

CHAPTER 5

The Okinawa Reversion and After: An Assessment of the Record During the Past Two Decades

Akio Watanabe

Professor of International Relations
The University of Tokyo

Introduction

There could be varying criteria for assessing the significance of the reversion of Okinawa depending on what kind of expectations one had about Okinawa's future when it was decided that the islands would be returned to Japanese administration. Those expectations are related in turn to what one means by the word "hondonami" (mainland standard).

Let us focus on the following three criteria for the purposes of this essay: (1) the improvement of living standards of the ordinary citizen of Okinawa; (2) the reduction, if not complete withdrawal, of U.S. military bases in Okinawa; and (3) the smoothing of difficulties in the political management of the U.S.-Japan alliance. What follows is a brief attempt by the author to assess the achievements in Okinawa during the past twenty years in these three regards.

1. Economic Improvement

An overwhelming majority of the people of Okinawa today assess the consequences of the reversion in very positive terms. The reasons are multifarious, but the economic improvement of their life is undoubtedly the most cogent one. The opinion survey data show a prevailing anxiety about their economic plight in the earlier years of the post-reversion period, which, however, was replaced rather dramatically by an affirmative outlook in more recent years. (See Table 1).

Table 1 How Okinawa Views the Twenty Years Since Reversion

| | 1992 | 1987 | 1976 | 1972 |
|-------------------|------|------|------|------|
| Life has improved | 61% | 48% | 9% | 8% |
| No change | 18 | 26 | 30 | 50 |
| Life has worsened | 7 | 13 | 51 | 41 |
| Don't know | 14 | 13 | 10 | 1 |

Source: *Ryukyu Shimpō*, April 15, 1992.

Note: An opinion survey recently conducted by the *Okinawa Times* indicates that 88% of the interviewees responded in an affirmative way to question on the same theme. The reasons given by them were (1) increased exchange with the mainland, (2) improvement of public facilities, and (3) industrial development, in this order. The *Okinawa Times*, May 14, 1992.

It would not be unreasonable to attribute this attitudinal change of the local population to the effects of the two Ten-Year Development Plans for Okinawa and other related measures taken by the Japanese government during the past two decades. The substantial amount of money (¥3.4 trillion) that was poured into the islands from the national coffers could not but have had marked effects, though not always wholesome, upon the local economy of Okinawa. As a result, the per capita income of Okinawa Prefecture rose from 60% of the national average to 70-75% in recent years, which, although short of the initially-set target (80%), can be regarded as a reasonably good achievement.¹⁾

The most remarkable achievement was in the field of social capital, and things like road systems and harbor and airport facilities have been much improved. As a result Okinawa

surpassed the other prefectures on some scores, such as the rate of pavement of roads (65% of the prefectural roads are paved in Okinawa as compared to the national average of 45%, as of April 1988). The only Japanese prefecture which has no railway system, Okinawa relies heavily on road transportation. The improved infrastructure was no doubt a factor contributing to promotion of the tourist industry. The number of incoming tourists increased from 444,000 in 1972 to 2,395,000 in 1988, in which year income from the tourist industry amounted to 15.5% of total external receipts, whereas military-related income came to 9%.

The Okinawan economy did not fare very well during the first half of the ten-year term of Development Plan I, but it began to pick up during the second half. When the Japanese economy as a whole entered a period of slower growth, Okinawa alone experienced a high growth rate, and so is often described as a latecomer to high economic growth. Although growth soon leveled off, it remained at a slightly higher rate than the national average, which helped the per capita income of Okinawa draw somewhat closer to the national average.

What was not achieved, however, was the second target of the ambitious Development Plan: establishment of the foundations for autonomous development of the prefectural economy. The still unusually high rate of dependency on the national coffers is a symptom of this problem. Most Okinawan public works projects had been financed as much as 80-100% by the central government, while the other prefectures usually get no more than 60% of the total cost subsidized by national funding. At the time of reversion, the structure of the Okinawan economy was skewed to the extent that the secondary industry sector contributed only 18% of the gross product.

