The Political Significance of the Reversion of the Bonin Islands: A Successful Case of the Diplomatic Concession to a Territorial Dispute

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Introduction

Despite their intrinsic military, economic, and political value to the U.S. government, the Bonin Islands, also known as the Ogasawara Islands, have not been argued as being equally important as Okinawa. The Bonins became internationally recognized as Japanese territory in 1875, and once again became America’s occupied territory since 1945. President Lyndon Johnson clearly recognized the importance of the Bonins, and strategically restored them after holding them for more than twenty years. The Bonins were expected to play a key role in solidifying the tenuous U.S.-Japan diplomatic relations, such as creating confidence between the two nations during the Vietnam War. This paper will fully explore the significance of the reversion, and then finally explain that the diplomatic decision did much to serve these greater political, economic, and military interests.

There are many valuable secondary sources focusing on the U.S.-Japan relationship during the Johnson Administration. Michael Schaller, Walter LaFeber, Timothy P. Maga, Roger Buckley, Iriye Akira, Robert A. Wampler, Franklin B. Weinstein, Robert E. Osgood, and Thomas R. Havens are well-known figures in the study of U.S.-Japan Relations. Their works help in understanding the postwar diplomatic relationship between the two countries.

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1. See this bibliography for their works.
Unfortunately, none of them spent much time exploring the territorial issues and failed to discuss the reversion of the Bonins in detail. In contrast, Nicholas E. Sarantakes explored the territorial issues more profoundly. Similar to other scholars, however, Sarantakes indicated that Okinawa was the “keystone” of the U.S.-Japan Relationship in the postwar period, and failed to clarify what roles the Bonin reversion played. These scholars seem to consider that the Bonins reversion had nothing to do with U.S.-Japan relations.

Robert D. Eldridge covered the history of the Bonin Islands from their discovery to the reversion. Although he depicted the negotiation process in detail, his work seems incomplete. Eldridge does not deeply explore what Prime Minister Satō Eisaku promised Johnson in exchange for the reversion during the summit meeting of November 15, 1967. Moreover, the author did not mention to what extent Satō fulfilled his promises after the negotiation and reversion. Without considering these aspects, the significance of the reversion in the context of U.S.-Japan relations cannot be accurately evaluated. Although the islands had military importance as Okinawa did, this research will demonstrate their political importance as a diplomatic stabilizer from the American perspective.

Traditionally, the U.S. government has stated that the Bonins were Japanese territory. Japan’s residual sovereignty over the Bonins was acknowledged under Treaty of Peace with Japan in September 1951. Moreover, the Joint Communiqué of Japanese Prime Minister Kishi Nobusuke and U.S. President Dwight Eisenhower, issued on June 21, 1957, also states that Japan possessed residual sovereignty over them. In addition, on June 7, 1960, Secretary of State Christian Herter stated in testimony to the Senate of Foreign Relations Committee that the islands would be returned to Japan when the Far East became peaceful and stabilized. In addition, President John Kennedy officially followed the traditional statement about the status of the islands. As America’s efforts to conduct the Vietnam War increased, political and economic friction between the United States and Japan amplified. As a result of these changes, the Johnson Administration started to work with Satō on the difficult Bonin issue.

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I: Prelude to the Negotiation over the Reversion of the Bonin Islands

Before examining the negotiation over the Bonin reversion, it is essential to clarify the discussions over the islands between the United States and Japan, and among policymakers in Washington, in order to more fully understand why Johnson asked Satō for political, economic, and military contributions during the Summit meeting in November, 1967. The Bonins had military value and they had been strategically utilized by Japan, and additionally by the United States in the postwar period. However, the islands had also been utilized by the U.S. to obtain a diplomatic concession from Japan.

By the early 1960s, for example, the islands were already being used by the State Department as a diplomatic tool. Kennedy sent Edwin Reischauer to Tokyo as an ambassador and his first notable work was the settlement where the U.S. government agreed to pay $8 million to Tokyo for Japanese people who had been displaced from the Bonins after the States took control. In exchange, Japan agreed to repay $490 million of its $2 billion debt (loaned during the Occupation) to aid in developing Southeast Asia. However, there was a secret agreement.

Japan first claimed the right to a payment of $12.5 million, but after a series of negotiations, Japan accepted the sum of $6 million as full settlement for the claims of the former Bonin residents (Oriental citizens). The amount of compensation was appropriated by the U.S. Congress as Public Law 86-678, and Japan received the check of $6 million with diplomatic documents on the Japanese date of June 8, 1961. However, Japan’s acceptance of the payment was deemed as full settlement of all existing and future claims regarding the islands that would arise as a result of the U.S. occupation, until the islands would be returned to Japan. However, despite the fact that the secret agreement included Japan’s promise to refrain from asking for the early reversion, Japanese political leaders kept asking the U.S. to return them in order to appeal to their constituents.

When Lyndon B. Johnson succeeded to the presidency, he also took on the responsibility of solving a series of problems in U.S.-Japan relations. On June 30, 1964, Secretary of Defense Robert McNamara and other participants from the Administration such as John McNaughton, discussed nine problems underlying the relationship with Director General of the Japan Defense Agency, Fukuda

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8. Ibid.
Tokuyasu, and his fellow staff: Southeast Asia, mainland China, the effect of communist gains in Asia, the Japanese Constitution, Japan’s defense budget, Japanese defense production, an invitation for the Secretary to visit Japan, and Okinawa-Bonin Islands questions. However, the Bonin reversion was not discussed at all during the meeting.

