

Chapter VI: Onward to 1972

Security Interests and People's Welfare

On July 21, 1964, Prime Minister Hayato Ikeda moved Okinawa's reversion further forward by declaring that "Japan will take diplomatic measures for the return of Okinawa to Japan." Ikeda, however, died several months later but Eisaku Sato succeeded him in November and set as a priority the solution of the Okinawa question.¹

In mid-January 1965, Sato flew to Washington for a meeting with President Lyndon Johnson. In their joint communiqué, they "recognized the importance of the United States military installations on the Ryukyu and Bonin Islands for the security of the Far East."² Sato "expressed the desire that, as soon as feasible, the administrative control over these islands will be restored to Japan" and, as if addressing himself to Caraway as much as to the people back home, he indicated "a deep interest in the expansion of the autonomy of the inhabitants of the Ryukyus and in further promoting their welfare." In turn, Johnson stated that he "looks forward to the day when the security interests of the free world in the Far East will permit the realization of that desire." Having agreed on the principle of restoring Japanese administration over the Ryukyus, Sato and Johnson confirmed that the two countries "should continue substantial economic assistance" to the islands to improve the people's welfare and well-being, and agreed to make use of the existing Japan-United States consultative committee for the purpose.

The communiqué confirmed, once again, that the reversion question still had its inevitable bedfellow, the security interests of the United States and Japan. To the leaders of both countries, the two issues were intertwined: there could be no reversion which did not take the security question into consideration. Hence it was apparent that administrative reversion did not mean the withdrawal or even reduction of American military bases on Okinawa.

In August, Sato visited Okinawa, the first incumbent Japanese prime minister to do so since the war, and made the often-quoted statement that "I fully recognize that, as long as Okinawa's *fukki* to the fatherland remains unrealized, 'the postwar period' will not have ended for our country. This is one belief that all the people on the mainland share."³ The Reversion Council, however, was so distrustful of a government that had left Okinawa under U.S. administration for so many years "without any regard to the Okinawan people's appeals" and "was now trying to solidify the status quo . . . as a military base," that it met the visit with a protest rally. The ensuing demonstration became so violent that several persons were injured and sixteen arrested, and Sato was forced to stay overnight in a guesthouse on base.⁴ The communiqué and Sato's visit nonetheless helped to raise Okinawan expectations for an early reversion, although with reservations. The question

¹ Minoru Kusuda, *Shuseki Hosakan: Sato Sori-tono 10-Nenkan* (Tokyo: Bungeishunju-sha, 1975), 29; and Hitoshi Senda, *Sato Naikaku Kaiso* (Tokyo: Chuo Koron-sha, 1987), 24-31.

² "Joint Statement by Prime Minister Eisaku Sato and President Lyndon Johnson," 13 January 1965.

³ Speech in Naha, 19 August 1965.

⁴ *Ryukyu Shimpo*, 20 August 1965.

became exactly when and how.

In the United States, the Joint Chiefs of Staff (JCS) had agreed by mid-October 1965 that a study of U.S.-Japanese relations by the Departments of State and Defense should include an analysis of whether Japan could take on administrative responsibility for Okinawa without impairing the value of the American bases there,⁵ but in a subsequent memorandum, they assured the Secretary of Defense that they were firmly opposed to reversion. Okinawa had been developed into "an extensive complex of military installations which cumulatively constitute an operational and support base of major dimensions and which are not duplicated elsewhere in the Far East." The administrative transfer, therefore, "would degrade the U.S. strategic posture and seriously impair [its] military position in the Far East," they argued. "Exclusive U.S. jurisdiction over the Ryukyus will continue for the foreseeable future to be essential to U.S. and free world security interests."⁶ The JCS described the importance of U.S. forces on Okinawa as follows:

1. Okinawa provides a significant base for major U.S. ground, naval, and air forces. There are some 16 major U.S. military installations in the Ryukyus . . . [and] about 140 facilities of all types. Okinawa is also the hub of our extensive communications network in the western Pacific, especially for aircraft-control and warning purposes. The Ryukyus are thus the focal point and connecting link in our bilateral and multilateral military-security system in the Far East.
2. Kadena Air Base has become one of the busiest overseas U.S. airbases in the world. The Port of Naha is jammed with shipping, while vessels wait outside the harbor for berths to unload. The Navy utilizes Okinawa both as a servicing area for aircraft and in support of the Seventh Fleet. Okinawa has become a keystone of the U.S. war effort in Vietnam, and the buildup there continues.
3. Okinawa is the major nuclear-weapons storage depot in the Far East and a major base for nuclear operations. Okinawa also supplies special weapons to the Seventh Fleet.
4. Okinawa performs . . . major logistic mission[s] in support of the operations of all U.S. military services.

Loss of administrative control over Okinawa, the JCS predicted, would "severely dilute the military value" of the bases. First of all, they would be placed under the restrictions of the U.S.-Japan Security Treaty. And the United States would be required to consult Japan prior to undertaking operations or deployments from Okinawa or retaining or deploying nuclear weapons and other sensitive munitions. Such restrictions, the JCS asserted, could "virtually cancel effective Okinawa-based military capabilities throughout the Far East," impair the "effectiveness of forward military operations," seriously inhibit nuclear operations from Okinawa, and make the Nike-Hercules and Mace "non-operational." The United States could "lose essential freedom of action in using . . . airfields," "lose political control of the air space over a vast area," and find it "difficult to preclude additional use" of Naha air base and other airfields. Japanese control over the communications system could hamper U.S. military operations.

"Public-safety operations would be hindered and delayed by time-consuming Japanese political channelization," and the United States would lose its "unrestricted right of investigating security matters outside military bases." The removal of travel restrictions

⁵JCS Memorandum for the Secretary of Defense, "US-Japan Relations (U)," JCSM-760-65, 16 October 1965.

⁶JCS Memorandum for the Secretary of Defense, "Future of the Ryukyu Islands (U)," JCSM-900-65, 23 December 1965.

would "permit the unimpeded entry of espionage agents and other subversive individuals." In addition, the United States would not only be "faced with complex and time-consuming procedures for the acquisition of military lands" but also lose free use of former Japanese public lands. Military employees, coming under a master labor contract with the Japanese government, could be unionized "into leftist-dominated organizations" guaranteed freedoms to undertake demonstrations, strikes and other slow-down activities. These changes would also affect the existing mutual military-civilian use of electric power, water supply, telecommunications, petroleum pipelines, airports and harbor installations.

Furthermore, the JCS were concerned about physical security. "The United States must be able to undertake maximum security measures to protect these indispensable facilities against sabotage," they stated. "Special considerations must also be given to the protection of highly classified intelligence and counterintelligence operations, psychological warfare and propaganda activities, movements of special weapons and ammunition, as well as land, sea and air operational movements of a classified nature."

The JCS were agreeable to eliminating those restrictions on the people's freedoms that were "not essential to the maintenance of the security of U.S. military installations" and to continuing to transfer administrative functions to the GRI. But they objected to any action that could erode Okinawa's strategic value enhanced by the extensive freedom of use that the United States had at its disposal. "The Joint Chiefs of Staff," they concluded, "do not concur in proposals to relinquish administrative authority over the Ryukyus to Japan or to share such authority with Japan."

History, however, was moving on a course beyond their control. In June 1966, Washington established a special inter-agency study group to "analyze the argument and the issues involved" in the Okinawa question and reach consensus in the government, particularly between the Department of State and the Joint Chiefs of Staff.⁷ The group included, under Richard Sneider, Japanese Affairs Director of the State Department, Morton Halperin, Deputy Assistant Secretary of Defense for International Security Affairs, Norman Orwat, Deputy Director of J-5 (of the Joint Chiefs of Staff) for Regional Affairs, and Thaddeus Holt (later replaced by James Siena), Deputy Under Secretary of the Army for International Affairs.

The inter-agency group started working on the "explicit premise" that "reversion would not occur until the 'sky was blue'," that is, until no clouds or no threats to peace and security existed in Asia. In other words, it was not expected to consider the question of possible reversion, since the "blue sky" was not likely to occur as long as the cold war continued.⁸ But the group did concern itself with the question and quickly reached a consensus that "preserving the security relation with Japan was more important than preserving the status quo on Okinawa" and that the United States should accept reversion by 1970. Halperin's memorandum in early August 1967 to Robert McNamara, the Secretary of Defense, showed what sort of conclusions it had reached. He argued that failure to conclude a reversion agreement before 1970 would set off a series of events in Japan and

⁷Priscilla Clapp, "Okinawa Reversion: Bureaucratic Interaction in Washington 1966-1969," The Japanese Association for International Relations, ed., *International Relations*, 1974 (No. 2: "The Political Process of Okinawa Reversion"), 15. Also see Morton Halperin, "American Decision Making on Reversion of Okinawa: A Memoir," in the proceedings of a seminar on "Okinawa Reversion: Its Long-Term Significance in U.S.-Japan Relations—Past and Present," held in Tokyo 13-14 May 1992.

⁸Halperin, 53.

endanger the very existence of the U.S.-Japan security treaty due for renewal in that year. Reversion, however, would keep the treaty alive "for the indefinite future." Besides, the United States could use its bases on Okinawa on the same terms as in mainland Japan. He added that nuclear weapons could be removed without affecting the U.S. security interests; they could be stored elsewhere in the Pacific. In due time, the Joint Chiefs of Staff were convinced to accept the notion that the United States could use the bases after reversion and, therefore, early reversion would not jeopardize American security needs. This was to become a basis of Washington's position in its negotiations with Japan.

On the Japanese side, Foreign Ministry officials were inclined to permit the United States to make free use of its bases in Okinawa in exchange for reversion. Should Japan agree to make Okinawa an exception to the application of the Status of Forces Agreement and grant the United States such free use of its Okinawa bases, Fumihiko Togo, director-general of the Foreign Ministry's North American Affairs Bureau, believed, "there would be no reason why Washington should not be able to return administrative rights" over the islands.⁹ In February 1967, Vice Foreign Minister Takezo Shimoda made a similar comment. "If we are to realize full reversion of Okinawa before tensions in the Far East disappear completely," he said, the "Japanese people would have to show clearly whether we would let the United States use the bases there freely."¹⁰ How to solve related questions, such as the introduction of nuclear weapons, he added, should better be left to future discussions. Prime Minister Sato rejected Shimoda's view as unrealistic and, instead, suggested that the realistic approach would be to raise Okinawan living standards and promote their welfare to the level in mainland Japan to make them ready for eventual reversion.¹¹ He also ruled out, in light of Japan's non-nuclear policy, the possibility of "reversion with nuclear weapons."¹² In August, he transferred the Council of Advisers on the Okinawa Problem from the Director General of the Prime Minister's Office to himself and made it his own advisory body, to be chaired by Nobumoto Ohama, the Okinawa-born president of Waseda University. Its mandate, he said, was to find ways of "harmonizing Japanese people's yearning [for Okinawa's reversion] and the cold requirement for Japan's security."¹³ The prime minister was increasingly irritated over the gap between his appreciation of the importance of the American military bases on the island for Japan's defense and the public's sentiment, which favored an early reversion accompanied by restrictions on the use of the bases.

To "help the Sato government buy time on reversion with the opposition [parties] and the Okinawans themselves,"¹⁴ Secretary Rusk even suggested at a meeting in Washington with Takeo Miki, the Japanese Foreign Minister, in September 1967 that a United States-Japan-Ryukyus commission be created to find ways of reducing social and economic differences between Okinawa and mainland Japan. One witness after another had testified before congressional subcommittees in Washington that, despite the rapid economic pro-

⁹Fumihiko Togo, *Nichibei Gaiko Sanju-nen: Ampo, Okinawa to Sonogo* (Tokyo: Chuo Koron-sha, 1989), 116-17.

¹⁰*Asahi Shimbun*, 2 February 1967.

¹¹An answer to a question at a press conference at Otsu, 19 January 1967. *The Okinawa Times*, 19 February (evening edition) 1967.

¹²Statement at the Budget Committee of the House of Representatives, 31 March 1962.

¹³Speech at the inaugural meeting of the council on 15 June 1967. *Asahi Shimbun*, 16 June 1967.

