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Japan, Rice, and Super 301

by Randall Allen

Japan is an important American partner in both security issues and economic-trade issues. But closed Japanese markets, especially in rice, are a bone of contention between the two countries. America's "Super 301" could be used to pressure Japan towards more open markets, but that pressure could potentially sour U.S.-Japanese relations. The potential costs and benefits of using Super 301 to force a more open rice market are assessed both in terms of the economic and trade implications and in terms of the potential security implications. The effects of Super 301 on the General Agreement on Tariffs and Trade (GATT) negotiations is also assessed. Finally, the overall effects are examined in an effort to develop a policy recommendation.

Thesis

Super 301 could produce positive net effects with regard to forces for change in Japan. Its enactment would most likely lead to U.S. penetration of the rice market.

However, Super 301 would damage U.S. leadership capabilities in GATT and represents an undemocratic approach to international conflict resolution.

Comparative studies of 1988 Super 301 and GATT market-opening efforts suggest that Super 301 would not be any more effective than GATT, which has already taken up the issue of liberalizing Japan's rice market. Thus, even if Super 301's unique net benefits in terms of effects on forces for change within Japan were judged to rival the damaging costs to U.S. overall democratic-international leadership capability, enactment of Super 301 would be unnecessary. That is to say, with comparative results in terms of exports being basically equivalent, the broader objectives of strengthening and sustaining the United States' leadership of global democratic efforts such as GATT should take priority over the possibility of affecting rice-related forces internal to Japan. It is arguable, however, that at least the current threat of a rice-targeted Super 301 has prompted Japan's willingness to support the rice-liberalization negotiations in GATT. Thus, this threat should be maintained, for example through the activity of pro-Super-301 elements within Congress.

I. Comments on Methodology

This analysis attempts to produce a policy recommendation with regard to United States international trade, ideology, and security interests. It does not examine why Super 301 is enacted, in terms of various political forces internal to America.

The data upon which much of the discussion rests is subject to some error, both in the way it is presented and the way in which it is used. No fundamental arguments in this essay, however, rest on fine-line distinctions in quantitative data, but rather on general trends, ensuring that the logic of the essay can withstand possible margins of error in data measurement or interpretation.

Although the author began his research with a personal political viewpoint basically in opposition to Super 301, every
effort was made to provide fair analysis and conclusions.

The secondary issue of ideology, which involves the discussion of democracy, is certainly value-laden; the assumption is that democracy is inherently good and worth supporting not only within the United States but as much as possible in the context of international relationships as well. This assumption will be shaped and defined at the appropriate point in the paper. It ought to be frankly stated from the onset, however, that although the assumption is debatable—even to the point of providing an excellent topic for future research—it is accepted prima facie in this paper and forms an important part of the thesis.

II. Background, Framing the Issue

The Importance of Japan, Primary Issue: Economics/Trade

Japan has the world's third largest economy, behind the United States and the former Soviet Union, with a Gross National Product of two trillion eight hundred and ninety billion dollars (Farnsworth 1992, 11). Apart from Canada, Japan and the United States are each other's greatest single-nation trading partners. Table 1 compares U.S.-Japan trade and trade with some other nations. (Farnsworth 1992, 31).

Japan is the largest market for U.S. agricultural exports, taking in over eight billion dollars value in 1990, with the next country in line, Canada, only importing half as much, approximately four billion dollars (CRS 1992b, 1).

The sheer magnitude of Japan-U.S. trade alone would establish a sufficient backdrop to elevate discussion of Super 301 to a place of keen interest, but the grave problems within the overall trade relationship serve to further intensify the setting. The primary difficulty facing the relationship is the trade imbalance, as shown in Table 2.

The causes of the trade deficit are several: macroeconomic factors such as imbalanced interest rates and capital flows, manufacturing quality and marketing techniques, and internal and external barriers to trade. The importance of Super 301

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>20.7</td>
<td>37.7</td>
<td>-17.1</td>
</tr>
<tr>
<td>1983</td>
<td>21.6</td>
<td>41.2</td>
<td>-19.6</td>
</tr>
<tr>
<td>1984</td>
<td>23.2</td>
<td>57.1</td>
<td>-34.0</td>
</tr>
<tr>
<td>1985</td>
<td>22.2</td>
<td>68.8</td>
<td>-46.6</td>
</tr>
<tr>
<td>1986</td>
<td>26.6</td>
<td>81.9</td>
<td>-55.3</td>
</tr>
<tr>
<td>1987</td>
<td>27.8</td>
<td>84.6</td>
<td>-56.8</td>
</tr>
<tr>
<td>1988</td>
<td>37.4</td>
<td>89.8</td>
<td>-52.4</td>
</tr>
<tr>
<td>1989</td>
<td>44.5</td>
<td>93.5</td>
<td>-49.0</td>
</tr>
<tr>
<td>1990</td>
<td>48.6</td>
<td>89.7</td>
<td>-41.1</td>
</tr>
<tr>
<td>1991</td>
<td>48.1</td>
<td>91.6</td>
<td>-43.4</td>
</tr>
<tr>
<td>1992*</td>
<td>16.0</td>
<td>31.0</td>
<td>-15.0</td>
</tr>
</tbody>
</table>

*January - April

Source: Cooper 1992, 1.
rests in part in its potential to bring about a reduction in the trade imbalance through eliminating external barriers to trade, such as Japan's rice-import ban.