While the two parties frequently discussed matters regarding the Bonins, full-scale negotiation over the reversion did not start until January 1965. Although officials from the U.S. Navy insisted that the States should not give up any foreign bases that might be useful in the future, Johnson considered that if Japan broke off the alliance due to the territorial disputes, the Bonins would cease to be useful. McNamara and National Security Advisor Walt Rostow believed that the U.S. should restore the islands in return for Japan’s financial and economic cooperation with the States, including more active support for the Vietnam War. The National Security Council disagreed. 9

During the latter part of 1965, a series of huge, violent demonstrations were held in Japan to protest U.S. policy toward Japan. Some student demonstrators, driven by communist ideology and anti-Vietnam rhetoric, cried that Japan should quash the U.S.-Japan Security Treaty. 10 Ambassador Reischauer connected the demonstration with the Reversion of the Ryūkyūs and Bonins. He suggested to the State Department that these mass protests reflected the attitude of the Japanese citizens and their government toward the continued occupation of Japanese islands, and that these protest movements would endanger U.S.-Japan relations. The revised 1960 security treaty allowed Japan to terminate it on one year’s notice in 1970; the ambassador believed that the two countries should resolve these territorial disputes by that year in order to maintain the alliance. 11 However, bases in Okinawa were essential to support the Vietnam conflict, and thus the Johnson Administration rejected immediate return of Ryūkyūs.

On July 7, 1966, American and Japanese policy makers such as Secretary of State Dean Rusk, Reischauer, and Foreign Minister Shiina Etsusaburō met in Kyoto to discuss territorial issues. Concerning the Bonins, Shiina maintained that the majority of the displaced islanders now had jobs on the mainland, and very few wanted to return to their native islands. However, he continued that even those who did not wish to go back had joined in the pressure on the Bonin Reversion Movement, and asked the American participants if a few hundred refugees should be allowed to return. Rusk could not answer, and the issue was shelved. 12

9. Schaller, Altered States, 204.
During the meeting, Shiina proposed that early allowance of the former residents’ return to the Bonins would give the Japanese people “psychological assurance” and that it would “calm down” their movement towards territorial issues. Although Rusk avoided giving a clear response to the suggestion, he thought that the pressure of Japanese public opinion would grow and continue to be a problem in the relationship between the two countries.

About half a year before the meeting, Satō had directly asked Johnson to make sure that Japan would be protected by the States in case of an emergency. Both parties wanted to build strong ties for the sake of a stable alliance, and both noticed that the territorial disputes had been an obstacle in security relations. The Bonin reversion was a political gamble for the States. There was no assurance that the early return of the islands would reduce Japanese public pressure for the Okinawa reversion, or that it would result in compromise to postpone the settlement of the Okinawa issues. The worst case scenario was the possibility that reversion of the islands would increase Japan’s public demand for getting back Okinawa, an important military position to fight in Vietnam, and expelling U.S. military bases from Japanese lands. Washington faced the dilemma of unpredictable Japanese public response.

On June 29, 1967, the Joint Chiefs of Staff (JCS) officially investigated the necessity of the Bonins and stressed their military importance. The JCS strongly objected to the reversion, and advised McNamara that they considered the Bonins to possess essentially important strategic value to U.S. security. According to them, the situation in the Pacific was unstable. Therefore, the States should maintain exclusive control over the islands for strategic purposes. The concern was that the Japanese government would limit American base rights not only on the main Japanese islands, but also in Okinawa. Thus, the strategic value of the Bonins would become more essential. Moreover, the JCS argued that the Bonins were strategically important to backup military bases in Japan, Ryūkyūs, and the Philippines. In fact, the islands already functioned as bases for military use, and provided a “capability for storage of conventional and nuclear weapons.” The JCS also maintained that their location was suitable to defend nearby islands. Chichi Jima was expected to function as a “northeastward-looking underwater surveillance station to monitor Soviet/Chinese submarine activities,” and the

13. Ibid.
17. Ibid., 173.
Bonins contained preferable sites for missile launching, communication facilities, and signal intelligence.  

Due to these potentialities, the JCS insisted that the islands be considered a separate military issue and should not be made part of any Okinawa reversion negotiations. Moreover, they also maintained that although the Bonins were not considered an alternative to Okinawa, retention of them would give the U.S. a measure of flexibility in the Far East. Both the Japanese public and the American media alleged that the American Bonin policy was racist, because even though all Bonin residents were naturalized Japanese citizens, only those of Occidental ancestry (135 people) had been allowed to return to their homes in 1946.

If more than 7,000 of the former islanders returned home, the U.S. military would be prevented from effective exploitation of the islands in case major military operations were required. Moreover, the U.S. would lose the land resources that were necessary to build airfields, depots, and other military facilities. Chichi Jima was the biggest island of the group, and most of the former islanders used to live there. However, the island now had military facilities. The island is only 24km²; if 7,000 refugees returned, enough room for the military bases would not be secured. In fact, according to an official Japanese document from 1958, over 2,600 evacuees expressed the wish to go back to their native islands under any circumstances. This number of inhabitants was still enough to reduce the amount of usable land to an extent that it would make operations difficult for the 77 military personnel (33 Navy and 44 Air Force) staying there.