¹⁴U. Alexis Johnson with Jef Olivarius McAllister, *The Right Hand of Power: The Memoirs of an American Diplomat* (Englewood Cliffs, New Jersey: Prentice-Hall, 1984), 475-76.

gress in Okinawa, the people's standard of living remained among the lowest in Japan.¹⁵ The Japanese Prime Minister reciprocated by proposing, through Professor Kei Wakai-zumi, his secret emissary, that he and the president agree during their forthcoming meeting to set a date for the reversion "within a few years." "This," U. Alexis Johnson, the U.S. Ambassador to Tokyo wrote, "had the advantage of not tying us to any firm date for reversion while indicating a firm intention to do so."¹⁶

Thus, when Sato met President Johnson in November, he "emphasized [Japan's] strong desire . . . for the return of administrative rights over the Ryukyus" and "further emphasized that an agreement should be reached between the two governments within a few years" on the date for the reversion. The president expressed his understanding of the Japanese position. To recommend measures to remove "the remaining economic and social barriers" between Okinawa and mainland Japan so as to minimize "stresses" at the time of reversion, the communiqué announced the creation of the tripartite Advisory Committee to the High Commissioner. Significantly, Washington for the first time had dropped its "blue sky" position of making reversion conditional on the return of peace and security in Asia. And reversion was set as a definite agenda item.

At the same time, the two leaders, as in 1965, also "recognized that the United States military bases on these islands continue to play a vital role in assuring the security of Japan and other free nations in the Far East." Except for the word "Japan," absent in the 1965 communiqué, the reference to the military importance of Okinawa was almost identical in the two documents. In the words of Ambassador Johnson, who had been deeply involved in the negotiations over Okinawa, it was a victory for his powers of persuasion. At a meeting between the prime minister and Rusk held shortly before the communiqué was announced, "Sato . . . expressed a view that the effectiveness of our bases would be strengthened by reversion because 'Japan would be forced to live up to its security responsibilities by this action'," Johnson wrote. "This was exactly the outlook I had been trying to advance with the Japanese government."¹⁷ An increased Japanese commitment to defense, was, apparently, a *quid pro quo* for the U.S. promise to return Okinawa.

Not included in the communiqué was Japan's acquiescence to Washington's retention of its right to store nuclear weapons in Okinawa after reversion. Ambassador Johnson wrote that Sato was "determined to overcome the country's nuclear allergy and build a national consensus that would permit the acceptance of this difference between American bases in Okinawa and in Japan proper."¹⁸

Japan and the United States were now committed to fulfilling the Okinawan people's wishes for reversion, as Sato later stated, "as soon as possible." Details needed to be worked out on everything from the specific date of the reversion and the future status of United States bases and forces in Okinawa to the transfer of U.S.-owned corporations and assets to the Japanese government and the continued operation of the Voice of America. The three governments appointed representatives to the advisory committee, which began its operations immediately.

¹⁵See, for example, High Commissioner Watson's testimony at Subcommittee No. 3 of the House Armed Services Committee on 23 March 1966.

¹⁶*Ibid.*, 478. Regarding how the term "within a few years" came to be included in the communiqué, see Kei Wakaizumi, "The Best Course Available": A Personal Account of the Secret US-Japan Okinawa Reversion Negotiations (n.p., 1993), 76-110, and Tasaku Nakarishi-wo Shinzemu-to Hossu (Tokyo: Bungeishunju-sha, 1994), 77-111.

¹⁷Johnson, 480.

¹⁸*Ibid.*, 482.

The position of the chief executive was changed so as to better reflect the popular will. On December 20, 1965, President Johnson issued Executive Order 11263 (amending Executive Order 10713) to enable the legislature to elect the chief executive and the chief executive to appoint his deputy. The American agencies involved—the Office of the High Commissioner, the U.S. Army and State departments, the Office of the Secretary of Defense and Bureau of the Budget—fully considered the “desirability of going all the way” to permit a direct election, but they reached a consensus that “the over-all consequences would not be in the best interests of the United States,” in view of the possibility that a chief executive election campaign “would inevitably provide an increased opportunity for prolonged anti-American demagoguery” and that the system “would result in the election of a chief executive who would be antagonistic to the United States.”¹⁹

Nevertheless, the Executive Order was further amended on January 31, 1968, to provide—some twenty years after the first Okinawan request—for the direct election of the chief executive. The subsequent election, held in November, was fought between Chobyō Yara, president of the Okinawa Teachers’ Association and long-time champion of the *fukki* movement, and Junji Nishime, former mayor of Naha and president of the conservative Okinawa Liberal Democratic Party. Yara, supported by a “reformist” coalition that included the Okinawa People’s Party, campaigned on a platform calling for “immediate, unconditional and complete reversion” and “removal of U.S. bases.” Nishime, backed by local economic interests, Japan’s Liberal Democratic Party, and the U.S. authorities in Okinawa, for his part advocated a gradual transition to reversion to insure economic stability and institutional identification with Japan. The campaign was focused on a highly simplified argument between “war or sweet potatoes.” While the reformists claimed that the Okinawans would continue to live with military bases and the consequential threat of war if Nishime won, Nishime’s group warned that victory for its opponent would cause the Okinawan economy to crumble and oblige the people to eat sweet potatoes as before World War II.

The voters elected Yara over Nishime by 237,565 to 206,011 votes, a clear margin of more than 30,000 votes. The people had unequivocally rendered their verdict: they favored immediate reversion unaccompanied by military bases, not to mention nuclear weapons. Yara’s victory convinced Ambassador Johnson that “political costs [would] continue to mount unless reversion took place in the near future.”²⁰ General James B. Lampert, the High Commissioner, recognized Yara’s victory as a “landmark in the Okinawan movement for reversion” and “strong evidence” of the people’s desire for early settlement of their problem.²¹ The reversion movement was no longer associated with communism or labeled as “communist-inspired.” Unlike General Moore, who in 1957 engineered the expulsion of Kamejiro Senaga from the position of mayor of Naha, Lampert took a “positive and cooperative attitude” toward the new administration. James V. Siena, Deputy Under Secretary of the Army, went as far as describing him as “one of the most respected public figures” in Okinawa.²² The relaxation of the U.S. grip over the islands’ judiciary, as a result of the rescission of Ordinance No. 12 (“the Ryukyuan Court

¹⁹“Status of Residual HICOMRY Functions, Funds & Projects,” NARA RG 319 (“History of US-CAR”), Box 5 F5.

²⁰Johnson, 508.

²¹Office of the High Commissioner of the Ryukyu Islands, *The United States Civil Administration of the Ryukyu Islands: Report*, Vol. 20 (30 June 1971 to 15 May 1972), v.

²²Statements at the subcommittee on Foreign Operations and Related Matters, the House Appropriations Committee, 29 April 1969.

System") in November 1968 which had transferred the authority to appoint the Chief Justice of the Ryukyu Court of Appeals from the High Commissioner to the Chief Executive, further enhanced this reputation.

The long-pending issue of the pre-peace treaty claims was also resolved in October 1966 when the United States Congress passed a law authorizing \$21,000,000 for the payment. The claims were reviewed by the USCAR Legal Affairs Department; the U.S. Army Engineer District, Okinawa (USAEDO), the designated agent for the high commissioner, paid the claimants through the chief executive for the validated land, property damage, death and personal injury, and fishery claims.

Restrictions on travel between Okinawa and mainland Japan were gradually relaxed. The Civil Administration (CA) Ordinance "Control of Travel to Japan by Residents of the Ryukyu Islands" was amended in 1960 to permit revalidation of single-journey travel documents to Japan for a four-year-period and to extend the validity period of multiple-travel documents from one year to two years. Further changes between 1964 and 1966 speeded up the processing of travel documents for Japanese citizens applying for a visit to Okinawa and shortened the entry application form from twenty-two items to seventeen. The validity of entry permits was extended from six months to twelve, and Japanese officials visiting on approved government technical assistance programs were issued multiple entry permits. The GRI Immigration Agency, which remained under the operational control of USCAR's Public Safety Department, had turned down twenty-seven applications for Japan travel documents in 1964 but it rejected only two in 1965. While USCAR's Ryukyu Travel Unit in Tokyo rejected 109 entry permits from Japan to the Ryukyus during the half-year period between October 1960 and March 1961 alone, the number dropped to only twelve in 1965 including those for three non-Japanese.

Japan and the United States agreed in 1966 to authorize the Japanese government liaison office in Naha to issue passports to people in Okinawa who had already received permission from the U.S. authorities for their proposed travel. Control of exit from and entry into the Ryukyus remained with USCAR, however, which maintained a policy of restricting travel between Okinawa and mainland Japan by "known communists, subversives, and criminal elements."²³ In 1967, USCAR continued to identify such "undesirable" persons among mainlanders applying to visit Okinawa for the annual reversion day (April 28) activities.²⁴

Under the changing circumstances, the legal and political status of Okinawa and the Okinawan people was clarified somewhat, though not to the satisfaction of many legal experts or the Okinawan people. In 1951, a U.S. Court of Appeals court had ruled that the United States maintained a "*de facto*" sovereignty, but not a "*de jure*" sovereignty on Okinawa:

The will of of the United States has . . . the "supreme will" on Okinawa. The United States has, therefore, acquired, and still retains, what may be termed as a "*de facto* sovereignty." However, the traditional "*de jure* sovereignty" has not passed to the United States. The conqueror does not acquire the full rights of sovereignty merely by occupying and governing the conquered territory without a formal act of annexation or at least an expression of intention to retain the conquered territory permanently. It does not necessarily follow, therefore, that Okinawa is not "[a] foreign country" within the meaning of the Tort

²³William H. Bruns to the Civil Administrator ("Policy for Japanese Entry Applicants for Reversion Day), 30 March 1967. NARA RG 260 ("Records of the U.S. Civil Administration of the Ryukyu Islands: the Liaison Department"), HCRI-LN Box 105.

²⁴*Ibid.*

Claims Act. So long as the ultimate disposition of that island remains uncertain, it offers a persuasive illustration of the observation that "the very concept of 'sovereignty' is in a state of more or less solution these days."²⁵

Dulles had written in the same year that Article 3 of the peace treaty with Japan did not turn the islands into a territory of the United States nor its inhabitants into U.S. nationals.²⁶ In February 1952, Dean Acheson, the Secretary of State, noted that the Ryukyus "would be considered as being under the 'protection' of the United States within the meaning of the Chicago Convention [on civil aviation]," and thus considered to be American territory. The islands would become Japanese territory in that sense only when the United States returned it to Japan.²⁷ But, a district court in Hawaii concluded in 1954 that the defendant (a native of Okinawa with permanent residency in Hawaii) was "an alien," since the United States was only a *de facto* sovereign.²⁸ The Senate Appropriations Committee tried to define this anomalous status in 1959 as follows:

In the exercise of its authority, the United States enjoys the attributes of sovereignty. However, the Ryukyu Islands are not U.S. territory, never having been ceded by Japan. U.S. statutory law as a whole is not applicable to the area. The law applicable in the islands is the law of Japan prior to 1945 and, since that time, enactments of the U.S. military government and its successor the U.S. civil administration and the local government. U.S. courts have declared the islands to be a "foreign country" in considering the application of U.S. statutes thereto. Thus, the United States continues to administer the Ryukyu Islands as a foreign area or country under authority of treaty law.²⁹

At the Defense Department, which was responsible for the administration of the islands, a paper prepared in early 1960 in response to the American Civil Liberties Union viewed the people of Okinawa as Japanese nationals.³⁰ As long as they were under U.S. administration, however, the ACLU reasoned, their status was different from that of the people of mainland Japan. Okinawa and Japan shared a relationship unlike the one between foreign countries.

In the same year, the United States Civil Administration in Okinawa began to issue a "Certificate of Identity" for Okinawans, or "Ryukyuan" traveling to countries other than Japan, stamped with a spread eagle, the official seal of the High Commissioner. On the cover and the frontispiece were typed the name of the issuing authority: "United States Civil Administration of the Ryukyu Islands, Government of the United States of America." The document explained that the bearer, "while traveling abroad is assured of aid

²⁵*Cobb v. United States*, 191 Fed. 2nd 604 (9th Cir., 1951), 608. Also see page 241 of U.S. Department of State, *Digest of International Law*, vol. 1 (Washington: U.S. Government Printing Office, 1963), under the subheading, "Sovereignty in the State of Imperialism."