Certainly, the economic level of inter-dependence as well as the difficulties of the relationship reflected in the summary figures above serve to define Super 301 as a policy option dealing with high stakes and thus calling for careful and judicious analysis.

The Importance of Japan, Secondary Issue: History/Ideology

Japan has particular importance to the United States as a nation whose basic governmental and economic structure was put into place by U.S. occupational leadership after World War II. As such, it represents an experiment in the viability of American Constitutional ideals, as well in the adaptability of those ideals to forms of culture and society drastically different from those found in North America. It is interesting to note the difficult struggles erupting in several Eastern European nations as each attempts to adopt democratic and capitalist ideals similar to those traditionally upheld and proclaimed by the United States. Certainly the U.S. has an interest in the successful adoption and establishment of such ideals globally. Although Japan is unique in many ways and thus not a completely universalizable model of transition from centralized power to freedom and democracy, it serves as one example of a very successful transition, as guided and aided by the United States.

Here, as with the trade issue discussed earlier, it becomes clear that the continued alliance and successful interaction between the United States and Japan is of great importance; thus, careful consideration of Super 301 as a dynamic policy option becomes an exciting and critical task.

The Importance of Japan, Secondary Issue: Security

Japan is a vital ally for the U.S. in the Far East; the health of Japan-U.S. relationships is a key factor in maintaining stability throughout the Pacific Rim. While Japanese invasions of China and Korea during World War II still leave trailing elements of distrust, Japan's neighbors have slowly opened productive diplomatic and trade relations with their former aggressor, assured by the commitment to non-militarism established by Japan's Constitution and supported by the extensive system of surrogate defense forces placed on strategic Japanese soil by the United States, based upon the Mutual Security Treaty for Strategic Protection signed in 1955 (CRS 1992a, 1).

With the fall of the Soviet Union, the long-standing alliance lost one of its initial purposes for existing as well as a dynamic unifying threat throughout the Cold War period. While Japan and the U.S. have traveled almost far enough as global partners to forget the enmity and military monstrosities they exchanged during World War II, the absence of Soviet threat coupled with a general decline in bilateral economic relations, as epitomized in the United States' festering trade deficit, threatens to endanger the productive and useful security alliance.

An interesting 1990 Business Week poll found that 68 percent of Americans consider the Japanese economic threat to U.S. interests greater than any military threat from the former republics of the Soviet Union. A different poll conducted by the New York Times in 1989 found that almost half of Japanese citizens believed
that if Japan were attacked, the United States would not help militarily (JEI 1990, 4). This polling data clearly reflect the existence of animosity and doubt within the U.S.-Japan security relationship. Likewise, the symptoms of recent breakdown in the overall Japan-U.S. relationship clearly appear in the polling

Table 3. Poll: Japan-U.S. relations.

<table>
<thead>
<tr>
<th></th>
<th>Very Friendly</th>
<th>Somewhat Friendly</th>
<th>Somewhat Unfriendly</th>
<th>Very Unfriendly</th>
<th>No Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How would you describe relations between Japan and the United States today?</td>
<td>23%</td>
<td>65%</td>
<td>6%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>17%</td>
<td>62%</td>
<td>10%</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>68%</td>
<td>20%</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>11%</td>
<td>57%</td>
<td>25%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Source: Adapted from JEI 1990, 3-4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

data in the form of general decline over time in positive impressions held by Japanese and U.S. citizens toward each other. One *New York Times* poll found a discouraging trend (with one exception in the Japanese "Very Friendly" category) between 1985 and 1989, as reflected in responses to the question in Table 3.

It is clear that although Japan and the United States depend on each other as economic, historical/ideological, and security partners, growing ill-will--in part, no doubt, from tension over trade--threatens to weaken the relationship. The following analysis of Super 301 must take into account this reality.

Basic Description of Super 301

Super 301 is an amended form of Section 301 of the Trade Act of 1974, which originally authorized the President, through the United States Trade Representative (USTR), to investigate unfair foreign trade practices and increase duties or other restrictions in retaliation when deemed appropriate. Super 301 has only been enacted once, as part of the 1988 Omnibus Trade and Competitiveness Act. It represented Congress’ reaction against what was perceived to be the too feeble and too infrequent employment of Section 301 action by the executive branch. It mandated that the USTR annually list priority unfair trading partners with their respective unfair trading practices. After announcing this list, the USTR was given a 12 or 18 month deadline, depending on the type of practice, by which it had to either acquire sufficient concessions at the negotiating table or recommend appropriate retaliatory actions (Nanto 1991, 1-2). The 1988 Super 301 expired after two years of implementation in 1989 and 1990. The dominant proposal in the 102nd Congress to re-enact Super 301, House Resolution 5100, vied to bypass the discretionary list-making powers of the USTR in posing mandates to specifically investigate several nations’ trade restrictions, including Japan’s import ban on rice. Although H.R. 5100 failed to pass, its Democratic sponsors are expected to push similar Super 301 legislation to the decision-making agenda in the 103rd Congress.

Super 301 is perceived generally as a hard-hitting, decisive means of prying open unfairly restricted foreign markets for increased U.S. exports. This perception stems from the condemnable tone of the unfair trading partner/practice list, the
affixing of strict deadlines, and the threat of retaliation.