For these reasons, even if the States retained the islands, as long as the former islanders returned, the islands would become strategically functionless. Now the U.S. had two choices; retain the islands without letting oriental islanders return to their home and worsen the U.S.-Japan relations, or return administrative rights to the Japanese government. To the policymakers in Washington, it seemed that they had only one choice: the latter.

II: The Price for the Bonin Islands

The JCS stated that the Bonins were strategically valuable and both Johnson and McNamara understood their military importance. Nevertheless, exacerbating
the anti-America sentiment among Japanese people in order to keep occupying the tiny islands seemed unwise. Therefore, the Johnson Administration felt that the islands should not be restored without gaining something of equal value in the process. The problem now was how much the Japanese could pay in return for the achievement of the Bonin reversion.

On July 10, Assistant Secretary for East Asian and Pacific Affairs William P. Bundy, Deputy Assistant Secretary for East Asian and Pacific Affairs Samuel D. Berger, and Acting Country Director for Japan Richard W. Petree met Japanese Ambassador Shimoda Takesō in Washington, D.C. to prepare for Satō’s upcoming visit and the discussion of Okinawa and Bonin issues. Shimoda told his counterparts that the Prime Minister was going to finalize the terms of the Okinawa agreement during his visit. Johnson could no longer simply postpone the settlement of the Okinawa issues.24

Bundy asked Shimoda if Japan would wish to discuss the Bonins separately from the Okinawa problem and if Japan would push for earlier action on the Bonin reversion issue. He also asked whether the Japanese government linked Okinawa problems with the continuation of the U.S.-Japan Security Treaty in 1970.25 Shimoda told him that Okinawa and the Bonins were two different problems. He also stated that the government would consider Okinawa and the security treaty separately, but that the opposition parties would connect the two issues. In addition, Shimoda suggested that if the former Bonin islanders were repatriated, it would cause a new problem somewhat like the Okinawa Reversion Movement. Thus, it would be much better for the U.S. to decide immediate reversion of the islands.26 While Bundy felt that the Bonins Reversion issue would be even more dangerous than Okinawa because most of the former Bonin residents lived in Tokyo, Berger worried that if the islands were returned to Japanese control earlier rather than later, people in Okinawa might feel that they had been sacrificed in the deal between the two governments.27 During the meeting, no advancement was made, and the Bonin problems were re-shelved.

Ural Alexis Johnson, the new ambassador who replaced Reischauer, was one of the key figures in the U.S.-Japan territorial disputes. He understood that all security questions between the countries, including the Bonins, were handled by two groups: in the States, United States Forces Japan was the group in charge, and in Japan, the Self Defense Agency was in control of communicating American security concerns to the Japanese Foreign Office. This system made it difficult for Johnson to get himself involved in the territorial issues. In May

26. Ibid., 180.
27. Ibid., 180–81.
1967, therefore, Johnson began discussing the problems frankly and privately with Japanese policymakers such as Satô, Miki Takeo, and Shimoda. Moreover, when Johnson was in Japan as Consul in Yokohama, he was the person who arranged, with Supreme Commander of the Allied Powers, for the return of about 130 western-surnamed former islanders to Chichi Jima in 1946. With these changes, he made the Bonin issue more complicated. Even though he initially worsened the already complicated problem in 1946, he eventually came to deal with the solution: the reversion of the Bonin Islands.

On August 1, U. A. Johnson sent a telegram to the Department of State suggesting that the States utilize Japanese desire to recover the Bonins in order to get a preferable commitment for a greater role in Okinawa affairs. At the same time, however, he admitted that Okinawa had to be returned at some point. Although both governments considered the Okinawa and Bonin issues separately, there was a huge gap in their respective reasoning. The States wanted the Bonins to be discussed separately from Okinawa because the U.S. did not want the Japanese to expect early reversion of the Ryūkyūs. At the same time, the States also wanted the Japanese public to reduce pressure on the Okinawa issue in exchange for the reversion of the Bonins, even though these were considered separate issues. Conversely, the Japanese public believed that the reversion of the Bonins did not reduce the need to restore Okinawa. In other words, for the Japanese, only the actual reversion of the Ryūkyūs could reduce stress on the territorial issue. In this way, there were two understandings of the meaning of “separate issues” held by the governments and the Japanese people.

A week later, Bundy handed in a draft recommendation regarding the Bonin issues to Rusk, and the Secretary forwarded the document to the President. The document stated that the Bonins had little or no military importance, and therefore should be returned to Japan by 1970, to ensure the continuation of the security treaty. Other possibilities which the U.S. wanted to avoid included the uprising of leftist groups in Okinawa after the 1968 Ryūkyū elections and the pro-America Liberal Democratic Party (LDP) being voted out of office after the 1971 elections. Unlike U. A. Johnson, Rusk guessed that the early return of the Bonins would reduce Japanese pressure for Okinawa reversion. He also believed

29. Ibid., 472.
31. Ibid., 188.
that Iwo Jima should be retained as an American military base, because Congress would oppose losing such a symbolic island.\textsuperscript{33} McNamara maintained that he could agree to the proposal if the States could “get the right price.”\textsuperscript{34}