²⁶Dulles, *Department of State Bulletin*, 452:9 (1951), 25. Quoted in the December 1965 decision of the USCAR Civil Court on the "Tomori election dispute," reprinted in the *Weekly Okinawa Times*, 10, 17, 24 and 31 December 1966, and 7 January 1967.

²⁷Quoted in "Facts Bearing on the Problem and Discussion," an enclosure, 15 August 1952, *FRUS*, 1952-1954, Vol. 14, 1325.

²⁸*United States v. Ushi Shiroma*, 123 Fed. Suppl. (D. Hawaii, 1954), 145-149. See Beikoku Rempo Saibansho no mita Okinawa no Chii, "Ryudai Hogaku, No. 1 (1958), 106-114, and *Digest of International Law*, vol. 8, 348-9.

²⁹Appropriations Committee, U.S. Senate, *Mutual Security Appropriations for 1960 (and Related Agencies): Hearings* (Washington: U.S.G.P.O., 1959), 751.

³⁰*Tokyo Shimbun*, 30 January 1960.

and assistance from United States embassies and consulates, and the certificate is identified as a document which is issued in lieu of a passport." The Japanese government, on the other hand, issued Japanese passports to Okinawans in mainland Japan and abroad.

Okinawan vessels were prohibited from flying either the Japanese or American flag. A High Commissioner's ordinance required them, when traveling outside Ryukyuan waters, instead to display a special flag: the international code flag "D" (Delta) with an equilateral triangle cut from the fly. The "D" flag signaled a ship in distress, perhaps symbolic of the ambiguous identity of Okinawa.

Theoretically, the Ryukyu Islands remained part of neither Japan nor the United States until 1962, fully seventeen years after the war, when President Kennedy officially declared the Ryukyus to be "a part of the Japanese territory." High Commissioner Watson began to refer to the Okinawans as "Japanese nationals" as well as the "Ryukyuan people." In 1967, Ryukyuan ships were permitted to fly the national flag of Japan, with a white pennant on top carrying the words "Ryukyus" in red Roman and Chinese characters, instead of the "D" flag which had occasionally caused problems for Okinawan fishermen with foreign authorities.

In the same year, the responsibility for issuing passports to Okinawans was transferred from USCAR to the Japanese government; their nationality changed from "Ryukyuan" to "Japanese," at least in documents for travel to Japan and abroad. USCAR nonetheless retained the right to screen applicants while its documents continued to regard Japan as a "foreign" country (as in "foreign" trade) and visitors and short-term residents from Japan as "aliens."

The relaxation of travel restrictions allowed more Okinawans than ever before to travel to Japan either as tourists or to visit relatives, work or study. An increasing number of new junior high school and senior high school graduates crossed the sea to work in groups in Tokyo, Yokohama, Osaka, Kobe, and other industrial cities where jobs were available in abundance thanks to Japan's booming economy. A total of 4,040 Okinawans, most of them presumably such graduates, "emigrated" to Japan through the facilities of the public employment security office in 1967 and 8,272 in 1969, compared with only 102 in 1958. The actual total could easily have double this, if those who left to work on the mainland on their own had been included. Although a large number of those young workers found life in the mega-cities difficult to adjust to and returned home only a few years later, work in Japan helped to relieve the tight job market in Okinawa and brought young people into contact with the culture and lifestyles of the mainland. The number of students studying at mainland colleges and universities also multiplied.

Okinawa, however, remained a "foreign area" under Japanese customs law even after the United States recognized the Ryukyus as belonging to Japan. When a group of Japanese pacifists returned to the mainland in 1968 after visiting Okinawa and being ordered out of the island by the U.S. authorities for having allegedly trespassed on Kadena Air Base, they were asked to go through the usual Japanese customs and immigration clearances. They refused, jumped off their ship and disappeared into the waiting crowd. Seventeen others, on their way back from Okinawa, refused to show their identification cards (serving as passports) on the principle that such immigration procedures were unnecessary between Okinawa and mainland Japan, jumped off their ship onto the pier and re-entered the country without undergoing inspections.

The number of USCAR ordinances, proclamations and legislative acts in existence was reduced from 138 in 1961 to seventy-three by 1970. The authority to grant foreign investment licenses in the Ryukyus was also transferred from USCAR to the Ryukyuan government—albeit almost a year after the Ryukyuan government adopted its own in-

vestment act; yet the civil administrator retained the "reviewing authority" on all applications.

Ordinance No. 144 was amended to lift all remaining restrictions for displaying the Japanese flag.

The Japanese and American governments even agreed to permit Okinawan representation in the Japanese Diet; the first postwar Diet elections in Okinawa, held in November 1970, elected five members to the House of Representatives and two to the House of Councillors. Successful candidates included Kosuke Uehara, leader of the All-Okinawa Military Employees' Trade Union; Kamejiro Senaga of the Okinawa People's Party; Tsumichiyo Asato of the Okinawa Socialist Masses Party; and Shinei Kyan, president of the Okinawa Teachers' Association. The only winner presumably favored by Tokyo and Washington was Junji Nishime of the Okinawa Liberal Democratic Party.

The Price Act ceiling was raised from \$6,000,000 to \$12,000,000 in fiscal 1965, and then to \$17,500,000 in fiscal 1968. Actual United States government assistance reached \$20,900,000 in 1970 including \$17,500,000 in economic aid and \$3,400,000 to fund the USCAR administration, before dropping to \$6,700,000 in 1971. The revenue came mostly from the USCAR general fund, derived from petroleum sales, operation of three USCAR corporations (Ryukyu Electric Power Corporation, Ryukyu Development Loan Corporation, and Ryukyu Domestic Water Corporation), and dividends from the Bank of the Ryukyus. In addition, the United States provided free distribution of foodstuffs under its "Food for Peace" program. Most expenditure was allocated in grants to the Government of the Ryukyu Islands, for economic development and public works, and in investment in USCAR corporations.

The Japanese government increased its aid from \$2,800,000 in fiscal 1963 to \$63,200,000 in fiscal 1970 including \$14,700,000 in loan funds. It totaled \$97,300,000 in fiscal 1971 and jumped to \$167,000,000 in 1972, roughly two-thirds of it in grants and the rest in long-term loans (financial investment loan funds and others generated through the sale of Japanese rice in Okinawa). The Ryukyuan government administered the bulk of the money, used for its own operation, as well as industrial promotion and infrastructure development, education, social welfare, assistance to municipalities and reversion commemoration projects.

Social security programs improved significantly as a result. While only unemployment insurance existed in Okinawa in 1961, government workers' annuities, workmen's compensation, medical insurance, and the national pension plan were all available to the workers by 1970, as in mainland Japan. Employees of the U.S. forces, too, were covered for workmen's compensation, unemployment, and temporary disability, although not in retirement.

B-52s, Nuclear Submarines, and Chemical Munitions

"Blocking reversion [in 1968] were," Ambassador Johnson recalled, "two familiar issues of substance and one of tactics: nuclear weapons storage, freedom of use of bases for conventional operations, and how the timing would be handled."³¹ The greatest and most pressing problem was what to do with the huge American military complex. Its strategic value was recognized not only by the American but also by the Japanese government. In a meeting with Ambassador Reischauer and General Watson in December 1964, Prime

³¹Johnson, 508.

Minister Sato "stressed the importance of utilizing the Ryukyus for military security purposes." Japan and the United States, he stated, should solve Okinawan problems "on the basis that the Ryukyu Islands were 'dedicated' to keeping the security of the area."³² He even suggested that the high commissioner "educate the Okinawans on the importance of the military bases." When Sato met President Johnson a month later, as noted above, they both "recognized" the importance of the American bases on Okinawa "for the security of the Far East."

The escalating American involvement in the war in Vietnam reconfirmed the military importance of the island: Okinawa became a vital logistic, staging and training station for the U.S. forces. A Congressional Quarterly Service publication summarized Okinawa's strategic value as follows:

A counter-guerrilla warfare school, extensive warehouses and military hospitals and the computer center for Vietnam logistics are located on the island. The 5,620-acre Kadena Air Base is one of the largest Air Force installations in Asia and is able to handle an almost unlimited number of all types of U.S. planes. Special forces train for Vietnam in the Okinawan jungles; the Marines have a division headquarters; and the Navy operates several ports. Psychological warfare operations, radio monitoring, intelligence operations and Voice of America broadcast facilities to the Asian mainland are all located on Okinawa. So, too, are two chemical companies—the 267th and 137th—under the 2nd Logistical Command, which has testing facilities for chemical warfare. B-52 bombers have been stationed in Okinawa since 1966. Additional B-52s were sent there following the January 1968 seizure of the *Pueblo* by North Korea. They have been flying sorties to Vietnam regularly since then, although the United States has not officially acknowledged this. The U.S. military has neither confirmed nor denied the presence of nuclear weapons on the island, but it is known that they are stockpiled on Okinawa.³³

Thomas Havens writes in *Fire across the Sea*:

Even before the air campaign in Vietnam began, a squadron of KC-135 tanker planes moved from Guam to Kadena air base. These planes were soon used to refuel B-52 bombers during their monotonous westward flights from Guam to targets in Indochina. Okinawa was the jumping-off point for the first 15,000 American combat troops to enter the war, including the 173rd Army Airborne Brigade and elements of the Third Marine Division, beginning in March 1965. Roughly 50,000 United States troops were stationed in the Ryukyus during the conflict, staffing ammunition depots, supply warehouses, training grounds, ports, air bases, missile sites, and communication centers.³⁴

In 1965 alone, 70,000 troops were said to have passed through Okinawa on their way to Vietnam. Okinawa had become an extension of the battleground, involved in the American military buildup in South Vietnam. Havens continues:

... The second logistical command, headquartered in Okinawa, handled about three-quarters of goods consumed each month by American forces in Vietnam, mainly through Naha military port and White Beach harbor. The 3,750-meter runways at Kadena air base

³²"Memorandum of Conversation [on Ryukyu Islands]", 14 December 1964. NARA RG 59, Central Foreign Policy File, 1964-1966, Box 2626, F4, A-841 from U.S. Embassy in Tokyo.

³³"U.S. Defense Policy in Asia: The Okinawa Question," *Global Defense: U.S. Military Commitments Abroad* (Washington, D.C.: Congressional Quarterly Service, September 1969), 34.

³⁴Thomas Havens, *Fire across the Sea: the Vietnam War and Japan, 1965-1975* (Princeton: Princeton University Press, 1987), 87-88.

averaged a takeoff or landing every three minutes around the clock, totaling more than a million flight operations during 1965-1973. The jungles of Okinawa were training acres for as many as 9,000 United States Army Special Forces (Green Berets) at the peak of the war, and troops from South Vietnam, the Philippines, Thailand, Taiwan, and South Korea also underwent training there . . . Okinawa was a major storage ground for poison gas chemicals, a port for American nuclear submarines, and the site of thirty-two nuclear-tipped Mace B missiles in launch shelters beneath the ground.

The U.S. forces in Okinawa, evidently retained their hard cold-war view of the world. In his address to the GRI legislature in February 1965, General Watson stated: "we continue to live in a dangerous and troubled world. The communist powers remain committed to the so-called world revolution and to the use of force, if necessary to achieve it. . . . It is true today, as it has been true for two decades, that this part of the world would be overrun by forces hostile to freedom except for the presence of free world military forces spearheaded by the United States." And, in Tokyo later in the year, he reiterated that it remained the policy of the United States "to keep strong military forces in the Ryukyus for so long as conditions of threat and tension continue to exist in the Far East."³⁵ The United States maintained the Ryukyus because there it had the "freedom to move troops and equipment to the base without delay, the freedom to stockpile equipment for necessary action," the "freedom to dispatch troops, equipment, aircraft, and ships anywhere," and the "freedom to provide logistical support" to U.S. forces anywhere. In defending these "freedoms," the High Commissioner argued, "loss of administrative rights would reduce or destroy the freedom of our military forces to act, and seriously impair the usability of Okinawa as a base in defense of free world interests." Once again, it was "the existing threats and tensions" in the Far East and the "freedom" Okinawa provided for American military strategy, and not the desire of the Okinawan people repeatedly and democratically expressed in their elections, petitions or public demonstrations, that determined policy.