**Japan and Rice: The History and Reasons Behind the Rice Import Ban**

Following World War II, Japan faced a severe food shortage caused by forced repatriation of Japanese nationals formerly living outside Japan and by the collapse of Japan’s productive colonial ties throughout the Pacific Rim. Food consumption dropped below 1400 calories through 1950. The United States instituted land reform, creating a small-plot farming system with rice as the primary crop and dietary staple. This system remains largely intact today, with part-time rice farmers managing a meager 2.5 acres on the average. In order to protect this small-time farming operation as a guarantee of at least basic food security and to avoid any repeat of the terrible post-war years of hunger and dependence upon foreign food aid, Japan closed its borders to any importation of foreign rice. Though producing a high-quality rice, the Japanese rice industry passes on a consumer price of five to six times the current world price of rice due to the import-ban (USDA 1992, 5).

Protecting domestic rice production is not only a reflection of food-security concerns, but also of Japanese culture. Rice plays a central role in many Japanese religious festivals and ceremonies, including the daily offering of bowls of rice to deceased ancestors at family in-house shrines known as *butsudan*. Many Japanese city-dwellers maintain strong ties to original family homes in rural areas supported in part by the income transfers caused by the protection of the small-scale rice farming industry. The rice-import ban reflects a desire to maintain cultural sovereignty through conserving traditional domestic production of rice (CRS 1992b, 1).

**Japan and Rice: Forces Against Change**

Both the concern for basic food security and the desire to protect home-production of one of Japan’s principal cultural items, as described above, work as strong forces against revoking the rice-import ban. Other forces against change exist in addition to these two.

**The Political Power of Agriculture**

Despite a drastically lower level of overall agricultural output, Japan has twice as many farmers as the United States, 85 percent of whom are part-time farmers of small home fields (USDA 1990, 3). The sheer number of farmers, as well as the cultural and historical significance of their product, has created an entrenched political interest group which holds tightly to the strings of the Liberal Democratic Party (LDP), which has commanded a majority in the Japanese Congress or "Diet" for the last 35 years. Additionally, the Ministry of Agriculture is vehemently opposed to trade liberalization, as it serves a basic constituency which is internationally non-competitive. Pressure from the ministry, coupled with longstanding financial and voting support of the LDP by the agricultural community have proven to set Japan’s rice ban up as a firm and lasting symbol of resistance to change (Ahearn 1989, 24). To appease the agriculture lobby, the Diet has adopted several resolutions expressing opposition to rice liberalization (Asahi 1992, 3). The defeat of a pro-rice-market liberalization LDP candidate by a somewhat obscure
opposition party candidate this year was precipitated by a backlash against the LDP candidate in nine out of ten rice-producing counties. Hiromu Nonaka, chief of the LDP election bureau observed, "[The] major factor responsible for the defeat of the LDP . . . candidate in the . . . election was the rice issue" (2).

It is very difficult for pro-trade liberalization politicians and bureaucrats in Japan to formulate a strong enough coalition to overcome the agricultural interest's hold over such status quo protectionist policies as the rice ban. When Keidanren, the largest big business advocacy group in Japan, openly opposed protectionist agricultural policy in 1984, a grass-roots movement mobilized to boycott all products produced by companies affiliated with Keidanren, promptly producing a formal apology and a recanting of the suspect criticism (Ahearn 1989, 56-7).

The Power of the Status Quo

A final broad force against rice liberalization is the inherent Japanese societal esteem for the status quo. A May 1990 poll conducted by the Japanese Prime Minister's office found that approximately 90 percent of Japanese households consider themselves "middle-class" (Farnsworth 1992, 86). Raymond Ahearn, a specialist in trade relations at the U.S. Library of Congress, observes, "[t]his has been interpreted to mean that the vast majority of Japanese have achieved a measure of material well-being and are basically satisfied with the way they live" (Ahearn 1989, 57).

This contentment translates into a force against economic change and the feared upheaval of rural communities economically tied to the import ban.

Japan and Rice: Forces for Change

Food Security and Trade

Despite resistance, several forces for liberalization of the rice market exist. To begin, with regard to the food-security justification for the rice ban, it is notable that rice consumption has fallen by one-third since 1960, while other dietary elements such as meat, eggs, and dairy, have tripled and quintupled (See Table 4.)

As Japanese citizens substitute foods such as beef and bread as significant elements in their basic food plan, rice loses ground as the mainstay of the Japanese diet and, thus, the main source of basic nutrition and food-security.

Additionally, Japan runs an approximate annual trade deficit of 30 billion dollars in basic foodstuffs (Farnsworth 1992, 33). Coupled with dietary shifts explained above, this serves to deflate the arguments in favor of the protection of rice as a food-security guarantee, in that true food security is becoming increasingly dependent upon diverse food products and thus reliant on secure and healthy trade relations, which the ban works against. This translates into a force in favor of flexibility and cooperation with important agricultural trading partners like the United States.

Table 4. Japanese dietary characteristics (kg/yr).