On August 30, President Johnson, Vice President Humphrey, Secretary of State Rusk, Secretary of Defense McNamara, and Secretary of the Treasury Fowler, along with other policy advisors such as William Bundy and Walt Rostow, held a meeting about the Bonins because Satō was coming to Washington in November to settle the territorial disputes. The attendees predicted that Satō would come to the States with a firm attitude, since failure to reach any settlement on these islands would significantly damage the credibility of the LDP. Their assumption, in fact, came true. On the way to the summit in November, Satō faced a massive, violent demonstration at Haneda Airport. According to his diary, he became very nervous due to high expectations for the summit from Japanese citizens; he could not come back empty-handed.\textsuperscript{35} The downfall of Satō would certainly influence U.S.-Japan relations; if the LDP lost the election, the government would be taken over by the Social Democratic Party Japan, which the Johnson Administration hoped to avoid. Thus, Johnson had to decide what to give to Satō, and what to get from him in return.

The president opened the meeting, stating three issues to be discussed. First, Satō wanted to move towards settlement on the territorial problems. Second, The U.S. wanted Japan to cut its balance of payments, especially militarily. Third, Johnson expected that Japan would increase its economic support for Asia. The president himself believed that these questions had to be solved as soon as possible when Satō visited Washington.\textsuperscript{36}

So did Rusk. The secretary said that since Japan would become the third most industrial power, keeping Japan a cooperative partner was in the “vital interest” of the States.\textsuperscript{37} Policy makers in Washington had to bargain territorial issues to avoid Japanese domestic criticism against both the United States and Satō’s LDP Administration. At the same time, it was a chance to ask Satō to support U.S. efforts in the Far East by increasing Japan’s security and economic burdens in the area. Rusk believed that the Bonin reversion would calm down the Okinawa restoration movement.\textsuperscript{38}

\begin{itemize}
\item[33.] Ibid., 197.
\item[34.] “Action Memorandum From the assistant Secretary of State for east Asian and Pacific Affairs (Bundy) to Secretary of State Rusk, Washington, August 7, 1967,” \textit{FRUS, XXIX, Japan}, 190.
\item[37.] Ibid.
\item[38.] Ibid., 200.
\end{itemize}
U. A. Johnson supported early return of the Bonins. Satō did not expect the immediate reversion of Okinawa, although he did want to settle the Ryūkyūs issues by 1970. The president stated that the policy makers in Washington always paid attention to “what is necessary or good for others.” In response, the ambassador told him that the U.S. could get Japan to take greater responsibility for security in the Far East. Johnson again asked the ambassador if Japan could do more economically to support the U.S. balance of payments problem. The ambassador replied that he was sure that Japan would do something more for Asian countries, but he was not sure about Japan’s assistance to the States. The thing that the president wanted to clarify was not “what the Japanese want” but “what we want.” This question was postponed until Satō’s arrival in November.

In September 1967, the Shimoda Conference was held in Japan; it represented an important step in policy dialogue between the two countries. Senator Michael Mansfield maintained that the return of Okinawa and the Bonins “could benefit from consultations on Pacific security between the United States, Japan, and the Soviet Union, leaving out China because of the Cultural Revolution turmoil.” Before he left for Japan, Mansfield was told by the State Department that he should not bring up the restoration issue and should wait for a Japanese appeal. After the Senator’s speech, Rusk told a reporter that “the return of the Bonins was under discussion.” Certainly, Mansfield’s disregard for the State Department’s suggestion raised Japanese expectation towards early reversion of the Bonins.

The early reversion would also influence U.S.-Soviet and U.S.-China relations. On September 16, 1967, Rusk and U. A. Johnson had an unofficial conversation with Miki and Shimoda. Rusk referred to the necessity of demonstrating some progress with issues such as the Bonin reversion concerning “the political calendar in both countries.” Both parties understood that the Okinawa reversion was militarily and politically impossible in the near future. The secretary argued that it was possible for the U.S. to start a war with China “in three months or six months,” so the U.S. should keep Iwo Jima for possible use. He also told his counterparts that even the Soviets were worried about the possibility of irrational behavior by Mao Zedong. Therefore, the United States should avoid giving Chinese leaders any impression that it was reducing its presence in the Far East. In addition to this, the Soviets were going to press the U.S. to withdraw from Korea in the forthcoming United Nations General

39. Ibid., 200–01.
40. Ibid., 200–201, 203.
42. Ibid.
43. Ibid.
Therefore, the Administration had to handle the Bonin issue carefully.

On October 27, Rostow handed in a memorandum of draft language that stated the U.S. negotiating position for Satō’s November visits to Washington. The draft was already approved by McNamara. The document mentioned that, during the visit, the early negotiation to return the Bonins (except Iwo Jima) would be discussed, and that the U.S. would not yet set the date of the Okinawa Reversion. The document also raised another issue. The States expected Japan to bear a greater share of the political and economic burdens of regional responsibility with the U.S. Ambassador Johnson expected Satō to increase financial assistance to America’s efforts in Southeast Asia and to help alleviate its balance of payments problem in exchange for the Bonin reversion. Rusk also believed that the reversion represented not only a step toward shared responsibility in the Far East, but also Japanese agreement to assume larger defense responsibilities in the region. While the JCS wanted to retain the islands, Rusk considered the idea unrealistic. In fact, Satō’s failure to obtain concrete progress in the solution of the territorial issues would heavily damage his political reputation. Moreover, it would cause serious problems in relations with Japan as well as with the local population in Okinawa; it was an undesirable situation for both governments.

