaufman, represented nearly all of the American businesses operating in prewar Japan. Of course, all of this lobbying ceased with the onset of war in 1941. The postwar Japan lobby focused on the threat of communism to Japan and to American interests in the Pacific. American businesspeople sought to rebuild Japan as a potential market for American products.<sup>6</sup> One early organization, the American Council on Japan (ACJ), typified the early pro-Japan American advocacy groups. The ACJ sought to bring Japan into the American security system, and it promoted the role of American business in the reconstruction of Japan. One of its leaders was Harry F. Kern, the foreign editor of *Newsweek*.<sup>7</sup>

Harry Kern capitalized on his two-nation political access by opening his own consulting firm, Foreign Reports, in the mid-1950s. He developed a roster of Japanese clients, to which several Arab companies were added. Soon after, Mike Masaoka, longtime spokesperson of the Japanese American Citizens League in Washington, D.C., established a consulting-lobbying operation for Japanese interests. As a pioneer in representing Japanese trade interests but aware of the negative attitude of many Americans toward Japan, Masaoka defended his work as a "duty to U.S.-Japan relations" and an attempt to "keep Japan on America's side."<sup>8</sup> William Tanaka, a Japanese-American lawyer, opened the first law firm in the District of Columbia to represent Japanese business interests. Kotler designates Tanaka as the first Japanese hired gun because he detached emotional concerns on the part of Americans from the task of representing Japan.

Japan also sought to employ lobbyists who were not of Japanese extraction to represent its interests. One of the first celebrities hired was the 1948 Republican presidential candidate, Thomas E. Dewey, who was enlisted in 1959 to lobby against restrictions on Japanese cotton products. The Japan External Trade Organization (JETRO), a spin-off of the Japanese Ministry of International Trade and Industry (MITI), paid Dewey \$500,000 over five years.<sup>9</sup>

The Japanese continued to Americanize their lobbying efforts during the 1950s as various textile conflicts dominated U.S.-Japanese trade discussions. The Japanese established several front organizations to give their effort an American look. Mike Masaoka created the American Textile Importers Association, which was composed entirely of American companies whose interests paralleled those of Japanese textile manufac-

turers. Washington, D.C., lawyers Nelson Stitt and Noel Hemmendinger founded another front organization, the U.S.-Japan Trade Council, which has played a significant role in Japanese lobbying over the past three decades. Stitt and Hemmendinger were the first of a flood of U.S. government officials who would leave government service to represent Japanese interests.

The U.S.-Japan Trade Council used its annual budget of \$300,000, most of which was provided by Japan's Ministry of Foreign Affairs through its Japan Trade Promotion Office in New York City, to produce intellectually respectable and useful information for Washington opinion makers. The Japanese did not admit to controlling the U.S.-Japan Trade Council until the Department of Justice filed suit in 1976. The organization changed its name to the Japan Economic Institute (JEI) and openly acknowledged its funding from the Ministry of Foreign Affairs of Japan.

The next step in the growth of the Japan lobby came with the passage of the 1975 Trade Act, which forced the Japanese (and others) to organize to deal with a more complex U.S. trade policy environment.<sup>10</sup> The Japanese aggressively pursued American trade experts to represent Japan's interests in the wake of the legislation. One of the major U.S. hired guns to sign on with the Japanese was Harald Malmgren, who had served as deputy special trade representative for President Gerald Ford and was one of the drafters of the 1975 Trade Act. Malmgren, one of the first expert lobbyists hired by the Japanese who was not a lawyer, successfully kept tariffs from being imposed on Japanese televisions in 1978. He received \$300,000 for his three months of work on the case. Malmgren continued to work for the Japanese on trade issues; later, and before his death in 2002, Malmgren functioned as an information and communication conduit between Japan and the United States.