<table>
<thead>
<tr>
<th></th>
<th>1960</th>
<th>1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat</td>
<td>5</td>
<td>25</td>
</tr>
<tr>
<td>Eggs</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Dairy</td>
<td>22</td>
<td>67</td>
</tr>
<tr>
<td>Fish</td>
<td>28</td>
<td>36</td>
</tr>
<tr>
<td>Rice</td>
<td>117</td>
<td>75</td>
</tr>
<tr>
<td>Wheat</td>
<td>26</td>
<td>32</td>
</tr>
</tbody>
</table>

The "Me" Generation

The cultural underpinnings of rice protection are challenged by rising consumerism, or the "Me" generation. The post-World War II generation has known less of hardship or sacrifice, and is bent on consuming as much as possible, regardless of whether a good is domestically produced or imported. It feels less loyalty to traditions of domestic production of goods such as rice, and is not easily reconciled to the enormous costs of Japan's rice policy (Ahearn 1989, 46). The average yearly transfers to rice farmers paid by consumers through higher rice prices was estimated in 1986 at approximately 2,621 billion yen, or roughly 14 billion dollars according to the exchange rate at that time (USDA 1990, 23). High yen rates have also had a significant impact on the general attractiveness of imported goods, adding to the overall consumer leanings toward support of trade liberalization (Ahearn 1989, 61).

Public Opinion

Polling data reveal the existence of a significant though not majority level of Japanese public sentiment against protectionist trade barriers in general. Although relatively equivalent protection sentiment exists, the polls reflect a slightly greater orientation toward free trade among Japanese than among Americans (Table 5), supporting the hypothesis that Japanese public opinion will tend to be a force for change in the future.

Among Japanese, protection of the agriculture industry, however, seems to enjoy considerably stronger support than protectionism in general (Table 6).

The question of removing Japan's rice-import ban in order to improve trade relations with the U.S., however, summons criticism but shows a smaller differential between basic supportive and oppositional opinions toward protection (Table 7) than Table 6 shows in dealing with agricultural in general. This data suggests that removal of the rice ban, although not supported outright by dominant public opinion, finds noteworthy support and a less daunting level of resistance than with agricultural market liberalization broadly speaking.

Table 5. Poll: Japan, U.S. attitudes toward protectionism in general.

<table>
<thead>
<tr>
<th>Measures ought to be taken as a matter of course</th>
<th>Japan</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures ought to be taken as a matter of course</td>
<td>43.2 %</td>
<td>66.1 %</td>
</tr>
<tr>
<td>Ought not to do so</td>
<td>40.5</td>
<td>23.2</td>
</tr>
<tr>
<td>Other</td>
<td>2.5</td>
<td>1.1</td>
</tr>
<tr>
<td>No Answer</td>
<td>13.8</td>
<td>9.7</td>
</tr>
</tbody>
</table>

The Strong Yen

An additional force for change exists in the strong value of the yen. Beginning in 1985, the value of the yen increased drastically, nearly doubling in three years. This led to relative drop in the price of imports generally, followed by a corresponding boom in demand. This has contributed to rising consumer consciousness and changing consumer tastes, with a general movement toward greater levels of awareness,
acceptance, and preference of foreign goods (Ahearn 1989, 30, 61).

Table 6. Poll: Japanese attitudes toward protection of agriculture.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closer to opinion A</td>
<td>32.4 %</td>
</tr>
<tr>
<td>Closer to opinion B</td>
<td>59.4 %</td>
</tr>
<tr>
<td>Other</td>
<td>2.0</td>
</tr>
<tr>
<td>No Answer</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: Adapted from JEI 1990, 8.

Table 7. Poll: Japanese attitudes toward removing the rice import ban.

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Favor</th>
<th>Oppose</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Removing the ban</td>
<td>39 %</td>
<td>48 %</td>
<td>13 %</td>
</tr>
</tbody>
</table>

Source: Adapted from JEI 1990, 8.

Views and Decisions of Some Japanese Political Leaders

Some political momentum for change has been created in recent statements of prominent Japanese political figures. In January of 1992, for example, Kiichi Miyazawa, Japan’s prime minister at the time, argued publicly that rice imports would not damage the agricultural incomes significantly. Also, Michio Watanabe, Japan’s Foreign Minister, argued in favor of rice market liberalization. Additionally, factional heads of the LDP reportedly entered into an informal agreement to support rice liberalization. However, due to the constant threat of backlash from the agriculture lobby, such statements of support have been followed by equivocation (Asahi 1992, 3).

In April of this year, for the first time ever, the Japanese government allowed the U.S. Department of Agriculture to include rice in an annual food fair exhibition in Tokyo. Just one year ago at the same event, U.S. officials were forced to remove U.S. rice from the exhibit at the threat of arrest. This change seems to reflect a weakening in the severity of traditional government opposition to the possibility of foreign rice importation (Tokyo Kyodo 1992).

III. Cost/Benefit Analysis of Super 301

Vis-A-Vis Effects on Forces For/Against Change

Super 301 and Forces for Change

Because of its confrontational tone, Super 301 is a very dramatic and highly publicized policy movement. A rice-targeted Super 301 would affect and increase in the volume of Japan’s public debate about the rice issue in general. To the extent that such public debate were to include accurate reflections of the overall food security situation, including figures on Japan’s heavy dependence on U.S. imports of various basic foodstuffs, and increase in concern for healthy and peaceable agricultural trade relations could increase pressure to appease the U.S. and allow rice importation. To the extent that such public debate were to stress the extremely high comparative price Japanese consumers pay for rice because of the
import ban, the "Me" generation could respond with additional pressure to open the border to imports in hopes that despite likely high tariffs, prices would eventually decrease.

It is possible that the threat of retaliation implicit in Super 301 could play into the hands of LDP leaders who favor elimination of the ban. The political damage inherent in offending the agriculture lobby if trade concessions were extended to the United States could be lessened if the press were to emphasize the costs to national prosperity that could be incurred if Super 301 demands were unappeased and punitive measures such as increased trade restrictions on Japanese exports followed.