One concern for the Johnson Administration was the treatment of Iwo Jima. According to Rusk, the island was not only necessary for the U.S. as an emergency air base, but it was also important as a symbol of sacrifice during World War II. Nonetheless, Ambassador Johnson opposed holding the island since retention of it would considerably detract from the value of the Bonin reversion. The Japanese public would perceive Satō’s failure to acquire Iwo Jima as a sign of his inability to stand up to the U.S.; due to the U.S. occupation, many fallen Japanese soldiers were left on the island, and their families wanted them returned home. To keep a favorable relationship with Japan, to ensure Japan’s assistance in Asia, and for aid in the balance of payments issue, Johnson approved the document and decided to return all of the Bonins including Iwo Jima.

The Administration members and the JCS were finally united on November 3. Despite the objection of the JCS, Rostow, Rusk, and McNamara told the President

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45. “Memorandum from the President’s Special Assistant (Rostow) to President Johnson, Washington, October 27, 1967, 6:45 p.m.,” FRUS, XXIX, Japan, 214–15.
46. Ibid., 215–16.
47. Ibid., 216.
48. Ibid., 216-17.
that they strongly supported returning the Bonins, since acceptance of the JCS position would deteriorate relations with Japan and decrease the possibility of obtaining Japan’s support in Vietnam, the balance of payments issue, and other matters. On the other hand, The JCS maintained that the States should not return administrative rights to the islands until Japan permitted nuclear storage. However, on the same day, the JCS suddenly changed their attitude, and “fully agreed” to enter into immediate negotiation with Japan with a view toward the early return of the islands. This rapid change of opinions was due to the secretary’s consultation with the JCS about the possibility of nuclear storage in the islands.

A nonpublic record shows that Japan secretly agreed to the storage of nuclear weapons in case of emergency in the Bonins, although Japan publicly rejected introducing nuclear weapons by stating the three antinuclear principles. Presumably, Washington had already obtained the secret agreement with Tokyo, and the secretaries persuaded the JCS to support the full return of the islands. In fact, on November 5, Rusk sent a private telegram to Ambassador Johnson, directing him to inform Satō and Miki that the Administration was going to discuss nuclear weapons facilities during the consultations on the Bonins. By the next day, Bundy sent a memorandum to Rusk. The document represented the agreement which the U.S. would announce at the summit in November. The secret memorandum reflected the nuclear storage issue in the Bonins and states, “There are no plans to utilize the nuclear storage facility at the base [in Chichi Jima] unless other facilities in the Pacific Theater are denied,” but the U.S. “reserved the right to discuss this problem with Japan during the negotiation on specific arrangement.”

On November 8, U. A. Johnson arrived in Washington from Tokyo, and immediately noticed that no one had informed the key members of the House and Senate Armed Services Committees that the reversion would be announced in the upcoming summit. Thus, the next day he visited each office in the U.S. Capitol with Assistant Secretary of Defense for International Security Affairs Paul

49. “Memorandum from the President’s Special Assistant (Rostow) to President Johnson, Washington, November 3, 1967,” FRUS, XXIX, Japan, 218.
50. Ibid., 217–18.
51. Ibid., 219.
Warnke to explain the Administration’s plan to return the Bonins. During the task, the ambassador was surprised to find that the legislators did not adhere to the idea of keeping bases in the Bonins, in contrast to the Navy. The last preliminary work for the Johnson-Satō summit was then completed.

III: The Johnson-Satō Summit of 1967

The summit was set for November 15. However, before Satō had an official conversation with Johnson, the Administration members tried to lay the groundwork to obtain agreement in advance from Blair House. Rusk, U. A. Johnson, Bundy, and other policy advisors met with Satō, Miki, Shimoda, and other Japanese representatives on the same day. Both parties were concerned about how the summit would influence the upcoming elections. Satō believed that the Socialists and Communists would exploit any mishandling of the Okinawa issue. On the other hand, Rusk explained that it was difficult to start immediate negotiation for the Okinawa Reversion since anything that appeared to weaken America’s position in Vietnam would be negatively received by its citizens and Congress. The secretary said to Satō that it would be difficult for the president to promise things that would happen after the election. Due to the Chinese nuclear threat in the Far East and Congressional leaders’ possible negative reaction to the immediate reversion of Okinawa, Rusk argued that the president should avoid bringing up the topic.

Satō stressed that he did not intend to ask for immediate reversion. At the same time, however, he did not want his people to think that he had gained nothing. He suggested the following language to be included in the Joint Communiqué: “The President and the Prime Minister agreed to make efforts to reach, in a few years, agreement on a date satisfactory to the two governments on the return of administrative rights [of the Ryūkyū Islands] to Japan.” Rusk believed that returning the Bonins would make American citizens presume that Okinawa would soon follow. Thus, changing the subject, he suggested the following instead:

The President and the Prime Minister frankly discussed the Ryukyu and the Bonin Islands. The Prime Minister emphasized the strong desire of the Government and people of Japan for the return of administrative rights over the Ryukyu Islands to Japan and expressed his belief that an adequate solution should promptly be

57. Ibid.
58. Ibid., 234.
sought on the basis of mutual understanding and trust between the Governments and
people of the two countries. He further emphasized that an agreement should be
reached between the two Governments within a few years on a date satisfactory to
them for the reversion of these islands. At the same time, the President and the
Prime Minister 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.