The involvement of Okinawan bases in the Vietnam war inevitably cast shadows over the people and once again fueled their longing for the earliest possible reversion to Japan. The stepped-up military activities on the island increasingly turned Okinawan people's attention to the bases and the problems associated with them, such as military-related accidents, the roar of military aircraft engines, and growing acts of violence and crimes often involving servicemen on their way to or back from the war zones.

A number of groups began to express their concern about the bases and their role in the war. Mass rallies called for an end to the Vietnam war as well as of the U.S. administration of the islands. In July 1965 the GRI Legislature adopted a unanimous resolution addressed to the U.S. President and Congress, repudiating the bombing sorties from Okinawa and demanding an immediate halt to the acts that, they charged, were involving the people of Okinawa in the war. The arrival of B-52 strategic bombers at Kadena Air Base prompted the Legislature to pass a resolution demanding their withdrawal.

Various groups launched protests against the port-call of American nuclear submarines after cobalt 60 was detected at Naha port. Residents of Kadena, the village located immediately adjacent to the huge air base of the same name, were outraged not only by noise but by the contamination of their household wells with aviation fuel. Then, in November 1969, a B-52 Stratofortress, heavily loaded with bombs, failed to take off, crashed, and exploded at Kadena Air Base. The blasts seriously injured two of the seven

³⁵An address to the Foreign Correspondents Club, 29 September 1965.

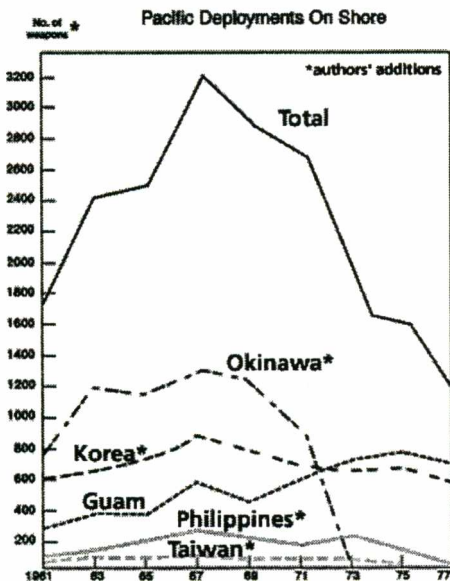
crew members, shocked the residents of nearby villages out of their pre-dawn beds, sent debris and bomb fragments raining down on their houses, and shattered window panes over a wide area. Although damage was relatively light, the magnitude of the crash—a short distance away from ammunition dumps and what many people believed were underground storage areas for nuclear weapons—terrified not only the villagers but Okinawans at large and drove home to them how close they lived to a disaster and a war front. Another series of protest rallies ensued.

The November/December 1999 issue of *The Bulletin of the Atomic Scientists* indicates that most of the nuclear weapons listed below were stored on Okinawa in the latter part of the 1960s, reaching about 1,200 in 1968. Whether they would be withdrawn from Okinawa by the time of its reversion, i.e., whether the same restrictions would apply to United States military bases in Okinawa as they did to those in mainland Japan, became a major concern among the people.³⁶

Weapons deployed to Okinawa 1954-

Weapon/Initial Entry/Withdrawn

Non-nuclear bomb/Jul 54/Jun 67
 Bomb/Dec 54-Feb-55/-
 280mm gun/Dec 55-Feb 56/Jun 60
 8-inch howitzer/Jun-Aug 57/-
 Matador/Sep-Nov 57/Dec 60
 Depth bomb/Dec 57-Feb 58/-
 ADM /Feb-May 58/-
 Honest John/Dec 57-Feb 58/-
 Nike Hercules/Jan-Mar 59/-
 Corporal/Mar 60/June 65
 Hotpoint/Jul-Sep 60/Dec 60
 Lacrosse/Oct-Dec 60/Dec 63
 Mace/Apr-Jun 61/Jun 70
 Falcon/Jul-Sep 6/-1
 Little John/Apr-Jun 62/Dec 68
 ASROC/Jan-Mar 63/Apr 66
 Terrie/Jan-Mar 64/Jun 64
 Davy Crockett/Apr-Jun 64/Dec 68
 155mm howitzer/May 66/-



Source: "Appendix B" (Deployments By Country, 1951-1977) to "The History of the Custody and Deployment of Nuclear Weapons July 1945 through September 1977" (<http://www.gwu.edu/~nsarchiv/news/19991020/>), quoted in *The Bulletin of the Atomic Scientists*, 55:6 (November/December 1999), 66. (Reprinted by permission of the *Bulletin*.)

In 1969, the Third Marine Division returned to its Okinawan home base from Vietnam, the headquarters of the Third Marine Amphibious Force was established, and the island was made the homeport of Amphibious Group One of the Seventh Fleet.

³⁶Norris, Arkin and Burr, "Where They Were." All nuclear weapons on Okinawa were withdrawn by June 1972, according to the article.

"War or Sweet Potatoes"

As a timetable for reversion began to be discussed and many people grew nervous, the economic importance of military bases became a major campaign issue. In the first chief executive election in Okinawa and the general election, simultaneously held in November 1968, the voters were asked to make a choice between two options, "war or sweet potatoes."

The All-Okinawa Military Employees' Trade Union became increasingly militant in the late 1960s.³⁷ Formed by eleven smaller unions in 1963, it had grown to be the largest labor union in the Ryukyus by 1967 with a membership of 16,500. One of its principal targets was CA Ordinance No. 116 and, then Ordinance No. 63 which High Commissioner Unger, immediately before his departure, had proclaimed as its replacement. While USCAR extolled the new law as a marked improvement over the old one, the union criticized it as being even more restrictive than Ordinance No. 116, something that would "turn the clock 50 years back."

Originally issued in English only, the proposed ordinance prohibited "all persons" from picketing and conducting rallies or demonstrations with the aim or effect of interfering with the operation of the military bases or "essential industries" (i.e., military transportation, utilities, or medical facilities). It would be illegal for any person, labor organization or its representative to "interfere with employees' access" to their work place or to engage in any activities that might interfere with the operation of the military bases or essential industries. Penalties consequent upon an offense—a fine, imprisonment or both—were more severe than those under Ordinance No. 116. Unger's announcement infuriated military workers so much that they voted to join an island-wide "general strike" scheduled for early February to demand the removal of B-52s and the discontinuation of the visits of nuclear submarines to Okinawan ports.

The U.S. Civil Administration put off implementing the new ordinance indefinitely pending further review. Leaders of the Prefectural People's Joint Struggle Council for the Protection of Human Lives, representing 140 organizations, called off the general strike at the last minute after Chief Executive Yara pleaded with them to cancel it "in the interest of the people's welfare." Instead, the council staged a mass rally and demonstrations around Kadena Air Base, and adopted resolutions demanding the withdrawal of B-52s. The Japanese government had promised to negotiate with Washington "in all sincerity" for their removal "in the not too distant future" and pressed Yara to make a decision on that basis.³⁸ However, they were to continue their bombing missions from Okinawa until 1970.

Increasingly, military workers turned their attention to their own working conditions and resorted to strikes in order to win at least some of their demands. In June 1969, union members picketed at most of the gates to military installations and marched to the USARYIS Headquarters in a one-day walk-out, demanding a wage increase, larger severance pay and basic labor rights. The U.S. forces announced that disciplinary penalties would be imposed on the absentees, ranging from a letter of reprimand to a short suspension and, in the few cases of repeated violations, dismissal. The union threatened another strike. Confrontation was avoided when they concluded a "peace pact" whereby the em-

³⁷For the history of the union, see Kosuke Uehara, *Kichi Okinawa no Kuto* (Tokyo: Soko, 1982).

³⁸Prime Minister Sato's statement at a press conference, 29 January 1969.

ploying agencies moderated or withheld their planned disciplinary actions and the union pledged not to strike or demonstrate against the U.S. forces until the following February. Subsequently, the U.S. forces offered, and the union accepted, a 17-percent wage increase and a substantial raise in separation allowances.

The union also staged a strike for a year-end bonus against an Okinawan contractor performing custodial services for the U.S. Army Hospital in spite of a USCAR warning that medical treatment services were an "essential industry" under Ordinance No. 116, thereby making a strike illegal. The Army canceled the contract, the company dismissed fifty-seven workers, and the contract went to another firm which eventually hired them. Other U.S. forces contractors became similar targets and agreed to pay bonuses, a customary supplement to salaries in Okinawa and mainland Japan.

The Okinawans employed by a local stevedoring company to work at U.S. military ports were also dissatisfied with their wages and working conditions. They organized the Military Port Employees Labor Union in 1968 and threatened to take leave *en masse* on December 26 and 27. The union called off the absentee tactic when U.S. forces decided to increase the number of military personnel working as stevedores to forestall its effects, but it went ahead with a strike in May and June. While other military personnel were called in to augment the regular American military stevedores to maintain port operations, the company and the union continued their negotiations until they settled the dispute, ending a nineteen-day work stoppage. Since the union's demand for a guaranteed minimum monthly wage remained unsettled after a series of further negotiations, however, it resorted to a work-to-rule campaign in September. Despite temporary augmentation of the labor force with military personnel, the tactic affected essential operations at Naha military port so seriously that U.S. forces had to send for two companies of military stevedores from the United States. The dispute was finally resolved the next month, and the American stevedores left the island in December.

Peace between the U.S. forces and their Okinawan employees did not last long. In December 1969, the Joint Services Committee announced that "reductions-in-force (RIFs)," affecting 1,900 to 2,800 civilian employees (including 350 Americans and sixty third-country nationals), would be carried out as part of the Pentagon's world-wide budget-cutting measures. American military units all over the world were subject to reductions, deactivations and withdrawals as a consequence of the reduction of defense expenditures under the Nixon Doctrine.

The United States faced a serious recession, unemployment, federal budget cuts, a steady drain on its gold reserves, a major balance-of-trade deficit, and the devaluation of the dollar. The number of U.S. forces personnel and their dependents in Okinawa declined sharply, largely as a result of air force reduction and realignment of bases in the western Pacific. Winged Mace-B missiles, for example, were withdrawn and the 498th Tactical Missile Group was deactivated in October 1970.

The announcement of personnel reductions so unsettled the military workers that the union picketed at the gates of all U.S. forces facilities for two days in January 1970 demanding that the dismissal notices be withdrawn. U.S. forces provided non-union members with beds for overnight stay on base and restored the dismissals that had been canceled as part of the "peace pact." With no progress in sight, union members walked out and picketed again later in the month, this time for five days. The dispute was settled by an agreement to reduce the penalties that had been announced by the U.S. forces and to extend the peace pledge for ninety days. The U.S. forces moderated their position further upon advice from Carl Glewlow, the Deputy Assistant Secretary Of Defense For Civilian Personnel Policy who visited Okinawa in April to review the situation. They decided not

to take disciplinary action against employees solely for having participated in strikes. "It was concluded," High Commissioner Lampert remarked, "that strict enforcement of the no-strike provision of CA Ordinance 116 was not feasible under the circumstances and in view of the approaching reversion of Okinawa to Japan under which base workers would have the right to strike."³⁹ Military workers continued to hold strikes in 1971 and early 1972, the longest one lasting more than a month, in protest against job cuts, reductions in working hours, and other cost-cutting measures.

The cutbacks in military expenditures adversely affected the Okinawan economy which had become heavily dependent on income from U.S. military installations and personnel, from such sources as wages and salaries, contractual arrangements, land rentals, and sales of goods to military personnel and their dependents. With an estimated 55 to 60 percent of people's income coming from these military sources, the budget cuts cast shadows over Okinawa's future.