Each of the above scenarios is speculative and, thus, less than ideal grounding for a supportive recommendation of Super 301. However, a closer look at two conditions in Japan suggests that the scenarios may be less speculative than they originally appear. First, key elements within the LDP have expressed qualified support of rice-market liberalization, as described earlier. Second, the Japanese press is highly influenced and monitored by government leadership. Newsworthy events are funneled to the press through exclusive reporter clubs organized and maintained within each government entity or agency (Gibney 1985, 244). Powerful government officials in favor of liberalization could use the leverage inherent in this governmental press club structure to disseminate information helpful to their cause.

However, the unilateral, bully-like approach of Super 301 could damage Japanese public sentiment toward the U.S., inciting a Japanese nationalist backlash strong enough to eclipse the above forces for change. As Table 3 indicates, goodwill between the United States and Japan has been declining. Table 3, however, shows only the first and last years of a five-year annual survey; goodwill actually showed an increase between 1988 and 1989 (Table 8), suggesting that the 1988 Super 301 at least did not cause immediate harm to public opinion; it could have even had a positive effect, although the reasoning behind response data is not indicated, so any link to Super 301 one way or another is less than sure.

The only force for change yet to be discussed, the strength of the yen, does not lend itself to this analysis of the positive and negative effects of Super 301. The impact on exchange rates and thus on import prices would most likely be ambiguous, depending on numerous variables beyond the scope of this research.

**Super 301 and Forces Against Change**

As described above, Super 301-induced media discussion of the rice-import ban

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**Table 8. Poll: Japan-U.S. relations, 1985 and 1989.**

<table>
<thead>
<tr>
<th>How would you describe relations between Japan and the United States today?</th>
<th>U.S.</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Friendly</td>
<td>14 %</td>
<td>17 %</td>
</tr>
<tr>
<td>Somewhat Friendly</td>
<td>59</td>
<td>62</td>
</tr>
<tr>
<td>Somewhat Unfriendly</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Very Unfriendly</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>No Answer</td>
<td>10</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Adapted from JEI 1990, 3-4.
could heighten the realization of Japan's import dependence on the United States for significant levels of basic food-stuffs; this could weaken the long-standing resistance to change based on increasingly outdated conceptions of food security based on rice alone, as described earlier.

On the other hand, despite shifting dietary patterns, rice remains a central player in the food security tradition of post-World War II Japan and is perhaps inseparably linked with the poignant memory of Japan's struggle to overcome post-World War II helplessness. Rice, with its peculiar historical role, coupled with its cultural and religious significance, may provide for a different, more defensive public response as a Super 301 target than did the 1988 Super 301's targets: super-computers, satellites, and wood products. However, the polling data seem to indicate a decrease in the likelihood of such a special case. As described earlier, the comparison of Table 6 and Table 7 reveal a slightly smaller differential between support and opposition of protection with regard to rice than with regard to agriculture in general; thus, rice, despite its historical and cultural distinction, does not seem to enjoy special public deference when it comes to the import-ban policy.

The political power of agriculture is likely to oppose trade liberalization regardless of the way in which it is brought to the decision-making agenda. As described earlier, even when the largest indigenous business advocacy group in Japan sought to wield its power against agricultural protectionism, grass-roots lobbying crippled the effort and brought Keidanren to its knees. The unbending resolve of entrenched agricultural interests will not respond positively to proposals to weaken protection regardless of location or structure of the source, foreign or domestic, Super 301 or GATT negotiations.

The only force against change yet to be discussed, the power of the status quo—as defined and developed in this paper, would likely see only negligible effects due to the introduction of Super 301; for it to be otherwise, a significant number of Japanese would have to be affected by the Super 301 effort adversely enough to change their basic perceptions of their own socio-economic status. Such perception shifts are possible in the long-run if Super 301 were to induce rice-market liberalization and cause some economic adjustments in rural communities (although it should be remembered that on the average, 85 percent of farming households' income comes from non-farm sources; thus, the effects of lower rice prices due to replacing the ban with tariffs and allowing some imports, could arguably be modest). To restate, after-effects of actual policy changes could cause some shifts in the support of the status quo, due to perceptions of relative economic well-being, but the direct impact of Super 301 initiation on the same would be ambiguous. Even if there were to be a certain long-term socio-economic perception shift as hypothesized, it would be difficult to predict how that shift would pan out with respect to public policy; for example, if farming households were hurt significantly enough, change in the direction of returning to heavy agricultural protection may be sought. Alternatively, shifts in the economy may produce a more general weakening of the Japanese resistance to change in any form, thus opening the door wider to debate on various market reforms.
Costs/Benefits Vis-A-Vis Secondary Issues

Super 301 and History/Ideology

The ensuing discussion rests on the following assumption: democratic principles can apply in similar ways to the governing relationships between nations as it can to the governing relationships within nations. The position of this paper is that to some extent, this assumption is true. There is considerable support of such in the establishment and activity of such governing systems as the United Nations and the General Agreement on Tariffs and Trade, both of which were founded and are sustained through the significant involvement of the United States.