As a result of their discussion, the President and the Prime Minister agreed that
the two Governments should keep under joint and continuous review the status of
the Ryukyu Islands, guided by the aim of returning administrative rights over these
islands to Japan and in the light of these discussions. 59

In Rusk’s language, Johnson did not agree to return the Ryūkyūs within “a
few years,” but he acknowledged that Satō wanted to achieve it. Satō agreed with
the suggested compromise, and in exchange, Rusk promised to conclude the
negotiations regarding the Bonin reversion “within a year, and sooner if
possible.” 60 At the end of the meeting, Miki suggested forming a subcommittee
for reviewing ways to achieve the reversion of the Ryūkyūs; however, this idea
was rejected, since the theme of the summit was to postpone the reversion. 61 In
this respect, the Bonins were exchanged for the States’ right to retain Okinawa for
few more years, to be used for U.S. efforts in Vietnam. The Bonins represented a
face-saving compromise for both leaders. Satō could give the impression that he
had won the Bonins. On the other hand, Johnson could give the impression that
he had prevented returning Okinawa, which was essential in continuing the
Vietnam War.

Johnson met Satō to discuss what Japan could do for the U.S. in exchange for
the Bonins. During the conversation, Johnson continuously asked how much Satō
could financially assist the States. Specifically, he referred to the Asian
Development Bank (ADB), Japan’s contribution to Vietnam, and the balance of
payments issue. The President believed that Japan should lead Southeast Asia
politically and economically under the leadership of the ADB. Johnson stressed
that the U.S. was not only spending between $25 and $30 billion to “defend”
Vietnam, but was also taking over 100,000 casualties (Johnson clearly
exaggerated the number). 62 His argument was straightforward: Japan must spend

59. “Joint Statement Following Discussions with Prime Minister Sato of Japan, November
61. “Memorandum of Conversation, November 15, 1967,” Subject-Numeric Files,
POLITICAL AFF. & REL. JAPAN–US 1–1–67, Box 2249, Central Foreign Policy Files,
much more money instead of paying the human cost.

In addition, Johnson suggested another financial issue: balance of payments. He told Satō that the U.S. was going to have a deficit of $30 billion in 1967. To solve the matter, he insisted that Japan should buy $500 million in medium-term securities and should spend more than $200 million to support Vietnam, Indonesia, and the ADB Special Funds. The States would also contribute $200 million to the Funds. However, Satō only promised to pay a $20 million appropriation in the approaching fiscal year, which would be Japan’s first payment in the agreed total payment amount of $100 million, which Japan was to reach within a five-year period. Satō avoided promising to pay $200 million since he was unsure if he could make good on such an amount.

Johnson was not satisfied with the answer, and pressed Satō to do something more to develop agriculture, fisheries, communications or transportation for Vietnam. The Prime Minister explained that Japan had already established an agricultural school in Can Tho and had sent agricultural specialists from Japan. Moreover, Japan had already started a medical program, including a hospital in South Vietnam. Johnson wanted to secure a pledge of something new that would contribute to America’s efforts in Vietnam and reduce the U.S. burden. He proposed that the States would supply experts and know-how to set up an educational TV system in Vietnam and that Japan would supply the TV receivers. By doing so, he believed that Japan could support the American efforts in Vietnam without violating Japan’s pacifist constitution. Satō commented that Japan already provided a similar communication system to the Philippines and Thailand; he later learned that the program was not useful due to the lack of adequate technological bases in those countries. However, Johnson strongly insisted that the system would work. Eventually, Satō agreed to furnish TV receivers in Vietnam.

Johnson’s last request was for Japan to take $500 million in securities to alleviate the States’ balance of payment difficulties temporarily. Satō declined the request, because if Japan spent $500 million, it would lose the entire liquidity of its reserves of $2 billion. Japan had already agreed to buy $300 million worth of securities, and Satō would not promise to buy the extra $200 million. Johnson acquiesced, and he did not request more.

Johnson eventually seemed satisfied with the summit, because he could tell Congress members that Japan had promised additional efforts in education as well as the hospital in Vietnam, efforts for the ADB, and the shouldering of one-third

63. Ibid.
64. Ibid.
65. Ibid.
66. Ibid.
67. Ibid.
of the obligation for economic assistance to Indonesia, which would all be helpful in meeting possible criticism about the Bonin Reversion and the steps to be taken in regards to Okinawa. As a result of the meeting, Japan made promises to provide the hospital and educational TV receivers in Vietnam, to increase financial aid to the ADB Special Funds, and to publicly state that it was Asian people that wanted the U.S. to defend freedom in Asia.\textsuperscript{68} By the conclusion of the summit, the two leaders had a much more personable relationship.\textsuperscript{69}

More detailed negotiations over the Bonins began on December 28, and on that occasion the United States offered to turn over all administrative rights and military facilities as well as the Coast Guard Long Range Navigation stations there. Also, without notable difficulty, the Japanese government agreed to buy up all supplies and movable equipment in the islands at 40 percent of market value, which was about an $800,000 cost, to offset the balance of payments windfall from converting U.S. dollars to Japanese yen.\textsuperscript{70}