Economic uncertainty was worsened by an underlying ambivalence among many Okinawans toward the Japanese government. Fringe groups calling for postponement or cancellation of the reversion or for independence, emerged, although they never won the support of any significant segment of the population. Tsugumasa Kiyuna, also known as Tsai Chang, who, with the support of Chiang Kai-shek, had organized an association in Keelung in 1950 to demand the independence of the Ryukyus, persisted with some of his activities in Taiwan and Okinawa through the early years of the 1960s.⁴⁰ In October 1969, Jugo Thoma, a former chief executive, several of his former associates, and some economic leaders formed "Okinawa for the Okinawans." It demanded that the reversion be postponed until after Okinawa's economic foundation was firmly established. This was on the grounds that it would damage ordinary people's livelihoods if recession occurred in 1972.

Two years later, members of the group organized the Ryukyu Independence Party under Binsho Sakima, former chief secretary to Thoma. Describing the reversion as "nothing more than a political strategy for annexing the Ryukyus to Japan," it declared that "our fatherland is the Ryukyus" and called for the establishment of "a free and independent country."⁴¹

Some dissident intellectuals such as Akira Arakawa criticized the reversion movement for ignoring Japan's past treatment of Okinawa and spreading unrealistic illusions about the islands' future under Japan, and advocated resistance to efforts to reintegrate the Okinawan people into the Japanese state.⁴² The discovery of ocean-floor oil in the southwestern part of the Ryukyus also prompted the Republic of China not only to claim sovereignty over the disputed Senkaku Islands but to renew its opposition to the U.S.-Japanese agreement on Okinawa's reversion to Japan.⁴³ Presumably sanctioned by the Taiwan

³⁹Office of the High Commissioner of the Ryukyu Islands, *The United States Civil Administration of the Ryukyu Islands: Report*, Vol. 20 (30 June 1971 to 15 May 1972), ix.

⁴⁰*Ryukyu Shimpō*. 18 June 2000.

⁴¹See an advertisement by Sakima in the *Ryukyu Shimpō* and the *Okinawa Times* on 11 May 1971, which was translated into English by the Public Affairs Department of the USCAR. The advertisement was entitled "We Choose Independence! Appeal for the Establishment of 'Ryukyu Independence Party'."

⁴²See Akira Arakawa, *Han-Kokka no Kyoku* (Tokyo: Gendai Hyoron-sha, 1971).

⁴³Foreign Ministry statement on 11 June 1971. Peking pledged to "liberate" Taiwan and restore its control over Taiwan and the islands within its jurisdiction including Diaoyudao (the Senkakus) (Foreign Ministry statement on 30 December 1971). For the Japanese government's views and Chinese statements, see the Foreign Ministry's Information and Culture Bureau, ed., "Senkaku

government, the press in Taiwan campaigned in June 1971 against the agreement and for the independence of the Ryukyus.⁴⁴ Newspapers there claimed that the administrative transfer was against the will of the Okinawan people and that, since they had never abandoned efforts to regain their independence, the Government of the Republic of China reserved the right to speak for them on their future.⁴⁵

Meanwhile, an unprecedented development was emerging in the foreign investment sphere. In June 1967, the Pacific Gulf Oil Corporation announced plans to establish a 100,000-barrel-a-day oil refinery and a bulk storage and reshipment facility on the east coast of central Okinawa. Over the next three months, Kaiser Cement and Gypsum Corporation, California Texas Oil Corporation (Caltex) and Esso Standard Eastern filed similar applications with the Government of the Ryukyu Islands. Together, the projects would be worth \$167,000,000 and provide a production capacity of nearly 200,000 barrels a day, or ten times as much as the Ryukyu Islands' total requirements, including those of U.S. forces.

Some Okinawans were concerned that the projects might be an American ploy to exploit Okinawa economically, that the huge inflow of foreign capital would dislocate the local economy, or that the proposed reclamation work, ongoing exhaust fumes and possible oil spills would cause environmental problems. They had reason, they felt, to suspect the motives of the U.S. multinational corporations whose moves were obviously supported by the U.S. Civil Administration of the Ryukyu Islands.

Since 1951, USCAR had maintained a virtual monopoly over the petroleum, oil and lubricants (POL) required on the islands. It procured its POL needs from Caltex under a series of contracts and marketed them locally through its Petroleum Distribution Activity (PDA) which controlled all oil supplies to Okinawan corporate and private consumers and international air and marine carriers. It also supplied some petroleum products to the U.S. forces on the islands though some were procured directly by the U.S. Army.

Net earnings from the operation were channeled into the USCAR general fund, which was mainly used for community development programs. Moreover, although USCAR had transferred to GRI the jurisdiction over foreign investment and importation of foreign techniques into the islands in September 1965, it kept High Commissioner Ordinance No. 11 (Foreign Investment in the Ryukyu Islands) in effect. Foreign investors were now licensed by the Chief Executive, upon recommendation by the GRI Foreign Investment Board, but the board's recommendations were subject to review by both the Chief Executive and the U.S. Civil Administrator. And technically, the High Commissioner had a veto power to override the Chief Executive's decisions.⁴⁶

The GRI was inclined to welcome the investments. To break away from an economic

Shoto-nitsuite" (1972) on <http://www.worldtimes.co.jp/gv/data/senkaku/main.html>, accessed 19 January 2001.

⁴⁴U.S. Embassy in Taipei to Secretary of State, "GRI Support for Ryukyuan Self-Determination," 28 June 1971. NARA RG319 (History of USCAR), Box 22, F5. The Embassy believed that the press campaign was "designed to show GRC [Government of the Republic of China] opposition to [the] reversion treaty and [that it was] not [a] serious move to sponsor [the] Ryukyuan liberation front."

⁴⁵The Republic of China had supported the "self-determination" of the Okinawan people since the 1950s. See, for example, the U.S. Embassy in Taipei to the State Department, 14 February 1957 and 3 July 1961.

⁴⁶The GRI Legislature passed its own foreign investment bill in July 1968 to replace the ordinance and Chief Executive Matsuoka signed it into law in September, but USCAR, considering it "extremely negative and restrictive," kept the ordinance in force.

structure dependent on military bases and to build a viable and stable economy, it asserted, Okinawa needed outside investment. Japanese companies, which had so far shown little interest in extending their activities to Okinawa, argued that they would invest in the island only if it were made a "paradise" for them with incentives such as provision of low-interest funds and exemption from corporate taxes, but the Japanese government would not agree to these terms.⁴⁷ Under the circumstances, the GRI regarded the American investments as a godsend which would provide a great boon to the local economy in the way of new jobs, land rentals and taxes.⁴⁸ It quickly approved Gulf's \$60,000,000 investment proposal for the construction of a refinery and a storage terminal.

Alarmed, Tokyo immediately asked the GRI to reject applications by those companies that had not invested in Japan already, to limit the ratio of foreign capital to less than 50 percent for the other companies, and to keep the total refining capacity in Okinawa within a reasonable limit. In fact, the government would exert its efforts "at length to defeat the attempts of the proposed investors in the name of national interests, instead of studying what role these investments could play for the development of the Okinawan economy."⁴⁹ It was concerned that the American firms were trying to evade Japan's restrictive foreign investment regulations by entering its market through the backdoor and gain a foothold in the country and that approval of these refineries might throw open its doors to other American companies such as automobile manufacturers. If authorized to operate in Okinawa after its reversion, these firms would become the first wholly foreign-owned oil companies in Japan, with the combined capacity to produce 10 percent of the country's refining output. Although the multinationals insisted that they were interested in Okinawa as a relay point for expanding their markets in Southeast Asia, Tokyo put pressure on the GRI to disapprove the last-minute entry of such foreign capital or to approve it on condition that the corporations would abide by Japan's regulations after Okinawa's reversion.

Caught between its own policy and pressure from Tokyo, the GRI acted so slowly and cautiously on the other applications that High Commissioner F. T. Unger in December 1967 criticized the GRI for maintaining "outmoded and antiquated concepts of protectionism" against foreign investment. It was missing a great opportunity for creating a thriving, modern and viable economy. "Few localities in the Western Pacific East Asia area," he declared, "have done so little to attract outside investment as the Ryukyus."⁵⁰

One month later, on January 20, 1968, the GRI authorized the four companies to construct oil refineries.⁵¹ Together with Gulf's refinery and storage facilities, the five licenses totaled \$217,000,000. The companies had accepted the condition that they would not retail in the Ryukyus any of the oil refined locally. They would operate only within confined areas (designated as a free trade zone) and respect local trade regulations when

⁴⁷Ryukyu Ginko [Bank of the Ryukyus] Chosa-bu, ed., *Sengo Okinawa Keizai-shi* (Naha: Ryukyu Ginko, 1984), 1045. Chapter 4 (pp. 1031-74) deals with the GRI's policy toward the proposed foreign investments and the Japanese government's various attempts to counter it.

⁴⁸Deputy Chief Executive Saburo Odo suggested that the benefits of the proposed projects to Okinawans might be "comparatively small." The GRI Tax Bureau suspected that arrangements would be such that the American companies might not be required to pay corporate taxes.

⁴⁹*Sengo Okinawa Keizai-shi*, 1028-30.

⁵⁰A speech at the Harborview Club, Naha, 13 December 1967.

⁵¹For information regarding the projects of the oil firms and their possible economic effects on Okinawa, see pages 197-212 and 271-307 of Daniel, Mann, Johnson & Mendenhall, "Kogo Yochi oyobi Shintoshu Chosa," a study conducted at the request of the U.S. Administration of the Ryukyu Islands under contract to the Okinawa District, Corps of Engineers, Department of the Army. The study was completed in June 1969.

allowed to export their products from the free trade zone into the Ryukyus for wholesale purposes. They were also required to observe strict public nuisance regulations and to accept local and Japanese capital for joint ventures.

Tokyo reacted quickly. It warned the four companies that it would impose the same restrictions on the "rush-in" multinationals as applied to other foreign investors already established in the country and that it would contain non-complying companies in a "free trade zone" outside Japan's domestic market.

In the meantime, the GRI continued to grant licenses to American companies. Between July 1967 and June 1968, the government approved twenty-five other licenses with a combined value of \$2,400,000. The total, \$240,000,000, compared with only \$21,000,000 authorized for foreign investment as of June 1967. American capital, which at the end of June 1967 had \$11,500,000 approved for investment in areas such as wholesale and retail businesses, cement and cement products, soft drink bottling, and livestock and poultry, jumped to \$229,000,000 in one year. In comparison, the second-ranking Japanese investments increased only marginally during the same period from \$7,000,000 to \$8,000,000.⁵²

Subsequent developments further heightened Okinawan expectations in July 1968, when two local companies, Ryukyu Oil and Ryukyu Cement, joined Nippon Oil of Tokyo to establish Toyo Petroleum Refining, with 80 percent of the \$10,000,000 construction cost for a refining plant to be loaned from banks on suretyship of Caltex and Kaiser. Caltex, Kaiser and Nippon Oil were to offer technical assistance to the joint venture while Caltex would provide crude oil. Toyo Petroleum hoped to supply fuel oil to the Ryukyuan Electric Power Corp. (REPC), a USCAR instrumentality which accounted for 90 percent of all oil consumption in the islands. The following month, REPC announced international bidding to select one refinery that would meet all local demand for oil. Then, in October, USCAR asked the oil companies to expedite construction of their refineries which would supply the oil requirements of the REPC for ten years and those of the local market for three years.

The course of events, however, took a sudden and unexpected turn in February 1969 when USCAR chose Esso Standard (Okinawa) over Gulf Oil and Toyo Petroleum to replace Caltex as the sole supplier of oil products to the REPC and the other local consumers. Caltex and Kaiser dropped their plans to construct their own refineries and did not participate in the competition. The arrangements with Esso obviously ran contrary to the GRI requirement that the oil companies manufacture petroleum products only for export purposes and not for local retail consumption. As a result, an Okinawan newspaper speculated that "the four firms aimed at the local military and civilian oil consumption market in the first place under the guise of seeking expansion of their overseas markets."⁵³

In August 1970, the High Commissioner approved the establishment of a port at Kim Bay on the east coast and authorized Gulf Asian Terminals to "exclusively operate" the port, its facilities, ancillary and auxiliary services, "control the movement" of all merchant vessels within the port, and at its discretion "prohibit the entry" of any such ves-

⁵²The High Commissioner of the Ryukyu Islands, *Facts Book FY1967* (Naha: The United States Civil Administration of the Ryukyu Islands, 1967), 10-11, and *Facts Book FY 1968*, 10-10 (Naha: The United States Civil Administration of the Ryukyu Islands, 1968).