Since the early 1960s, Japanese interests have hired American advisers to teach them about U.S. politics and how to influence American public policy. One of the most important of these teacher-advisers has been Richard V. Allen, who later served as Richard Nixon's chief foreign policy and national security aide in the 1968 presidential campaign. After a stint on the National Security Council, Allen became deputy assistant to the president for international trade and economic policy. In 1980, Allen was Ronald Reagan's foreign policy and national security adviser during the presidential campaign. During that campaign the *Wall Street Journal* revealed that in 1970 Allen had written to a powerful Japanese political leader criticizing Japanese lobbying efforts and urging the Japanese to create an American-led lobbying machine.<sup>11</sup>

### Three Components of the Japan Lobby

The Japan lobby can best be understood by examining its three components: the cultural, economic, and political. The three are often interrelated

enormous. The Japanese-American bilateral economic relationship is perhaps the most important in the world. The two economies have developed a complementary pattern in many sectors, but conflict continues in some sectors, concern over the U.S.-Japan trade deficit (totaling more than \$80 billion a year in favor of Japan) continues, some impediments to U.S. and other imports persist, and restructuring of the U.S.-Japan security relationship continues.

### Japan Lobby's Intellectual Initiatives

As suggested earlier, various ministries of the Japanese government, such as the Ministry of Education and the Ministry of Foreign Affairs, have worked to shape American public opinion through various educational programs. These include programs for K-12 schools, media materials for home viewing, cultural events in various communities and higher-education settings, and several programs that bring Americans to Japan. The Ministry of Finance maintained an informal council of economic advisers that included more than one hundred of the world's top trade experts, and fifty-two were American. In the 1990, Chalmers Johnson estimated that more than 80 percent of all programs concerning Japan that operate in the United States are financed by the Japanese. Choate, who believes the 80 percent figure is low, called this tactic "shaping the marketplace of ideas."<sup>22</sup>

Japan has funneled tens of millions of dollars to a relative handful of elite universities to assist in the establishment or expansion of major Japan studies programs or centers. Universities such as Harvard, Yale, the University of California-Berkeley, Washington (in St. Louis), Michigan, and others regularly compete for renewal of existing grants or for new funds from organizations such as the Japan Foundation or Japanese corporate foundations. These corporate foundations include those established by Toyota, Honda, Hitachi, Nissan, Mitsui, and other major Japanese corporations with operations in the United States. Other academics are cultivated through programs of sponsored language study, teaching, and research in Japan. Programs have been established to bring politicians; media personnel; schoolteachers; and federal, state, and local government staff on fact-finding trips to Japan.

The key to understanding the significance of the opinion-influencing efforts is to note that their primary goal is to magnify the voices of Americans who already support Japan. Supporters of Japan are assisted financially and offered forums for presenting pro-Japanese positions. Holstein cites the examples of Peter G. Peterson, Fred Bergsten, and Stephen Bosworth. Peterson, secretary of commerce in the Nixon administration, chaired the Blackstone Group, a New York-based investment bank that was a major player in multibillion-dollar acquisitions in the United States by Sony, Bridgestone, and Mitsubishi. Nikko Securities invested \$100 million in

Blackstone and provided another \$100 million for a fund Blackstone manages. Peterson also chaired the Council on Foreign Relations and the Institute for International Economics. The latter organization, of which Bergsten is president, received about 10 percent of its budget in the 1980s from Japanese sources, including the U.S.-Japan Foundation, which was chaired by Stephen Bosworth, a former ambassador. Holstein asserts that Peterson, through speeches and articles, supported the position that the United States needs the capital that Japan provides and should not change its policies toward Japanese investment. Peterson, Bergsten, and Bosworth were all supporters of free trade long before their Japanese connections began, but all three have been of great assistance to Japanese efforts to mold public opinion.<sup>23</sup>

### Japan Lobby in Comparative Perspective

At its peak, was the Japan lobby very different from the lobbies representing other important nations in Washington? Even the poorest, least-developed nations have spent millions of dollars lobbying Washington. Kenya and Zaire in the early 1990s paid more than \$1 million a year to hire the services of Black and Manafort. Other African nations followed their example.<sup>24</sup> Among developed nations, Japan's reported lobbying and related expenditures, although high, were not disproportional to their economic relationship with the United States. The Canadians (\$22 million), Germans (\$13 million), French (\$12.8 million), and Mexicans (\$11 million) all had substantial lobbying expenditure reports in 1992.<sup>25</sup> Mitchell found that in terms of numbers of lobbyists the Japanese lobby was outranked by both the British and Canadians.<sup>26</sup>

### What Has Happened to the Japan Lobby Since 1990?

Looking back at the chapter about Japanese lobbying in Washington, D.C., that was in the fourth edition of this book, published in 1996, is like viewing the contents of a time capsule. A major change has come over the Japan lobby in the past fifteen years. What is that change and why did it happen? Let us look at the lobby then and now.