It was planned that the share of the secondary industry sector would rise to 30% by the end of the first decade of the Development Plan, but even today Okinawa is a long from that goal. The share of secondary industry in 1987 was 22% as compared with the national average of 36%. More importantly, the breakdown of these figures shows that manufacturing industry

accounted for less than 7% of the net product of Okinawa while it accounted for more than 27% of Net National Product. Okinawa is at present in search of a development plan which will enable the prefecture to stand on its own feet. This is the task facing the authors of the Third Ten-Year Development Plan, which will start this year. (The Law for the Third Ten-Year Development Plan for Okinawa was passed by the Diet in April 1992. The Okinawa Prefectural Government is now preparing its own proposals, which are to be incorporated, after re-examination by the national government, into a concrete policy).

2. Military Base Problems

The phrase "hondo-nami" (mainland standard) often heard around the time of the reversion, was not necessarily defined in an unerring way. It was not without good reason, however, that many of the people in Okinawa had expectations that reversion would bring about some improvement in a situation characterized by the unusually densely concentration of U.S. military facilities in Okinawa as compared to the rest of Japan.

The past twenty years have witnessed some reduction of U.S. military facilities both in Okinawa and in mainland Japan. Table 2 presents a summary of the past record in this regard.

Table 2 U.S. Military Bases in Okinawa and on the Japanese Mainland

| | Number of U.S. military facilities | | Land area utilized by the U.S. military (km ²) | |
|-----------------------|------------------------------------|----------|--|----------|
| | Okinawa | Mainland | Okinawa | Mainland |
| 1972 | 83 | 98 | 278 | 196 |
| 1992 | 43 | 61 | 242 | 82 |
| Rate of reduction (%) | 46 | 38 | 13 | 58 |

Source: Data supplied by the Defense Agency.

The rate of reduction was very small for Okinawa as compared with that for the mainland (meaning the whole of Japan minus Okinawa), actually elevating rather than reducing the degree

of concentration of U.S. military facilities in Okinawa (the land for U.S. military use on Okinawa accounted for 59% of the total land area used for that purpose throughout the country in 1972; the figure increased to 75% in 1992).

Some of the U.S. military facilities, the Naha Air Base being among the most important, were transferred to the Japanese Self-Defense Forces, thus further reducing the portion of real estate transferred to the civilian sector. The Makiminato housing area (located within the city limits of Naha) is among the most notable examples of the second category. It is only in recent years, however, that a program for redevelopment of the land was actually drawn up. The long delay is explained by the extreme difficulty with which an agreement was reached among the landowners concerned.

As this experience shows, the mere transfer of the right to use the land is not enough; painstaking efforts are needed before the land is put to actual use.

Table 3 indicates that as much as 11% of the total land area of Okinawa Prefecture is now procured for military purposes. A large part of this is located on the main island of Okinawa, as much as 19% of which is used by the U.S. military. Inconveniences that the people of Okinawa experience as a result of the procurement of significant real estate by the U.S. (as well as Japanese) military forces cannot therefore be overlooked.

Table 3 The Percentage of the Total Land Area Used by the Military

(As of 1992)

| | U.S. Military | Japan SDF | Total |
|------------|---------------|-----------|--------|
| Okinawa | 11.04% | 0.29% | 11.33% |
| Mainland | 0.02 | 0.28 | 0.30 |
| Nationwide | 0.09 | 0.28 | 0.37 |

Source: Data supplied by the Defense Agency.

However, the term "base-dependent economy," once commonly used in reference to Okinawa, is no longer an accurate description. It is true that military-related income is still quite substantial. Rent for land and Wages for workers

on the U.S. military bases in Okinawa are among the important budget items of the Defense Agency of the Japanese Government. Both items have shown a dramatic increase during the past two decades; rent increased from ¥15 billion to ¥59 billion, and wages from ¥500 million to ¥31 billion. The accumulated Okinawa-related expenditures of the Defense Agency (including the above-mentioned two items) during the period from 1972 to 1991 comes to ¥1.663 trillion. (This figure should be compared to ¥3.4 trillion for the two Ten-Year Development Plans for Okinawa mentioned earlier.)