⁵³An *Okinawa Times* editorial, translated into English and reprinted in the *Weekly Okinawa Times*, 15 February 1969.

sels.⁵⁴ Designated as the "Port Administration," Gulf Asian Terminals was empowered to appoint berthing masters, issue port regulations, install navigational aids, levy port service charges on vessels, while being exempt from any "tax, assessment, and levy, duty, excise, rental, or other charge, fee, exaction, or imposition." The High Commissioner could use the port or its facilities at his discretion "in the event of a military or civil emergency within the Ryukyu Islands."

In the same year, the GRI authorized the Aluminum Company of America (ALCOA) to build a \$100,000,000 aluminum smelter, Fairchild Camera and Instrument Corporation to build a \$1,600,000 electronics plant and Esso Standard Eastern to construct a number of liquid petroleum gas tanks at a cost of \$500,000. It also permitted Gulf Oil to increase its investment in its oil refinery project by \$15,000,000 and in its terminal project by \$1,000,000.

As of the end of June 1971, 377 foreign investment licenses had been issued, authorizing a total investment of \$418,600,000, including \$230,000,000 by the Okinawa Aluminum Company, a joint venture among five Japanese companies. The proposed establishment of the aluminum smelter placed Japan ahead of the United States for the first time, \$243,000,000 to \$172,000,000, in authorized foreign investments.

When the Organization of Petroleum Exporting Countries (OPEC) threatened in January 1971 to raise oil prices, Japan abruptly changed its policy toward the oil issue in Okinawa. In August, it announced a plan to build a so-called central terminal station (CTS) on Miyagi-jima, a small island in Kim Bay, with fifty 100,000-ton tanks for storing oil for domestic use. The plan called for the project, when completed, to become the largest oil storage facility in the world, with the number of tanks doubled to 100 a month later, or enough to meet Japan's oil requirements for twenty days. This prompted the Arabian Oil Company of Japan to apply for a license to invest \$300,000,000 for the construction of an oil refinery and bulk storage terminal, and the Kyodo Oil Company for a license to invest \$2,000,000 for a joint venture with Gulf Asian Terminals, both of which were granted.⁵⁵ Esso received a license to invest \$20,500,000 to reclaim additional land and on it build nine bulk storage tanks, Gulf Oil Corporation budgeted \$15,000,000 for the added cost of refinery construction, and Gulf Asian Terminals \$3,500,000 for enlargement of its bulk storage terminal. Gulf and Esso were permitted to remove their refineries from the free trade zone restriction.

Esso completed its petroleum terminal facilities in December 1970 and a refinery on Miyagi-jima, linked to the main island by a three-mile causeway, in 1972. The facilities consisted of a sea berth and twelve tanks with a capacity of 640,000 barrels each. Gulf Oil built its refinery in early 1972 on the same coast, complete with a steam generation plant, crude oil distillation units capable of producing 80,000 barrels a day, marine delivery facilities for reshipment by super tankers, and pipelines linked to Okinawan power plants and military oil terminals many miles away.

In addition, National Semiconductor Corporation was authorized to invest \$1,900,000 for the construction and operation of a facility to manufacture integrated circuits and

⁵⁴Civil Administration Directive No.1, "Establishment of Kinwan Port," 1 August 1970.

⁵⁵When applications by Kyodo Oil, Okinawa Mitsubishi Development and Nansei Sekiyu (Oil) were added, the total storage capacity planned by the Japanese corporations would reach 22,450,000 kiloliters or 14,120,000,000 barrels. This was more than four times the 3,140,000,000-barrel ceiling established by the GRI which regarded the oil terminals as having few spillover effects in terms of employment or industrialization. After the reversion, the Okinawa prefectural government reconfirmed its policy, but no longer had the administrative power to impose it.

semi-conductors, Ibusuki Kanko Company \$1,250,000 for the construction of a tourist hotel, Japan Airlines \$600,000 for the development of a beach and golf course, and Nippon Cement Company \$568,000 for purchasing an interest in the Ryukyu Cement Company. By May 15, 1972, authorized investments had come to a total of \$766,000,000.

In the end, however, most of the American corporations were forced either to abandon their projects, switch to joint ventures with Japanese companies, or to scale back. ALCOA canceled its plans. Gulf went into a joint venture arrangement under which it would control only 40 percent of the outstanding equity shares, with the rest held by Toho Oil and Mitsubishi Chemicals. Esso and Fairchild entered into a 50-50 joint venture arrangement with Japanese companies.⁵⁶ "[T]he island's very real prospects for economic development," Thomas Howell argued, "have been sacrificed to the greater imperatives of Japanese industrial policy."⁵⁷

There were other issues awaiting a settlement. The disclosed presence of chemical munitions in Okinawa prompted the GRI Legislature and other organizations to demand their immediate removal. The Legislature called on the U.S. authorities to transfer court jurisdiction and criminal investigation rights from USCAR to the GRI in cases involving American military personnel, and stop the establishment of a firing range in the mountainous northern area.

In 1970, public anger at the U.S. forces also built up in connection with the assault of a high school girl by an American serviceman and the acquittal by a military court of another serviceman who had killed an Okinawan pedestrian in a traffic accident. Ten days after the court decision, a minor midnight traffic accident in Koza involving an American driver and an Okinawan pedestrian attracted an angry crowd and touched off a riot unprecedented in postwar Okinawa. More than eighty American vehicles with yellow licence plates were overturned, burned or otherwise destroyed and some local business establishments were damaged during the five-hour disturbance.

A group of people even penetrated a short distance into Kadena Air Base and set fire to American school buildings. MPs used CS (tear) gas and fired warning shots into the air to disperse the crowd. The U.S. forces imposed "security condition green one," forbidding any of their personnel to enter Koza City until further notice, and High Commissioner Lampert warned that the removal of chemical munitions could be postponed if such incidents occurred again.

The USARYIS director of intelligence reported that "the majority of the Special Projects Group [believed] that the Koza incident began spontaneously." He added, however, that they also thought that "leftist elements [who had participated several hours before in a public demonstration protesting against the storage of chemical munitions] . . . incite[d] the onlookers to violent action."⁵⁸ The Air Force commander in Okinawa, however, saw

⁵⁶In 1972, Esso Standard, 50 percent owned by Esso Eastern and the remaining 50 percent share by General Sekiyu (Oil) and Sumitomo Chemicals, was renamed Nansei Sekiyu (Oil) Company. Currently, 87.5 percent is owned by General Oil and the rest by Sumitomo Chemicals. After reversion, Gulf Oil Corporation's refinery was reorganized into a joint venture known as Okinawa Sekiyu Seisei (Refinery), 45 percent owned by Gulf, 45 percent by Japan's Toho Oil and 10 percent by Mitsubishi Chemicals. It was acquired entirely by Idemitsu Kosan in 1980.

⁵⁷Thomas R. Howell, "Foreclosing A Japanese Hong Kong: Okinawa, 1967-1972," Japan Policy Research Institute (JPRI) Occasional Paper No. 15 (March 2000). <http://www.jpri.org/jpri/protected/op16.html>, accessed 5 January 2000.

⁵⁸From Col. William J. Truxal to the Commanding General (Lampert), USARYIS, 20 December 1970. Okinawa-shi, *Beikoku ga Mita Koza Bodo: Koza Riot as Seen by the U.S.* (Okinawa-shi, Okinawa: Okinawa City Government, 1999), 94.

it a little differently. "Based on all available factual information," he commented, "it appears likely at this time that the . . . civil disturbance was a spontaneous, unplanned explosion of underlying anti-American feelings." He noted that such "seemingly insignificant" incidents as "taxi-cab robberies, drunken driving by Americans, and other 'crimes of violence'" had been extensively reported on by the local news media over the previous several months and "likely created an 'ugly American' image in the minds of many Okinawans."⁵⁹ In Okinawa and mainland Japan, the incident was generally believed to be an outburst of the people's pent-up and smoldering resentment toward the American military occupation symbolized by the presence of poisonous gases and B52s and the acquittal of the serviceman. Police took fifty-two persons into custody and subsequently sent thirty-four of them to the prosecutor's office on charges of aggravated and simple assault, destruction of U.S. government property under Ordinance No. 144, and obstruction of the performance of police duties under the GRI criminal code. None was charged with rioting. Ten adults were subsequently indicted, while charges against the rest were dismissed.⁶⁰

How much impact the incident may have had on the reversion negotiations between Tokyo and Washington is not clear. Prime Minister Sato asked the Okinawan people to refrain from taking actions which might interfere with the smooth process of reversion. Foreign Minister Aichi and Armin Meyer, the U.S. ambassador, met on December 30 to discuss the situation on Okinawa. A U.S. Embassy press guidance memorandum prepared for the meeting emphasized that the "intensive work" on reversion had not been affected by the "unfortunate" incident, and that the chemical munitions would be removed "as expeditiously as possible."⁶¹ To prevent a recurrence of similar incidents, it pledged that the two governments would strengthen their "close collaboration with each other and all those concerned" in Japan, the United States and Okinawa. "To that end," the guidance stated, "full and frank consideration will be taken of the background factors [that led] to the incident including the problem of adherence to law and order by all those living in Okinawa. The criminal jurisdiction will continue to be studied, including possibilities of improvement in its exercise and operation. The U.S. is giving consideration to expanded use of the revised memorandum of understanding for improvement for investigative procedures signed on November 8, 1970, and to the establishment of a joint U.S.-GRI commission to study enhancing highway safety on Okinawa."

Reversion, with Bases Intact

The escalation of the war in Vietnam and the consequent anti-war movement in the United States forced President Johnson to withdraw his candidacy for reelection in March 1968. Richard Nixon won the 1968 presidential election on campaign promises to bring peace with honor in Vietnam and to unite a country divided by the war and racial tensions.

Negotiations between Japan and the United States on reversion and related issues

⁵⁹Comments by Lt. Col. John H. Kramb, USAF, "Department of Defense Intelligence Information Report," 20 December 1970. *Ibid.*, 103-104.

⁶⁰The Naha District Court found four of the ten guilty in June 1975. They appealed against the decision; the Fukuoka High Court dismissed the appeal the following year. One of the remaining six died during the trials, three disappeared, and two were found guilty of crimes unrelated to the incident. Hiroshi Hosaka, "Kaisetsu Koza Jumin Bodo; Commentary: Koza Civil Riot," *ibid.*, 12-13.

⁶¹U.S. Embassy to Secretary of State, 30 December 1970. *Ibid.*, 197-98.

moved ahead quickly. In November 1968, Sato was ready to comply with the continued storage of nuclear weapons and free use of bases by the United States in exchange for President Nixon's acceptance of his agreement with Johnson.⁶² By January 1969, however, Sato was determined to press for an Okinawa without nuclear weapons and with "homeland-level" restrictions on the bases. This was against the advice of foreign ministry officials such as Togo and Shimoda. These officials believed that, in order to achieve an early reversion, the government should permit the United States to re-introduce such weapons into Okinawa after reversion in times of crisis.⁶³ In March, however, Sato announced to the Diet that it was his policy to pursue a reversion with homeland-level restrictions and without nuclear weapons.

For its part, the United States was confronted with a serious economic crisis blamed in part on years of overseas military commitments such as in Vietnam. In July 1969, the recently elected President announced the Nixon Doctrine which called for allied nations, particularly those in Asia, to take more responsibility for their own defense; the United States would no longer commit its forces to fight in Asian conflicts but would confine itself to supplying weapons and technical assistance. "Asian hands," he declared, "must shape the Asian future." The President proceeded to prepare a phased withdrawal of American ground troops from Vietnam in a so-called Vietnamization policy.