U.S.-Japan relations during the early 1990s were dominated by trade and investment conflicts that kept former U.S. trade representatives Charlene Barshefsky (1997-2000), Mickey Kantor (1993-1996), and Carla Hills (1989-1993) crisscrossing the Pacific Ocean and Washington lobbyists hard at work. Members of Congress railed about the lack of a level playing field for American producers. Newspapers across the United States carried stories about Japanese barriers to U.S. steel, textiles, beef, apples, autos and auto parts, semiconductors, supercomputers, pharmaceuticals and medical devices, machine tools, public works tenders, retail distribution, and the like.

During the 1990s every prominent Washington trade lobbyist could converse knowledgeably about “pioneer preferences” for the broadcasting spectrum, the properties of amorphous metal transformers, pre-NAFTA tariffs on television picture tubes, the annual tonnage of exported Washington State red apples, and the value of Japan’s flat-glass market. Animated conversations were sparked about such famed trade cases as the Fuji-Kodak dispute, the Betamax-Sony standard, and NTT procurement reciprocity arrangements.

Naturally, this list of irritants between the United States and Japan kept Rolodexes of American lobbyists spinning. Tens of thousands of pages of legal briefs were committed to fighting allegedly discriminatory U.S. customs and maritime transport regulations, “Buy America” provisions, heavy-handed U.S. antidumping and countervailing-duty regulations, patent procedures that allowed for so-called submarine applications to surface, restrictive export controls to third-market purchasers, tariffs on certain products, U.S. trade sanctions that prohibited trading partners from doing business with third countries (the pariah countries of Iran, Libya, Cuba, and Burma), and prohibitions on foreign ownership of American broadcasting.

Just fifteen years ago, most major Japanese companies retained a half dozen registered lobbyists at prominent law firms and plenty of consultants for additional firepower when the need arose. Today, all Washington, D.C., law firms with big trade practices—Akin Gump Strauss Hauer & Feld, LLP; Hogan & Hartson, LLP; Wilkie Farr & Gallagher, LLP; Alston & Bird, LLP; and a handful of others—still have Japanese clients, but their billable hours are a fraction of what they used to be. Actually, the list of paid lobbyists for Japan in the 1980s and early 1990s looked almost like a who’s who of the Washington, D.C., establishment. Luminaries such as former secretary of state Henry Kissinger and former CIA director William Colby were just the most well-known of the dozens of powerful Washington insiders who worked for the Japanese. Before the Clinton administration, it seemed that the White House office of the U.S. Trade Representative was a training ground for future lobbyists for Japanese interests.

Think tanks and their prominent staff members too have shifted gears from Japan to China and other hotter targets. Clyde Prestowitz seems to have lost interest in chronicling the threat of the Japanese industrial competitiveness and has turned his focus to China and India and what he calls an “asymmetric global economic structure.”<sup>27</sup> In his newest book, *Three Billion New Capitalists: The Great Shift of Wealth and Power to the East*, Prestowitz posits that America’s future is “far more fragile and ephemeral than much of the world believes” because of the emerging robust market economies in China, India, and eastern Europe.<sup>28</sup> Similarly, Pat Choate of the famed call-to-arms book, *Agents of Influence*, about the threat of Japanese industrial competitiveness, ran for vice president in 1996 on Ross

Perot’s Reform Party ticket and has subsequently moved his focus to intellectual property theft. His most recent book is *Hot Property: The Stealing of Ideas in an Age of Globalization*.<sup>29</sup>

Japan’s corporate presence in Washington has slimmed down, too. Many of the Japanese companies that used to have a major presence in Washington, D.C., during the 1980s and 1990s have scaled back dramatically. Most dispatch fewer senior corporate executives from Tokyo, preferring instead to hire Americans locally to fill senior positions; offices have been moved off Washington, D.C.’s prestigious K Street to less impressive addresses; and budgets have been tightened considerably. Some Japanese companies, including Fuji Bank, Nichimen, Tomen, and Mitsubishi Motors, have shut the doors of their Washington offices altogether.