Nevertheless, the share of military-related income in the prefecture's gross expenditure showed an impressive decline from 15.6% in 1972 to 5.3% in 1987. (It is significant that the receipt from tourism grew from 8.1% to 10.6% of the gross prefectural expenditure during the same period of time).

One can conclude this section by making the following three points:

(1) The U.S. military presence in Okinawa still remains very substantial physically, in terms of the land area occupied by the military. Psychologically and economically, however, its impact on the local populations has been much reduced. The economic improvement of Okinawa is undoubtedly an important factor explaining this change in the psychological environment.

(2) The importance of the military for the local economy is a debatable question. The owners of military land (about 28,000 individuals) depend most directly on income from the military (more precisely, the Japanese government). A large majority of landowners agreed to an extension of the lease when the 20-year contract expired, while 585 of them refused to renew. The latter group included some 500 "nominal" owners who possessed tiny tracts of land (about 67m² altogether) and refused to renew as a political gesture demonstrating their objection to the U.S. military presence. Significantly, however, while the political/ideological objectors are losing ground, there are signs of growing sentiment among pragmatic and commercial-minded citizens for an early transfer of the land to the civil sector. Apparently, the rising price of land

is a factor contributing to this trend. And the irony is that the same factor. The high price of land constitutes an obstacle to the promotion of manufacturing industry because Okinawa cannot compete with other prefectures (such as Kagoshima, Kumamoto, Fukuoka etc.) which can provide prospective investors with much lower-priced land for factories. A solution to this problem may be to create an Okinawan economy which is comparatively less dependent on land use by fostering high-tech and information industries, for example. An Okinawan economy of such a type, one advocate of this vision maintains, can co-exist with the U.S. military bases. At any rate, land policy will inevitably assume a larger role in the future of Okinawa henceforth.

(3) Speculation is rife about the withdrawal of — if not the whole then at least a substantial portion of — the U.S. military from Okinawa in the not-too-distant future. An article in *The Okinawa Times* (April 16, 1992) reported, quoting from “diplomatic and military sources” in Washington, DC, that there exists within the Pentagon an influential school of thought which is in favor of an early pull-out of the Marines from Okinawa. According to the report, a large part of the Marines will be transferred to Hawaii, and the remaining U.S. forces will be reorganized, reducing the area of land used by the U.S. military to about one-third of the present level by the end of this century. The role of the Okinawan bases would be mainly that of logistic support and training for forward-deployed forces. Both U.S. and Japanese authorities denied the authenticity of this report for understandable reasons, but it would not be unreasonable to assume that the Department of Defense is giving careful consideration to such a plan as one of the scenarios for the next decade. This being the case, it would be advisable for the Japanese Government to map out a long-term development plan for Okinawa, taking into consideration that possibility.

3. The Management of The Alliance

The reversion of Okinawa was considered necessary to facilitate the political handling of the U.S.-Japan alliance system. The special

arrangement provided for the U.S. military presence in Okinawa for a period of about twenty years after the San Francisco Peace Treaty had been signed, acting as a built-in stabilizer of the alliance system, that is to say a convenient device by which the managers of the alliance, both in Tokyo and in Washington, could keep political opposition to the alliance within bounds. Japanese policy makers could feign innocence before the anti-military public about the “uncontrollable behavior” of the U.S. forces stationed in Okinawa, claiming that the islands fell beyond their jurisdiction. The American military leaders could enjoy a maximum degree of freedom as far as their base rights in Okinawa were concerned, thus somewhat compensating for what they had “lost” after Japan regained its sovereignty.