He also sought détente with both Moscow and Beijing, resulting in the strategic arms limitation talks (SALT) and a new four-power accord on Berlin with the Soviet Union, as well as the establishment of diplomatic relations with China. At the same time, the government imposed wage and price controls and suspended the convertibility of dollars to gold, allowing the U.S. currency to float against the deutsch mark and yen in an attempt to prop up the American financial position and force its allies help to stabilize the U.S. balance of payments.

It was in the middle of these developments that, in January 1969, Nixon appointed Henry Kissinger as his national security advisor and directed the National Security Council's inter-agency group for East Asia to prepare a paper, for consideration by the NSC, on "alternative U.S. policies toward Japan." Significantly, the issues identified in U.S.-Japanese relations included Okinawa's reversion, American bases in Japan, the U.S.-Japan security treaty, and economic relations between the two countries.⁶⁴

Apparently based on this study and after further consideration by the NSC review group, Nixon reached a decision by the end of May on the American position and signed a National Security Decision Memorandum (NSDM 13)—a "top-secret" directive to the State Department outlining Washington's strategy for negotiations with Japan.

It stated that, first, he was prepared to agree to Okinawa's reversion by 1972 "provided there is agreement in 1969 on the essential elements governing U.S. military use and provided detailed negotiations are completed at that time." Secondly, the negotiation should be based on "our desire for maximum free conventional use of the military bases, particularly with respect to Korea, Taiwan and Vietnam." Thirdly, it should be based on "our desire to retain nuclear weapons, but indicating that the President is prepared to con-

⁶²Tamotsu Takase, *Daremo Kakanakatta Shuno Gaiko no Uchimaku* (Tokyo: Toyokeizai-sha, 1991), 34.

⁶³Togo, 157, and Takezo Shimoda, *Sengo Nihongaiko no Shogen*, Vol. 2 (Tokyo: Gyosei Mondai Kenkyujo, 1985), 177-78.

⁶⁴Kissinger to Secretaries of State, Defense and the Treasury, the Director of Central Intelligence, and the Chairman of the Joint Chiefs of Staff, 21 January 1969. NARA RG 273 NSSM Box 2, NSSM 5.

sider, at the final stages of negotiations, the withdrawal of the weapons while retaining emergency storage and transit rights, if other elements of the Okinawan agreement are satisfactory.”⁶⁵ By October, the Joint Chiefs of Staff had “reconciled” themselves to the notion that reversion, without nuclear weapons, was inevitable.⁶⁶

By the time Sato and Nixon met at the White House in November 1969, the two governments had reached an understanding that Japan would pay the United States \$685,000,000 for “civilian assets it will acquire on reversion” and for “certain costs connected with reversion.”⁶⁷ Specifically, Japan agreed to purchase “such income-producing properties as the electric power company, a bank and a POL [petroleum, oil and lubricants] distribution facility,” and roads and buildings “constructed for civilian and joint civil-military use.”

Japan also agreed to “action which will neutralize the adverse balance of payments impact” resulting from the impending dollar-to-yen conversion in Okinawa. Japan would “assume liabilities of various sorts for which the United States would otherwise be responsible,” such as “land rental payments, social security obligations to Okinawans employed by the U.S. and our obligation to restore leased land . . . to its original condition.” In addition, it would “pay any costs of relocation of facilities made necessary by the reversion agreement.” The United States further “made it clear” to Tokyo that “we are anxious to protect the interests of non-Ryukyuan [i.e., mainly American] businesses currently operating in Okinawa. Japan did not want to appear to be “buying back” Okinawa and, therefore, they agreed “discussion of these problems prior to the Nixon-Sato meeting should remain ‘secret forever.’” The *Mainichi Shimbun* disclosed in June 1971 the existence of a secret agreement between the two governments that Japan would take on the American responsibility to pay the \$4,000,000 required to provide for the restoration of some of the U.S.-held land to its original state.

In 1998, Professor Masaaki Gabe of the University of the Ryukyus discovered a U.S. government document confirming that Japan had secretly agreed to shoulder not only the four million dollars but also an additional \$160,00,0000 for the improvement and relocation of military facilities. The Japanese government has, however, denied that such a secret deal exists.⁶⁸

The confidential memorandum also disclosed that the United States had constructed and maintained “a complex of military bases and facilities at an original cost of more than \$600 million, and which have an estimated replacement value of \$2.5 to \$3 billion.” Although the implications of this statement were not clear, it was assumed from the context that Japan was willing to take responsibility for certain base-related expenditures. It added that the United States would continue to use its military complex after reversion.

On November 21, the two leaders issued a communiqué stating that “the two governments would immediately enter into consultations regarding specific arrangements for

⁶⁵National Security Council to Secretaries of State, Defense and the Treasury, and Director of Central Intelligence, 28 May 1969. The disclosure of this decision by Hedrick Smith in the *New York Times* (3 July 1969) so upset U. Alexis Johnson, the Undersecretary of State, that under his direction and at his suggestion an investigation was conducted at the State and Defense Departments to discover the source of the information. Elliot L. Richardson to the President, 4 June 1969, NARA RG 59, Central Foreign Policy Files, 1967-69, Box 2400.

⁶⁶Johnson, *The Right Hand of Power*, 544.

⁶⁷NSDM 13, “Background—Okinawa—Economic and Financial Issues of Reversion,” 28 May 1969, Nixon Project NSC Files, VIP Visit Box 925 F3.

⁶⁸*Ryukyu Shimpō*, 24 July 1998.

accomplishing the early reversion . . . without detriment to the security of the Far East including Japan." The consultations, they agreed, would be expedited in order to make the reversion a reality "during 1972." In June 1970, the Japan-U.S. security treaty, which would be applicable to Okinawa after reversion, was automatically extended.

The terms of the reversion now became an overriding concern to the people: among them, the future status of U.S. military bases on the island loomed large. With regard to nuclear weapons, Sato explained the Japanese people's "particular sentiment" against them and the Japanese policy based on this feeling. Nixon offered an assurance that reversion would be carried out "in a manner consistent with" Japanese policy. In a confidential minute to the joint communiqué, the President affirmed the U.S. government's "intention . . . to remove all the nuclear weapons from Okinawa by the tie of actual reversion." He added, however, that, "in time of great emergency," it "will require [their] re-entry . . . in Okinawa" with prior consultation with Japan. "In time of great emergency," it continued, the United States "also requires the standby retention and activation . . . of nuclear storage locations" at several bases in Okinawa.⁶⁹ Sato, in response, stated that the Japanese government "will meet these requirements without delay when such prior consultation takes place." Thus, the United States would not store nuclear weapons on Okinawa without the Japanese government's agreement, but the Japanese government would favorably consider a United States request for deployment of such weapons in Okinawa. Secretary of State William Rogers and the Deputy Secretary of Defense testified to the Senate that "we will not have nuclear weapons on Okinawa after reversion" and assured that "if there are any nuclear weapons there now, they will not be there after reversion."⁷⁰

Finally, on June 17, 1971, the two governments reached an agreement to accomplish the return of administrative rights over the Ryukyus to Japan during 1972, subject to the conclusion of specific arrangements and approval by the Diet and Congress. Japan would now, once again, assume "full responsibility and authority for the exercise of all powers and administration, legislation and jurisdiction over the territory and inhabitants of the Ryukyu Islands."

At the same time, the agreement committed Japan to grant the United States "the use of military facilities and areas" in the Ryukyus in accordance with the security arrangements between the two countries. It exempted Washington from any obligation to restore facilities and areas to their original condition and Tokyo from any obligation to compensate the United States for any improvements it had made in facilities and areas to be returned to Japan. Japan waived all claims, including those of Okinawans, against the United States and its nationals "arising from the presence, operations or actions of [its] forces or authorities." Japan recognized "the validity of all acts and omissions" made under the U.S. administration and "the validity of . . . final judgments in civil cases" rendered by any court in the Ryukyus before reversion. The properties of the USCAR-owned corporations would be transferred to the Japanese government, as would other U.S. properties located off-base; Japan would pay Washington \$320,000,000 for these assets and the extra costs the United States would bear in such areas as employment after reversion. The Voice of America would continue to operate for five years.

At the signing ceremony in Tokyo, Sato declared that he was "indeed gratified" at the agreement which would accomplish something "so long awaited for by our people." He

⁶⁹Wakaizumi, *"The Best Course Available,"* 396.

⁷⁰Department of the Army to RUHHRGA/CINCUSARPAC, 22 October 1971, CINCUSARPAC to RUEADWD, Department of the Army, 12 November 1971. NARA RG 319 (History of USCAR), Box 24 F3.

declared himself "deeply moved" when considering "how the people of Okinawa must feel about this great event." Referring back to his 1965 assertion that the postwar period would not end for Japan until Okinawa was returned to the "mother country," he added that he was "confident" that Japan could now truly be said to "have emerged from the postwar period" and was "ready to move forward to face the new era of the 1970s." The ceremony was attended by members of his cabinet, Armin H. Meyer, the American ambassador, and Lieutenant General James B. Lampert, the U.S. high commissioner in the Ryukyus.

Conspicuously absent, though, was Chief Executive Yara. Much to Tokyo's embarrassment, Yara had declined the Japanese government's invitation on the grounds that he was disappointed with the agreement in some important respects. In his message to the GRI Legislature, delivered several days earlier, he had reiterated his opposition to reversion with American military bases intact, the deployment of Japan's Self-Defense Forces troops to the island, and to the extension of the Japan-U.S. security treaty to Okinawa. Yara stated that the contents of the agreement were "far from the ardent wishes of the prefecture's people." Instead of reflecting their opinions, he said, the agreement caused "suspicions and complaints" over the status of the military bases, the claims for damages, and the continued presence of the Voice of America, the Seventh Psychological Operations Group, and other special units.

On June 17, Yara expressed his gratitude to Prime Minister Sato and other officials for their "hard work and efforts" in reaching the agreement, but repeated that it was hardly satisfactory from the standpoint of the Okinawan people. "It was my sincere hope," he stated, "that, when Okinawa returned to Japan, our anxiety related to military bases would be dissolved at long last or that, even if this hope was not realized immediately, the form of the bases would change so much as to reduce the anxiety substantially." In the agreement, however, the two leaders "recognized the important role the United States bases in Okinawa played." He expressed skepticism over the U.S. facilities which would remain, including the enormous Kadena air base, various Marine, navy and army bases and a host of other units such as the Seventh Psychological Operations Group and the SR-71 (Blackbird) reconnaissance unit that did not exist in the mainland, would have *hondonami* or "homeland-level" status. Yara also complained that the Japanese government had agreed to pay for assets that legitimately belonged to the Okinawan people and should be handed over to them gratuitously as a matter of course.

A mass rally held by the Okinawa Reversion Council on that evening called for the rejection of the agreement "which ignored the [wishes] of the people," and for "full reversion" without military bases and nuclear weapons. The GRI Legislature, attended only by the ruling Liberal Democratic Party, adopted a resolution on June 18 expressing its gratitude to the Japanese and American governments for having achieved "a great success in peaceful diplomacy" while a crowd of protesters confronted the riot police outside. That night, the Association of Business Owners held a lantern parade in Naha under a banner that was somewhat less than celebratory: "It's Reversion. Let's Work Hard."

Most Okinawans were not happy with the agreement. What they had been aspiring for all those years was to become Japanese nationals with the same constitutional rights, privileges and obligations as anybody else, no more and no less. In their minds, their desire was not something to be bargained for an increased Japanese military commitment or the continued presence of U.S. bases. Prime Minister Sato had stated in December 1969 that it was unprecedented in world history for a country to achieve peaceful recovery of a territory it had lost in a war. To many Okinawans, however, it was simply a matter of Japan reclaiming its sovereign land and those Japanese nationals it had placed in trust

with a foreign power, restoring them to their appropriate status.