Because of unique post-World War II interaction, the United States and Japan together exemplify the expansion, adaptation, and success of democracy. The fundamental principle of democracy could be defined as follows: Equal standing, consent, and participation of the basic entities governed, both in the original structuring of rules and in the ongoing decision-making processes. If Super 301 creates a situation which contradicts this, it represents in some ways a departure from democratic ideals. The cost of such a departure would be difficult to quantify. At this crucial time in global history, however, when numerous new nations are experiencing bitter struggles on their individual roads toward democratic reform, an example of steadiness and strength from Japan and the United States, the world's most prominent leaders, in their commitment to the fundamentals of democratic conflict resolution even in the face of difficult economic tensions, would be of great value.

Inasmuch as the goal of Super 301 is aimed at creating equal standing and participation in the economic relationship, it could be said that its end is the perpetuation of the fundamental democratic principles as defined. However, the means of Super 301 represent a stark departure therefrom. First of all, the rules of the game, involving definitions of unfair trading practices and the deadlines for concessions are made strictly unilaterally, by the United States. Although the definitions may arguably be accurately assigned and the deadlines fairly chosen, Super 301 is undemocratic in that the basic structure of the negotiation process is not formulated with equal standing and consent of one of the basic entities to be governed thereby: Japan. The United States has the ability and liberty as a sovereign nation to make such demands on Japan, but those demands are not democratic in nature and thus represent a possible ideological shift of sorts. If Japan were to refuse to engage in more democratic negotiation, such a unilaterally directed course of action would be more justifiable. However, several existing avenues for more democratic negotiation are welcomed and fully participated in by the Japanese, including the Strategic Impediments Initiative and GATT.

The failure of these forums of debate to adequately or fairly address the rice issue would likewise provide greater justification for the United States to vie for the unilateral approach of Super 301. However, rice is currently a primary subject of negotiation in the Uruguay Round of GATT. The Dunkel proposal, which was agreed upon by the nations of GATT in January as the working basis for final rounds of negotiation, includes a proposal for the elimination of Japan's rice-import ban, the very goal of Super 301 (Hanrahan 1992, 10).
Super 301 and Security

It is difficult to assess the impact of Super 301 on the important security relationship shared by the United States and Japan. This paper will only touch briefly one possible Super 301-security link provided by public opinion, with the following assumption: Healthy security relations are supported by positive public opinion reciprocated between the nations in the security relationship.

As discussed earlier, there has been a steady decline in optimism regarding U.S.-Japan relations. If Super 301 were to open markets such that U.S. exports increased significantly enough to ease the trade imbalance and, thus, the overall tension of the economic relationship, the indirect impact on the security relationship through improved public opinion would be positive.

As described earlier, public opinion showed general improvement between 1988 and 1989. It appears, then, that Super 301 at least did not have any significant negative impact on public opinion.

Although the importance of Japan with regard to stability in the Pacific Rim and the maintenance of U.S. bases on strategic Japanese territory is great enough to warrant the examination of the possible impact of Super 301 on security, public opinion provides only an indirect impact assessment. Nevertheless it is worthwhile to state that the data seem to vindicate Super 301 of at least the potential cost of negatively impacting public opinion significantly enough to cause any decline in the health of the security relationship.

Costs/Benefits Vis-A-Vis the Primary Issue: Economics/Trade

Super 301 Effects on U.S. Exports and the Trade Imbalance

Estimates of possible sales of U.S. rice in Japan if Super 301 were to succeed in pressuring Japan to lift its import ban run as high as 656 million dollars (Cooper 1992, 3).

It is possible, however, that other countries, especially countries like Thailand who produce a type of rice very similar to Japanese rice, could seize a significant portion of a newly opened market. Also, U.S. exports across the board could suffer slightly if Super 301 action, which might not deal only with rice, but with other sectors such as automobiles as well, served to reinforce a general perception among Japanese consumer that only through hard-line government pressure can U.S. goods be moved in Japan, that U.S. goods seem incapable of selling themselves based simply on quality. Dick Nanto, a Specialist in Industry and Trade at the U.S. Library of Congress sees evidence of this perception in the comparative success of U.S. auto sales. In 1990, for example, the U.S. Big Three sold 15,975 autos, the British 19,653, and the Germans 127,442 (Nanto 1991, 23).

With respect to rice specifically, however, U.S. government action to overturn Japan's complete ban and allow the introduction of U.S. rice into the market would be less likely to reinforce such consumer doubts of quality. Thus, it would be a mistake to assign Super 301 with respect to rice (the focus of this paper) costs of this kind.

Additional costs, however, to U.S. exports could be incurred were Super 301 on rice to fail to produce concession and
thus follow its own designated coarse to retaliatory trade restrictions which could lead to an international trade war, and thus to decreased U.S. exports. In the case of 1988’s Super 301, however, no such retaliatory actions were taken in the case of India, which along with Japan, had been targeted, but who unlike Japan, refused to produce concessions. The USTR simply refused to recommend sanctions. Although a repeat of this balk would serve to create an image of Super 301 as an idle threat, it is important to note that precedent provides the USTR with considerable discretion, such that a trade war resulting from unappeased Super 301 action is not unavoidable.

A final question of costs involves Super 301’s focus on obvious, external barriers to trade. While a large portion of the problems faced by U.S. exports to Japan lie with direct and indirect internal barriers to trade such as Japan’s distribution system, land-prices, anti-trust laws, and savings rates, Super 301 would serve to shift the focus away from these key items. However, the heated interchange between U.S. and Japanese trade officials which immediately resulted from 1988 passage of Super 301 spawned the Structural Impediments Initiative, a bilateral negotiation forum whose purpose was to focus on these very internal barriers. Therefore, Super 301’s potential costs in this area ought rather to be expressed as potential indirect benefits (Ahearn 1990, 29).