One trade association, awkwardly named the International Electronic Manufacturers and Consumers of America (IEMCA), once managed by Valerie Ploumpis, one of the authors of this chapter, was established in 1987 with the express purpose of inoculating the American subsidiaries of Japanese high-tech companies from protectionist legislation and regulation. At its peak, IEMCA member companies included Sony, Fujitsu, Toshiba, Sharp, Hitachi, and other similar companies. IEMCA’s membership began to decline just ten years after its creation, and IEMCA formally closed shop in 2004. Virtually all IEMCA’s member companies have gravitated to trade associations with much broader interests and rosters.

To be sure, Washington lobbyists today still represent Japanese clients. But virtually all of the superlobbyists identified in the 1995 version of this chapter as Japan’s hired guns have moved on to other interests (notably China) and an entirely different client base.

That lobbyists have moved on to more lucrative and challenging assignments is not surprising. The issues involving Japan today are far less heated; they include, for example, the occasional appropriations bill that may include a narrow antidumping or countervailing-duty case or a patent dispute. Even the current U.S.-Japanese dispute over beef has not generated much new lobbying business. In fact, the decline in lobbying and hiring of lobbyists for Japan and Japanese interests is dramatic. The Center for Public Integrity’s list of the top one hundred firms that hire lobbyists finds no Japanese interest listed. Indeed, Daimler-Chrysler, BP Amoco, and Sanofi-Aventis appear to be only firms on this list with partial foreign ownership. On the *National Journal* list of the “Top Five Clients of the Top 15 Lobbying Firms” for the second half of 2005, only Nissan North America appears.<sup>30</sup> The U.S. Department of Justice (DOJ) also monitors foreign lobbyists, including government-sponsored organizations. According to the DOJ, nine of the thirty-seven registrants that represent Japan are offices of JETRO, which describes itself as a government-related organization working to promote mutual trade and investment between Japan and the rest of the world.<sup>31</sup>

the Center for East Asian Studies at the Monterey Institute of International Studies, the Reischauer Institute of Japanese Studies at Harvard University, the Harvard University Center for International Affairs, the Center for East Asian Studies at the University of Chicago, and programs at Bowling Green State University, the Hoover Institute, San Diego State University, and the University of Hawaii. Despite all these programs—new and old—the Japan Foundation has had to operate in the 2000s with a smaller budget than in the days when the Japanese economy was roaring with double-digit growth rates. Perhaps with the return of the new growth in the Japanese economy, the Japan Foundation will receive additional funds to expand and enrich its programs.

*Japan-U.S. Friendship Commission.* Perhaps the most unusual of the Japanese cultural organizations is the Japan-U.S. Friendship Commission (JUSFC), an independent agency of the U.S. government “dedicated to promoting mutual understanding and cooperation between the United States and Japan.” The JUSFC is headquartered in Washington, D.C. It administers grant programs in support of Japanese studies in the United States, American studies in Japan, and activities in the arts involving Japanese content. The JUSFC was established by Congress in 1975 to administer a trust fund formed from part of the Japanese government’s repayment for U.S. facilities built in Okinawa and later returned to Japan and for post-war American assistance to Japan. Annual income from the fund amounts to about \$3 million. JUSFC is administered by a commission of U.S. officials that includes members of the Senate and House, representatives from the Department of State and the Department of Education, and the chairs of both countries’ national endowments for the arts and for the humanities.

A major part of JUSFC’s budget traditionally has gone into training the next generation of American-Japanese scholars—Americans who will become specialists on various aspects of Japanese studies. To further this goal, programs have been started to provide for graduate student fellowships, graduate school faculty and curriculum development, library support, faculty research, language training, and general programs of public education. In general, the commission has sought to fund very focused, collaborative research projects. Because of budget restrictions, the commission has been focused on American studies in Japan, legislative exchanges, and legislative staff exchanges to Japan.