The political advantages of this arrangement gradually diminished during the twenty years after the San Francisco Peace Treaty due to two important developments: the political awakening of the people in Okinawa and the economic growth of Japan. The people of Okinawa began to think that it would be unfair for them alone to be required to make special sacrifices once again for the sake of the U.S.-Japan alliance, after a long history of what appeared to be servile submission to the mainlanders, — the Battle of Okinawa preceding Japan's surrender being part of that long history. Witnessing the remarkable economic recovery of mainland Japan, they ceased to be persuaded that the only hope of an economically decent life for them was continued reliance on the U.S. military bases. Under these circumstances, the managers of the U.S.-Japan alliance tried to save the situation (a) by allowing the Okinawans a greater degree of political autonomy than before and (b) by allowing them an opportunity to enjoy a share in the fruits of Japan's economic growth — hence the growing importance of financial assistance from the Japanese Government to Okinawa during the 1960s.²⁾

Years had passed before the managers of the alliance began to realize that they could no longer rely on these methods. A more dramatic political gesture was needed, they thought, if only for the purpose of stabilizing the U.S.

military presence in Okinawa. They could not have had decided to return the islands to Japanese administration at a better moment. If delayed, the political situation in Okinawa could have had gotten out of control. Also, the increasingly vexing issues of economic friction would have absorbed the minds of political leaders on the both sides of the Pacific, diverting their attention from the Okinawa problem. Even if an agreement was achieved, Congress might well have refused to give it its blessing.

As our analysis in the preceding two sections shows, the twenty years after the reversion was the period during which efforts were made to handle the politically sensitive problem of Okinawan bases within the new framework of a joint, undertaking between Japan and the United States, as opposed a unilateral U.S. undertaking. By taking over the legal and financial burdens from the U.S. authorities, the Japanese government has succeeded in reducing, to a significant degree, the psychological and economic impact of the U.S. military presence on the daily life of the people of Okinawa. Having seized just in time the opportunity to ride on the coattails of East Asia's most economically advanced country, Okinawa now enjoys fairly good living standards compared with the other economies of the region. (See Table 4 below.)

Table 4 A Comparison of GNP per Capita (1988)

| | |
|-------------|--------|
| Japan | 23,382 |
| Okinawa | 17,537 |
| Hong Kong | 9,637 |
| Taiwan | 6,147 |
| Korea | 4,082 |
| Malaysia | 2,047 |
| Thailand | 1,062 |
| Philippines | 667 |
| Indonesia | 471 |

Source: Keizai Koho Center. *Japan: An International Comparison 1991*, p. 12. The figure for Okinawa is calculated assuming its per capita gross product to be 75% of that of Japan. The figures are in U.S.\$, calculated according to the annual exchange rates of the IMF, *International Financial Statistics*.

Conclusion

The balance sheet for the reversion is, one can plausibly claim, in favor of those who are concerned with and responsible for successful management of the U.S.-Japan alliance. It would be dangerous, however, for the managers of the alliance to indulge in complacency. They are going to face a real challenge in the next decade in the sense that it will require their concerted efforts to find the means by which the alliance can adjust itself to the new reality of the post-Cold War era and by which the U.S. military (and we should add Japan's SDF as well) can get along harmoniously with a sound Okinawan economy. The achievements during the past two decades are indeed encouraging, having established a good foundation for this future task. But the task is yet to be accomplished, and in that sense the Okinawa problem is still with us.

Foot Notes

- 1) Okinawa Development Agency, *Okinawa Shinkokaihatsu no Genjo to Kadai* (The Present and Future of the Okinawa Development Plan), July 1990, p. 27. The Ryukyu Ginko (The Bank of the Ryukyu), *Sengo Okinawa Keizaishi* (History of the Postwar Economy of Okinawa), 1984, p. 1246 ff provides an analysis of the problem from an Okinawan perspective.
- 2) Akio Watanabe, *The Okinawa Problem: A Chapter in Japan-U.S. Relations* (Carlton, Victoria: Melbourne University Press, 1970) is a detailed analysis of the pre-reversion political process.