Even if Super 301 is successful in creating the estimated 656 million in U.S. rice exports, that would only amount to a 1 percent reduction of the overall U.S. trade deficit. Accordingly, Super 301 should not be viewed as a means to decisively turn-around the troubled Japan-U.S. economic relationship. Nevertheless, the incremental effect would be a positive step, and the increased sales would provide specific benefits to the rice-growing industry in the United States.

Comparative Analysis: 1988 Super 301 v. GATT Agreement

The ability of Super 301 to produce Japanese market access in specifically targeted areas can be analyzed by comparing the corresponding ability of an alternative method of negotiation. Such an alternative model was provided in the same year as the enactment of the original Super 301, 1988, when the GATT-11 Agreement was secured. Super 301 centered on three U.S. export sectors deemed to be unfairly inhibited in Japan: supercomputers, wood products, and satellites. GATT-11 dealt with eleven agricultural products.

Both the Super 301 and the GATT processes have produced some positive results. A cross-analysis of quantitative data is difficult for two reasons, however. First, although Super 301 was enacted in 1988, it produced only agreements to negotiate at the time, rather than actual trade agreements as with GATT (which had been debated for two years previous to the agreement) (Nanto 1992, 14). The Super 301-spawned negotiation process then took two to four years until specific settlements in each sector were signed. Not enough time has passed to know the actual quantitative effects of those settlements. Second, because the Super 301 and GATT agreements dealt with different economic sectors, comparing results even when enough time passes will be a difficult task, since numerous variables affect different economic sectors in unique ways. For example, ketchup imports may show a greater increase than satellites, yet the reason for this may not be the comparative
effectiveness of the different negotiation forums but rather the impact of direct national security concerns on the satellite market, wherein the Japanese government must protect viable domestic production capabilities. Even more fundamentally, export quantities are not affected only by trade agreements, but by overall fluctuations in the international market, including changing exchange rates and levels of supply and demand.

It can be demonstrated, however, at least, that both methods of trade negotiation seemed to have produced some positive results. At the same time, neither seemed to have produced all of its goals fully. GATT-11 directed the removal of some quotas and the liberalization of most other import restrictions on 11 agricultural products. Experts in the Library of Congress provide the following summary analysis of available data:

U.S. exports of most of the negotiated GATT agricultural products have increased since the agreement was signed in 1988. Some exports have increased significantly, while several have declined. Since the GATT-11 agreement, the ketchup and tomato sauce category increased the most dramatically, by 107%. Other category increases were much less significant, such as sugars and syrups increasing by 16% and fruits and purées increasing by 34%. The overall change in U.S. exports of these 11 agricultural categories from 1988 to 1991 amounted to a 10% increase. U.S. exports in the dried beans, peanuts, and pineapples categories declined since 1988. (Nanto 1992, 14)

It is apparent that effective results were gained with some notable exceptions. Restrictions, however, remained on some dairy products, despite the formal 1988 agreement, and negotiation to remove these were ongoing as late as April of 1992 (Nanto 992, 14).

Similar results occurred in the case of Super 301, where the original enactment against Japan first aroused a refusal to negotiate according to the U.S.-determined deadlines for concessions and retaliation; the Japanese, however, agreed to at least discuss their disagreements at the negotiating table, if the U.S. agreed to abandon the Super 301 structure. Thus, although altered from the original course, negotiations produced some progress.

Since that original period, a preliminary wood-product agreement was reached in 1990 (JEN 1990, 10). Insufficient subsequent market penetration, however, spawned continued negotiation in 1991 (JEN 1991, 39) and in 1992 during the Bush trade mission (Whenmouth 1992, 24). Thus, Super 301 lead to negotiations, an agreement, and some initial penetration, but that penetration failed to reach ideal levels that the USTR negotiations had targeted; arbitration continued and more conclusive results are yet to be seen.

An agreement on supercomputers was reached in March of 1990 which provided for the opening up of eight major governmental contracts to bids from U.S. firms (Connelly 1990, 1). Despite the agreement, however, bid-rigging in favor of domestic firms reportedly continued and was under investigation by the House Government Operations National Security subcommittee in July of 1992 (Robertson 1992, 6). Similar to GATT-11 and to the Super 301 wood-products scenarios, the Super 301-induced supercomputer negotiations have produced some progress but have failed to produce ideal levels of free market access and export penetration.

The same type of pattern appears in the Super 301 satellite sector. Whereas March of 1990 brought the Japan Satellite Accord Sales Pact with promised open competition for U.S. satellite firms in Japan, April of the same year saw controversy regarding a Japanese government contract offered only to a domestic firm. Only with threats of
general trade retaliation did the Japanese government agree to open the contract to bids from U.S. firms (Jones 1991, 3).