*Japan Society.* The Japan Society of New York uses grants from various foundations and from Japanese and American corporations to expand American understanding of Japan. Founded in 1907, the society is the oldest and largest Japanese cultural advocate in the United States. Despite its role as a cultural bridge between Japan and the United States, the Japan Society also sees itself as a significant force in reducing political and eco-

nomics stress between the two nations. Cyrus Vance, the society’s chairman in 1992, noted in the organization’s 1990–1991 report:

As an organization devoted to enlightened and mutually enriching relations between the United States and Japan, the Japan Society had its work cut out for it this past year. . . . I sense real urgency about the danger of the negative trend characterizing mutual attitudes. We seem to be drifting rather mindlessly toward thinking of each other in adversarial terms. . . . This kind of challenge brings out the best in the Japan Society, its members and supporters.

The heart of the Japan Society’s effort to promote mutual understanding is a series of programs that provide forums for discussions of the political, economic, business, and social issues that affect the two countries, as well as educational programs that promote cross-cultural understanding.

The Japan Society in New York holds more than one hundred discussion meetings, conferences, and exchanges each year to foster better understanding between Japan and the United States. The National Association of Japan-America Societies (NAJAS), with 40 organizations in 32 states, is an umbrella organization that used to have its offices in New York City in the same building as the New York Japan Society, but recently it moved to Washington, D.C., as have many other interest groups in recent years. In 2006, the NAJAS joined with the Japanese Embassy and Nippon Keidanren, an association of large Japanese businesses, to sponsor a series of “speaker caravans” around the United States. NAJAS members across the nation held 800 public affairs programs, 500 corporate programs, and more than 160 cultural programs in recent years.

The Japan Society runs an extensive exchange program with three important subprograms. The U.S.-Japan Leadership Program for a decade sent Americans to Japan to learn about Japanese society. It evolved in 1996 into two new programs: the Local Government and Public Policy Fellowships, and the U.S.-Japan Foundation Media Fellows Program. However, it is the cultural contributions of the Japan Society that are particularly significant. Each year the society hosts hundreds of events to showcase Japanese culture, including Japan’s performing arts and films, and dozens of educational and language support programs. In many respects, the Japan Society of New York is a very important part of the city’s cultural life.

*United States-Japan Foundation.* This is another organization based in New York City that seeks to further bilateral cultural relations. It has a greater role to play in policy analysis (globalization, U.S.-Japanese trade relations, and foreign policy topics), and it is especially interested in supporting the work on Japan of young scholars. It also supports various exchange programs. As an indication of the foundation’s efforts to raise its visibility in the United States, in 2006 it had several former U.S. presidents on its board of directors.

Another smaller program is primarily designed to facilitate better understanding between Japanese and American legislators and staff. The Japan Center for International Exchange (JCIE/Japan) runs a program that facilitates a congressional staff exchange program. As of 2004, over 130 congressional staff members have traveled to Japan under this program. It particularly seeks out young, up-and-coming future leaders to educate about the U.S.-Japanese relationship and Japan in general.

### Japan's Economic Lobby

In its heyday, the Japanese economic lobby was composed of several types of professional organizations that coordinated well to represent Japanese business interests. One part generated a tidal wave of general economic data and specific subsector analyses, another provided think-tank advocacy for Japanese economic policies, and others represented specific industries through trade associations.<sup>15</sup> Located in Washington, D.C., the Japan Economic Institute of America (usually referred to as JEI)—the reconstituted and legitimized successor of the U.S.-Japan Trade Council—was the primary source in the United States for economic and business data on Japan. JEI was a unit of the Japanese Ministry of Foreign Affairs, which largely funded its operations. Those operations included hosting a series of seminars on Japan, with an emphasis on business and trade issues.

JEI's major contribution to the understanding of Japan was in its three publications: the *Japan Economics Report* (weekly); the *Japan-U.S. Business Report* (monthly); and the *Japan Economic Survey* (monthly). JEI also issued periodic reports about Japan that covered Japanese fiscal policy, budgetary process, defense, trade competition, education, banking, foreign affairs, industrial policy, labor, political reform, U.S.-Japan trade relations, health policy, and the status of women. For those seeking detailed and current information on Japan, these publications were among the best in the world. JEI's last president was Arthur Alexander. With a doctorate in economics from the Johns Hopkins University, Alexander came from the RAND Corporation to head JEI's staff of seven. Despite JEI's significant presence in Washington, D.C., it folded in 2001 when the Japanese Ministry of Foreign Affairs cut its funding.