An opinion poll conducted among Okinawans a week after the signing of the reversion agreement showed nearly a half of the respondents dissatisfied with it, because there was no prospect of Okinawa being free of nuclear weapons or of military bases being reduced upon return to Japan. Roughly the same percentage of people wanted the Voice of America, the SR-71 reconnaissance unit, and the Seventh Psychological Operations Group to be removed upon reversion. Nearly 64 percent felt uneasy and 43 percent pessimistic about their future after reversion.⁷¹

On November 24, the agreement was approved in the Japanese House of Councilors by the majority Liberal Democratic Party, but in the absence of the three representatives from Okinawa who boycotted the plenary session in protest, together with members from the Socialist and Communist parties. Yara criticized the LDP's unilateral action which he said was taken without sufficient consideration of the Okinawan people's plight, and called for renegotiation. The Okinawa Prefecture Reversion Council released a statement protesting the "forced passage" of the accord and subsequently held a rally denouncing it. The House also passed, this time with the support of all parties, a resolution calling for de-nuclearization and reduction of military bases in Okinawa. By the end of December, the House of Representatives had also endorsed the accord and passed the required legislation. In the United States, the Senate had already ratified the agreement on November 10 by an overwhelming majority: eighty-four in favor to six against, with ten abstentions.

As High Commissioner Lampert noted, however, Okinawan people were gripped with "ambivalent feelings, anxiety and tension." They "look forward to the end of American administration and their return to Japan; but, at the same time, they are uncertain, and they worry about how reversion will affect them personally. Most Okinawans would like to see greater reductions in our bases; but, at the same time, they fear that there might be large-scale reductions in the jobs provided by our bases without other jobs being available. The Okinawan economy and standard of living have been heavily dependent on our bases as well as various forms of U.S. economic assistance which will terminate on reversion. Okinawans are concerned lest Japan not provide the economic assistance which they believe will be required. Presently, the Okinawan people are particularly apprehensive that they might suffer serious economic losses as a result of the President's recently announced measures to protect the dollar and Japan's decision to float the yen."⁷² He trivialized the military base issue by linking it to "jet noises and other activities . . . which unavoidably cause inconvenience and irritation" and which "a vocal minority in the civilian population" exploited to "completely oppose our presence." But, obviously, it was a much bigger and more deep-rooted issue of serious concern to most Okinawans, as indicated by opinion polls and Yara's victorious election platform in 1968 demanding the removal of U.S. bases. Lampert acknowledged that "jet noises and other activities" such as "thoughtless acts of misconduct and offenses by Americans against Okinawans added fuel to the fire."

Workers expressed their anger and frustration on November 10, 1971, the second anniversary of the Sato-Nixon joint communiqué, by staging a twenty-four hour "general strike," the biggest ever held in Okinawa, involving eighty unions and more than an estimated 90,000 participants. Schools across Okinawa were closed, the bus service was cancelled, and gates to military bases were picketed. One riot policeman was burned to death when radical students hurled a petrol bomb. U.S. forces on the island invoked "condition

⁷¹*Ryukyu Shimpō*, 11 July 1971.

⁷²Speech before the Fort Buckner Officer's Wives Club, 10 September 1971.

green one," placing Naha and its neighboring Machinato commercial area off-limits to its personnel for twelve hours. Japan's decision to float the yen sharply increased commodity prices in Okinawa and added to people's anger at the central government which refused to compensate for the losses. Demonstrators "snake-danced" through the streets of Tokyo in protest against the agreement.

On January 7, 1972, Sato and Nixon signed an agreement in San Clemente, California, to effect the reversion on May 15. The President "indicated the [U.S. government's] intention . . . to confirm upon reversion" that its assurances about nuclear weapons in Okinawa "have been fully carried out."⁷³ The Prime Minister thanked Nixon and then "explained . . . why he felt it necessary" to have the U.S. bases on the island, after reversion, "realigned or reduced to the extent possible, particularly those in areas densely populated or closely related to industrial development." The President assured him that "these factors would be taken fully into consideration in working out . . . mutually acceptable adjustments" on a basis "consistent with the purpose" of the security treaty.

In the summer of 1971, the Department of Defense shipped chemical munitions, 13,000 tons of mustard and nerve gas, from Okinawa to Johnston Island, an unincorporated U.S. territory in the central Pacific which had been used for nuclear-weapons tests until 1962. Nuclear weapons were to be removed from Okinawa by November 1971. Plans called for a motor convoy to transport them from Army and Air Force storage locations and Nike sites at Henoko and elsewhere to White Beach and then ship them to other U.S. Army bases in the Pacific and to the Sierra Army Depot at Herlong, California.⁷⁴ Those at Kadena air base were to be air-lifted out of the island. A secret Department of State background paper in December 1971, however, indicated that they still remained on the island: "We are confident," it stated, "that the weapons can be removed by mid-May."⁷⁵

On May 15, 1972, the Ryukyu Islands formally became Okinawa Prefecture again. Ships at anchor and fire trucks sounded sirens at midnight to signal the beginning of a new era. At twenty-two minutes past midnight, High Commissioner Lampert departed from Kadena Air Base, symbolically terminating American occupation. The Ryukyu Police were re-named Okinawa Prefectural Police at 5:30 a.m. in a ceremony which saw the Japanese flag hoisted above the main office. At 6:15 a.m., the Prefectural Assembly—the former Ryukyu Legislature—opened its first session and adopted sixty bills before adjourning thirty minutes later. At 7:30 a.m., the United States returned Naha Airport to Japan. At 8:10 a.m., Yara stamped the governor's seal for the time on the documents passing the assembly's bills into law. At 8:45 a.m., the plaque on the old GRI executive building declaring that it was "dedicated by the United States of America to the people of the Ryukyu Islands" was removed. Ten minutes later, the prefectural government building nameplate was unveiled. At 9 a.m., conversion of U.S. dollar prices into Japanese yen prices began throughout the prefecture. Later in the morning, the postal stamp commemorating the reversion went on sale across the country, some 40 members of the Japanese Self-Defence Forces held an inaugural ceremony for the advanced administrative unit, and NHK began televising its educational programs in Okinawa.

In Tokyo, the government declared its determination to work toward creating a

⁷³ "Joint Statement of Japanese Prime Minister Sato and U.S. President Nixon," San Clemente, 7 January 1972.

⁷⁴ Department of the Army to RUHHRGA/CINCUSARPAC, 22 October 1971.

⁷⁵ "Removal of Nuclear Weapons from Okinawa: Background Paper," unspecified date, December 1971, NSA Record Number 80222.

"peaceful and affluent" prefecture, and closed its offices for the afternoon to celebrate the occasion nationally. Prime Minister Sato called the reunion "a historic accomplishment," congratulated the Okinawan people for their "perseverance, labor and wisdom" which had brought it about, expressed appreciation for the pains they had endured over such a long time, and pledged the government to work to ensure that reversion would bring lasting and tangible benefits to the population. Ataru Funada, speaker of the House of Representatives, spoke of his and the nation's pleasure at having Okinawa back and wished the Okinawan people peace and prosperity. At the same time, Sato stated that he was "fully aware" that the people, upon reversion, had "various worries and many demands," while Funada acknowledged that Okinawa, which had suffered greatly during and after the war, was still ridden with problems.

Indeed, Okinawa was not in a festive mood. While the government hosted a commemorative ceremony in Naha in the morning, attended by 1,200 invited guests and linked to the national ceremony in Tokyo by simultaneous broadcasting, the Okinawa Reversion Council held a protest demonstration in the afternoon. Some 10,000 teachers, company workers, students, women and others rallied in the rain around the council which described the reversion as "a Ryukyu *shobun*."⁷⁶ Later in the afternoon, Governor Yara told the press of "a very critical phase," "a harsh future," and "many difficult problems" confronting the people.

One immediate problem that needed to be addressed was a consequence of the dollar-to-yen currency conversion and consequent price increases. The conversion took place at 190 locations throughout the prefecture between May 15 and May 20. Allowed to float, the dollar had depreciated so much by then that the exchange rate was set at ¥305. A total of \$134,790,000 in cash and \$1,242,560,000 in savings were exchanged for \$410,539,000,000. The government paid the difference of \$61,883,000 in cash and \$50,013,000 in savings (net assets) that had been registered with the government in October 1971 when the official rate was fixed at ¥360. It did not compensate for the remaining loss of the equivalent of ¥2,287,230,000.

Inflation affected people further in other ways. The prefectural government and some major companies, as they had previously agreed, converted the wages of their employees at an exchange rate of ¥360. Public utility charges and bus and taxi fares were also exchanged at that rate. Cleaning shops, public bathhouses, restaurants, hotels, barber shops and other businesses that consumed gas, electricity and water in large quantities raised their prices accordingly. But for most other transactions and labor costs, the exchange rate was fixed at ¥305. As a result, most wage earners lost ¥55 for each dollar, while people in debt gained ¥55. The new prices of most daily essentials were either raised to the next round figure or converted at rates substantially higher, further affecting families. Salters lost their business to the nationalized Japanese salt monopoly. Japan's Anti-Prostitution Law, in effect in Okinawa for the first time, threatened to force the prostitutes—estimated at more than 10,000—out of business or into the underground market. Many people were now burdened with huge new debts.

On the other hand, Tokyo decided to exempt, deduct or otherwise keep most of the taxes at the current rates for one to five years, and to control the prices of rice, powdered milk, sugar and petroleum. The government also took measures to provide assistance to those who had lost jobs as a result of the reversion, permit special import quotas for par-

⁷⁶Historically, "Ryukyu *shobun*" refers to the "forced annexation" of the islands to Japan in 1872-79. The term was used here also to refer to Japan's agreement in 1952 to allow the United States to maintain direct control over the Ryukyus.

ticular items, and to revamp the University of the Ryukyus as a national institution with an attached general hospital. National health insurance, welfare annuity insurance, workmen's accident compensation insurance, unemployment insurance and other such systems were to be applied to the Okinawan people without becoming disadvantageous to them. Metric distances were introduced on road signs, though Okinawans would continue to drive on the right side for several years.⁷⁷ A marine exposition was to be held in northern Okinawa in 1975 to commemorate the reversion as well as to activate the economy.⁷⁸

As Yara pointed out, however, the biggest problem of all was the continued presence of the American bases. Given the small size of these crowded islands, the military installations were out of all proportion. The United States still maintained 42,000 troops and dependents and eighty-seven military facilities spreading over 59,000 acres, roughly 11 percent of the entire prefecture and close to 20 percent of the main island of Okinawa. About 35 percent of the land occupied by the U.S. forces was privately owned and most of the rest belonged to the national or municipal governments. In contrast to mainland Japan, where nationally-owned land accommodated 88 percent of the American military facilities. Bases remained a dominant and irritating feature of Okinawa.

On May 15, 1972, Secretary Rogers assured Foreign Minister Takeo Fukuda that Okinawa had been returned "in a state consistent" with its policy on nuclear weapons.⁷⁹ A U.S. government document later confirmed that the weapons were removed from Okinawa, but not until June 1972, a month after reversion.⁸⁰ Suspicions lingered in the minds of many people that the weapons might still be stored there.

"The major question," as U. Alexis Johnson, the American ambassador to Japan recalled later, "was handled to the mutual satisfaction of Japan and the United States and became a positive factor in their relations."⁸¹ The only group, it seems, whose satisfaction was excluded from this exercise in mutual back-slapping was the Okinawan people themselves.

⁷⁷The change-over was carried out on 30 July, 1978, when all moving vehicles stopped at 5:50 a.m. and then moved to the left of the roadway during the next ten minutes. Late-comers simply kept to the left.

⁷⁸Thirty-six countries and a number of Japanese corporations participated in the exposition. It attracted some 3,500,000 visitors and public and private mainland investment in Okinawa estimated at ¥350,000,000,000, which spurred land purchases, construction of roads and hotels, souvenir shops and golf courses, followed by adverse after-effects such as increased land prices, bankruptcies and higher unemployment.

⁷⁹Rogers to Fukuda, 15 May 1972.

⁸⁰"The History of the Custody and Deployment of Nuclear Weapons July 1945 through September 1977" (Appendix B, titled "Chronology Deployment by Country 1951-1977"), quoted in Robert S. Norris, William M. Arkin and William Burr, "Where They Were."

⁸¹U. Alexis Johnson, *The Right Hand of Power: The Memoirs of an American Diplomat* (Englewood Cliffs, Calif.: 1984), 548.