In conclusion, it is difficult to discern distinct differences in result when comparing the different forums for negotiation, Super 301 and GATT. A similar pattern of gained concession coupled with drawn-out negotiation and conflict resolution develops in either case.¹

Effects of Super 301 on GATT

Proponents of H.R. 5100 argue that one benefit of Super 301 would be to "...get the Uruguay Round moving forward..." (U.S. Congress. House 1992, 60). Raymond Ahearn of the Library of Congress, however, points out the alternative viewpoint that "...Super 301 could torpedo the GATT" (Ahearn 1990, 42). The likely effect of a present-day Super 301 can be analyzed by exploring the effect of the 1988 Super 301. In a special session of GATT in June of 1989, over forty countries, including Finland, Canada, Mexico, Hong Kong, South Korea, Brazil, Japan, Israel, and the European Community made statements condemning U.S. use of Super 301, claiming it violated the rules and spirit of cooperative negotiation under GATT. Although technical debate over the statutes governing GATT has failed to produce any definitive ruling on the legal propriety of Super 301, the overwhelming rejection of its unilateral tactics by members of GATT suggest at least a high degree of hostility, though it may likewise suggest the true pressure-creating capability of Super 301 which could force compromise in the GATT. This pressure, though, has created what Raymond Ahearn describes as "... suspicion[n] and in some cases... derision... [from] many U.S. trading partners" (Ahearn 1990, 25).

Thus, it appears that Super 301 damages the overall respectability and cooperative influence of the United States, though it may provide some leverage.

With regard to Japan's rice-import ban specifically, Japanese officials have recognized that the desired successful completion of the Uruguay Round (which would benefit Japan immensely with regard to various aspects of the proposed agreement -- for example, GATT regulation of intellectual property protection and the formulation of a Multilateral Trade Organization designed to administer trade-dispute resolution) might require Japanese compromise on the rice issue, thus Super 301 pressure seems to be unneeded. However, it could be alternatively argued that the positive posturing of Japan with regard to rice compromise in the round is a result of fear of Super 301 action were the round to fail. Thus, although it appears that Super 301 undermines the overall negotiating leadership position of the United States in GATT, it is possible that at least the threat of Super 301 might contribute some positive pressure for compromise.

Net Effects: Toward a Policy Recommendation

To recap, Super 301 could produce some positive net effects on forces for change with regard to rice in Japan. The high-profile approach of Super 301 could lead, through media coverage of the overall rice issue, to a heightened public awareness of both Japan's reliance for food security on healthy trade relations as well as the costliness of the import ban. Pro-rice market liberation elements within the LDP could foster and utilize such opportunities for media influence to create a political atmosphere more open to change despite the entrenched and unmov-
ing agriculture lobby. Although it is possible that the unilateral attack of Super 301 on rice, one of Japan's cultural icons, could induce a public backlash, the last Super 301 enactment in 1988 saw no such negative reaction, and polling data indicate no uniquely high levels of public resistance to removal of the rice ban.

Super 301 would likely have no significant effect on security relations, based on the indirect link of public opinion.

When comparing the 1988 Super 301 and GATT efforts, a equivalent pattern of qualified success coupled with frustration and dragged-out negotiation develops. That is to say, despite its ambitious, hard-line approach, Super 301 appears to be no more effective in terms of increased exports than GATT. (When enough time passes to reveal sufficient quantitative data in the more recently settled Super 301 sectors, a more detailed comparison would be helpful in testing this conclusion.)

Enactment of Super 301 in 1988 brought widespread protest against the United States in GATT, damaging the United States' general position of respect and leadership. (Here, as well, a more detailed analysis of the negotiation dynamics of GATT would be a helpful avenue of further research.)

Furthermore, Super 301 represents an undemocratic approach to international conflict resolution. Super 301 benefits with regard to forces for change must be weighed against these costs. Additionally, it must be taken into account that Japan has expressed qualified support of rice-liberalization provisions presently before GATT in the form of the Uruguay Round's Dunkel proposal. This suggests that a GATT agreement on rice is attainable, and that if the 1988 GATT-Super 301 comparisons are accurate, such a GATT agreement would likely yield roughly equivalent results as would a rice-targeted Super 301. Thus, even if Super 301's unique net benefits in terms of effects on forces for change within Japan were judged to rival the damaging costs to the U.S.' overall democratic-international leadership capability, enactment of Super 301 would be unnecessary. With the comparative results in terms of exports being basically equivalent, the broader objectives of strengthening and sustaining the United States' leadership of global democratic efforts should take priority over the possibility of affecting rice-related forces internal to Japan.

It is arguable that at least the current threat of a rice-targeted Super 301, however, has prompted Japan's willingness to support the rice-liberalization negotiations in GATT. Thus, this threat should be maintained, for example through high-profile activity and lobbying of pro-Super 301 elements of Congress, though these efforts must not be allowed to lead to enactment of Super 301.

IV. Conclusion

Although the secondary issue of ideology seems only to offer an abstract context for discussion of Super 301, it provides, in a way, the basis for the policy recommendation of this paper: that Japanese rice-liberalization be sought through GATT rather than through Super 301. That is to say, because GATT seems to be no more effective than unilateral actions such as Super 301 in producing specific sector export-expansion results, the ultimate foundation of an argument against Super 301 rests on the assertion that democratic
conflict-resolution is worth maintaining and exemplifying in the global setting. A comprehensive study of the philosophical considerations as well as the broader quantitative implications (beyond the narrow context of increasing export penetration) of this assertion constitute an important avenue for further research.

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NOTES

1. It should be noted that the Strategic Impediments Initiative (SII) also began largely due to pressure created by the enactment of Super 301 in 1988. The subject matter of these negotiations, however, focused more on indirect barriers to trade within the Japanese economy rather than more obvious governmental barriers which are the subject of this comparison. Although noteworthy market-opening progress has been made under the SII process, it is arguable that a similar pattern to Super 301 specific sector negotiations and the GATT-11 has arisen: limited success coupled with failure and drawn out negotiation.