A powerhouse that has had a profound effect on U.S.-Japanese economic relationships is the Institute for International Economics (IIE). Located in Washington, D.C., and headed by C. Fred Bergsten, IIE derived a significant part of its research funding in the 1980s from Japanese sources. The organization is cited frequently in the *New York Times* and the *Washington Post*; and whenever a story is published on U.S. trade problems or Japanese economics, Fred Bergsten is usually cited "to put the issue into proper perspective." Bergsten was also a favorite expert source of Hobart Rowen, who in the 1980s was the chief economics writer for the *Washington Post* and a nationally syndicated columnist. Since the 1990s,

IIE has largely shifted its attention and research agenda to China; China's role in Asia; and China's economic, political, and social relations with the United States.

Amassing and providing information have always been the primary objectives of Japanese lobbying organizations—inside and outside Japan—and the Japan lobby developed a formidable information-gathering network. The Japanese are voracious accumulators and consumers of information of all kinds—political, social, and economic. Consequently, much of the money the Japan lobby spent in the United States was allocated for the collection and interpretation of such information. The Japanese government, in particular, through its fifteen consulates in the United States, is a major collector of all types of hard data and opinion.<sup>16</sup> Complementing the consular operations of the Ministry of Foreign Affairs is the JETRO program of the Ministry of Economics, Trade, and Industry (METI). JETRO not only promotes Japanese business but also conducts so-called soft-side propaganda campaigns that use the provision of information as their vehicle.

Akio Morita, head of Sony Corporation, founded a group that brought together 160 Japanese companies with major investments in the United States. Originally named the Council for Better Investment in the United States, the group was renamed the Council for Better Corporate Citizenship (CBCC) in September 1989.<sup>17</sup> Now led by the powerful Japanese business association Keidanren, CBCC's self-described mission is to work "diligently to promote good relations between Japanese-affiliated companies and various stakeholders, including their respective local communities, as good corporate citizens."

### Japan's Political Lobby

During the 1980s and early 1990s, Japan's political lobby hired many of Washington's most powerful residents to represent Japanese interests. These included former U.S. trade representatives, former CIA directors, former White House national security advisers, former chairs of national political party committees, former secretaries of state, and even an occasional cabinet member or two.<sup>18</sup> Choate claimed that by the late 1980s the Japanese were spending at least \$100 million a year lobbying in the United States plus "another \$300 million each year to shape American public opinion...."<sup>19</sup> In 1993, Japanese interests hired more than 125 American law firms, economic consultants, and public relations firms.<sup>20</sup> The Japan lobby was especially effective in dealing with Congress and congressional staff. The Japanese embassy in Washington, D.C., regularly assigned four staff members to become familiar with congressional staff members and members of Congress.<sup>21</sup>

By any measure, the stakes of the game for the Japanese in their political and, particularly, their economic relations with the United States are



Beyond the welcome absence of bilateral trade irritations, geopolitical factors have also lessened, thus reducing the need for Japanese companies to lobby in Washington. Just days after the attacks on the World Trade Center in 2001, Prime Minister Junichiro Koizumi declared Japan to be a strong ally in support of President Bush's war on terrorism. This was followed by the dispatch of Japanese soldiers to Iraq (marking the first time since World War II that Japanese troops were sent to foreign soil; they were withdrawn in June 2006), which went far to win the appreciation of the Bush White House and has probably led to the administration's subsequent disinclination to exert any pressure on Japan for its trade and investment practices. In short, the political heat was off the Japanese!

The most visible trade issue of 2005–2006 centered around the safety of American-produced beef and the Japanese ban on beef imports until the U.S. certified the safety of beef. This beef issue occupied about 40 percent of the time of Japanese trade and congressional experts, but the reality was that the issue was relatively minor. In May 2006, the U.S. and Japanese negotiators working on the beef ban forced an agreement to facilitate an upcoming trip by Prime Minister Koizumi to the White House to discuss mostly security issues. The ban was lifted by the Japanese in June of 2006. These much more important security stakes centered on the North Korean nuclear weapons and war-on-terrorism issues that have cemented the U.S.-Japanese relationship during the past five years.