Overall, the summit was successful, since both leaders gained something: assurance of economic assistance for Johnson and the reversion of the Bonins for Satō. The issue of Okinawa remained unresolved, as had been agreed by both parties before the summit. Johnson could not return the Ryūkyūs immediately. At the same time, the Administration members did understand that Satō could not return home without any advance on the territorial problems. If the Japanese public felt that the meeting was a failure, it would endanger the LDP regime. In the worst-case scenario, that situation would allow the Socialists or Communists to take over the government. Therefore, Johnson agreed to return the Bonins, including Iwo Jima. The president wanted people to perceive that he did not easily give up Iwo Jima, which was important symbolically. He used the island as leverage to influence Japanese cooperation with American efforts in Southeast Asia, where considerable amounts of American lives and money had been lost. These were the circumstances that led to the creation of the Joint Communiqué.

**IV: Aftermath of the Bonin Reversion**

Satō could come back to Japan with an important souvenir; the reversion of the Bonin Islands. However, his diplomatic achievement was not without cost. The prime minister had to keep his word regarding the promises he made that allowed the islands to be returned to Japan. Without examining the aftermath of the reversion, it is impossible to accurately understand the significance of the summit and the reversion. The question of whether or not the Bonin reversion was effective in improving U.S.-Japan relations had yet to be resolved.

\textsuperscript{68} Ibid.

\textsuperscript{69} Johnson, *The Right Hand of Power*, 481.

\textsuperscript{70} Ibid., 483–84.
Immediately after the communiqué, Satō gave a speech to the National Press Club. Not only did he state his determination to increase Japan’s assistance for America’s efforts in the Far East, but he also stressed the importance of America’s presence in Southeast Asia, as he was asked to do during the summit. According to Rostow and Wakaizumi Kei, who was frequently sent to Washington as Satō’s spy, Johnson was fully satisfied with the result of the summit meeting and Satō’s speech. The prime minister’s official expression of political support to Johnson’s policies towards Asia was highly appreciated by the president.

Senator Mansfield expressed his understanding of the reversion of the Bonins. He commented that there would be no difficulties to the immediate return of the islands, and thus the U.S. should return them “without delay.” Although some veterans criticized the decision, restoration of the islands to Japan obtained the approval of Congress. During the negotiation over the Bonins, the two biggest questions were whether the U.S. could keep a war memorial on Mt. Suribachi on Iwo Jima, and radar stations on Iwo Jima and Marcus Island. Japan agreed to leave these structures, and then the Bonin Reversion Accords were signed on April 5, 1968. Japan ratified the accords on May 22. Reischauer later reported that Iwo Jima was returned to Japan “without a single voice of protest,” and that, according to him, this result was what the State Department had predicted. The islands, where America lost 6,821 and Japan lost 22,305 military men in the last phase of the Pacific War were returned to Japan as a symbol of peace and friendship between the two countries.

As for the financial issue, the U.S. already suffered from severe balance of payments problems in merchandise trade. In 1965, U.S. trade with Japan moved from surplus to deficit; the States continuously held a trade deficit with Japan for years afterwards. In 1966, it posted a deficit of $599 million, and in 1967, posted a reduced deficit of $304 million. However, in 1968, U.S. trade deficit with

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76. Jameson, “U.S. Returns War-won Iwo to Japanese.” Although the article states that America’s number of deaths is 6,812, 6,821 is the correct number, according to many other newspaper articles.
Japan tripled to $1,100 million. Conversely, by “assisting” America’s efforts in Vietnam, Japan earned $251 million from direct procurement by U.S. forces in Japan, and $369 million by exporting war-related goods and services to the U.S. These statistics indicate that Johnson’s attempt to solve balance of payments problems in exchange for the Bonin reversion failed. After the Joint Communiqué, the U.S. kept spending money while Japan earned capital in Vietnam.

In fact, Japan and the States were already each others’ largest trading partners. Nonetheless, the U.S. was never satisfied with Japan’s trading attitude. Nancy Tucker argues, “In 1968 the United States notified Tokyo that unless it removed illegal import restrictions promptly the issue would be formally submitted to GATT [the General Agreement on Tariffs and Trade] for action,” because Washington officials believed that Japan was protecting its own market, and that this attempt, such as nontariff barriers, was a “violation of Japan’s obligations under both [GATT and CEOD]” (the Organization for Economic Cooperation and Development). Japan did not change its “illegal” trading policies during the Johnson Administration, though the following Nixon Administration was more critical towards these economic practices.

However, the increase in trade deficit does not mean that Satō broke his promises to Johnson. One important element in trade between the two countries was how much Japan spent on American-made weapons. Satō promised to buy $300 million worth of securities during the summit. In 1966, Japan imported $325 million in American weapons, and this increased to $572 million in 1967; however, by 1968, the amount dropped to $457 million. Although the U.S. trade deficit to Japan increased during this time period, Japan spent more than $300 million for weapons annually. Since Johnson originally wanted Japan to spend $500 million on American weapons annually, Japan fell short of the benchmark. In this respect, even though U.S.-Japan trade friction increased after 1968, it does not mean that Satō ignored his agreement with Johnson. Rather, Satō spent more than $300 million from Japan’s liquid reserves of only $2 billion.