Besides these factors, other forces were at work to reduce the need for the Japan lobby to be the powerhouse it was in the 1980s. Broader, macro-economic trends were also working in Japan's favor. The popping of Japan's "bubble economy" in the early 1990s plunged the country into a decade of stagnant growth. In the course of just a few years, American fears of Japanese industrial competitiveness shifted to alarm that Japan would fall into a deflationary economic spiral. Instead, China, with its rampant intellectual-property piracy, cutthroat pricing, and stubborn undervaluation of its currency, quickly replaced Japan as the primary economic threat to the United States.

Benign factors played a role too. Global manufacturing practices in the auto sector over the past ten years have led to coproduction by Japanese and American companies, thereby eliminating most of the sectoral irritations. Now, Hondas, Toyotas, and Nissans are being produced in the United States in large numbers and thus, as home manufactured, are much better protected from political pressures in Washington. In addition, Japan's economic reforms also reduced American economic concerns by consolidating Japanese banks and opening the financial market to foreign service providers, including U.S. insurance companies and banks.

Finally, to some extent, the Japanese government itself played a hand in its own downgraded presence in Washington. The Japanese Ministry of Foreign Affairs cut off all funding for the excellent research group headed by Arthur Alexander, the Japan Economic Institute, in 2001, and no other

group has picked up its mission. Japan closed its Kansas City consulate in 2005, and JETRO closed its New York City library in July 2006.

### Rise of the New China Lobby; Japan Lobby in the Wings

From the 1940s to the early 1970s, one of the strongest lobbies in Washington, D.C., was the China lobby, that is, the Nationalist China-Taiwan lobby. Led by Madame Chiang Kai-shek and *Time* magazine's publisher, Henry Luce, it dominated congressional and executive branch decision making regarding China. Its power was broken by the Nixon-Kissinger opening of relations with the People's Republic of China (PRC) in 1973. As a result, key parts of the old Nationalist China lobby, such as the Committee of One Million opposed to Communist China in the United Nations, quickly disappeared. Parts of this old lobby survived in various conservative publications and think tanks around Washington. In fact, despite U.S. recognition of the PRC, it was not until more than twenty years later, when the U.S.-PRC trade conflicts became significant in the late 1990s, that a new China lobby—now pro-Beijing instead of pro-Taipei—emerged.

The economic events that brought political pressures on the PRC in U.S. politics during the late 1990s and early 2000s are quite clear. For example, Japanese trade with the United States constituted 43 percent of the U.S. trade deficit in 1994 (the PRC accounted for 20 percent that year), but by 2005 the Japanese share declined to 11 percent and the PRC share rose to 28 percent. In terms of dollars, the U.S.-PRC trade deficit was \$202 billion in 2005 compared with the deficit of \$86 billion with the Japanese. Americans noted that it seemed that every product they bought was made in China. The Chinese passed Japan as the world's largest holder of foreign currency reserves in early 2006.

U.S. senators attacked Chinese trade and currency policies, and books and articles began to appear in the American media about the "Chinese threat" to America.<sup>32</sup> When articles appeared on the subjects of the rise of China and the Chinese threat to the United States in terms of economic growth, the need on the part of the PRC to develop a powerful new China lobby became clear. As a result, China, like Japan—the nation it replaced as a major foreign lobbying force in Washington—went out and hired an army of powerful lobbyists and researchers to protect its interests. In many respects, the new China lobby resembles the old Japan lobby. It has invested huge amounts of money in corporations and trade associations that seek closer economic ties with China, it has hired many of the super-lobbyists and public relations firms in Washington, and it has also invested heavily in the culture side of lobbying in the United States.

The Japanese lobby has not disappeared forever. If needed in the coming years, it could reappear very quickly. It simply is not much needed in the current atmosphere of U.S.-Japanese relations and the changed relationship heralded by the events of September 11, 2001.