In September 1968, Japan officially stated that it was willing to contribute $20 million as the first installment of a $100 million pledge for the ADB Special Fund; however, Johnson requested an extra $100 million during the summit. The

77. Schaller, “U.S. Merchandise Trade with Japan (in millions of dollars),” Altered States, 190, 204.
Japanese government only wanted to provide aid for the Agricultural Special Fund. The fund included not only agriculturally related industries, but also forestry and fisheries, because the government maintained that in order to become an industrial power, a country’s foundation was agriculture. However, Johnson wanted Japan to play an important role in, according to Dennis T. Yasutomo, “a special fund that would touch upon not only agriculture but also transportation, communication, the Mekong River Project, and education,” because “[a]s the Vietnam War continued to escalate, the U.S. government continued its efforts to blunt its warlike image by emphasizing concern for regional economic development.”

Due to Japanese attempts to gain influence in the region, the Philippines claimed that Japan was aiming for Southeast Asian countries to contribute to Japan’s markets, and to increase sources of raw materials for Japanese industry.

These criticisms suggest that Japan used Johnson’s request to aid Southeast Asia to manipulate the region into supporting Japanese industries. In this respect, Japanese officials shrewdly used the U.S. to regain influence in Southeast Asia, a role that America’s leaders wished to play. In the end, Johnson recovered the Bonins, but Japan ended up failing to meet all of America’s demands regarding operations in Southeast Asia. In addition, the reversion did not have the effect that America was expecting in regards to Okinawa.

While Rusk and Bundy expected that the Bonin Reversion would reduce Japanese pressure for the Okinawa Reversion, the opposite happened. The Chicago Tribune stated that the summit “opened the gate for diplomatic negotiations on reversion and contributed to the new mood” in Okinawa and both leaders “agreed last November to set up a committee to advise the high commissioner on how to integrate the administrative systems and the economy of Okinawa with the mainland in preparation for reversion.”

Contrary to the Johnson Administration’s speculation, the reversion encouraged the Japanese to insist on the early reversion of Okinawa.

An undesirable situation began to surface one year after the summit. Ambassador Johnson considered that the Okinawa problem would be worsened if “the wrong Chief Executive” was elected. On November 11, 1968, the election for the Chief Executive and members of the Legislature in Okinawa was held. This was the first democratic election for Okinawa. Yara Chōbyō, who was suspected to be a pro-communist by U.S. authorities, was elected as the Chief

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82. Ibid., 108.
84. “Memorandum of Conversation, September 16, 1967.”
Executive. Frank Langdon said that it was “[t]he biggest blow to the conservative parties [specifically LDP] in Japan and Okinawa.” However, it was also a hard hit for Johnson, for Yara was one of the leading figures of the Okinawa reversion movement. After the election, the movement gathered momentum.

The reversion of the Bonins did not end prevalent problems between the two countries. In fact, the worsening situation in Vietnam overshadowed the value of the reversion. However, despite the huge demonstrations in Japan that occurred during his presidency, U.S.-Japan relations were never in any real danger of breaking apart in Johnson’s time, although tensions rose sharply when President Nixon took over. Unlike Nixon, Johnson never cornered Satō with excessive demands and always tried to maintain favorable ties with Japan. Johnson was, as he said, “more deeply interested in the Asian-Pacific region than any other president has ever been,” because “this is the area where two out of every three human beings alive today live.” He did not let Japan fall into the communist bloc, and protected American interests in the Far East through his efforts.

Conclusion

Both the United States and Japan experienced domestic turmoil in the 1960s. Nevertheless, U.S.-Japan relations during Johnson’s presidency were relatively stable and moderate. This was partially because Satō was one of the most pro-American prime ministers in Japanese history, and he believed America’s policies and efforts in the Far East were necessary. In addition, Johnson was one of the most pro-Japanese presidents in American history, and he viewed Japan as the most important ally to aid in containing communism in the Far East. The president needed Japanese understanding of, and financial cooperation with, America’s Far East strategy to contain the Soviets and China.

Johnson tried to use the reversion to ensure Japan’s financial cooperation with U.S. efforts in Vietnam and the ADB, and to solve the balance of payments issues. However, Japan did not participate in a way that was satisfactory to Johnson. Since the islands were militarily less important compared to Okinawa, and because the U.S. government was unsatisfied with what it received in exchange, the historical importance of the Bonin reversion has been neglected. In terms of the economic impact of the reversion, the two countries kept having problems with trade deficit, and in terms of politics, Japan did not increase contributions to America’s war in Vietnam. The reversion went largely unnoticed by the American public in lieu of the conflict in Vietnam. These factors have

made the islands seem less important to historians.

However, this historical oversight does not mean that the reversion was meaningless to U.S.-Japan relations. In fact, the international communication regarding the islands worked as a diplomatic stabilizer, as seen in the negotiations over Japanese participation in U.S. strategies. The States could continue the alliance that was necessary for U.S. military presence in the Pacific. Japan recovered its lost territories and strengthened U.S.-Japan relations throughout the negotiation period. Rusk later mentioned that “it was far better to have a good strong relationship with Japan than it was to hang on to a little base,” and “We had…normal problems of vigorous trading patterns, but on political questions we and the Japanese got along very well.” Johnson’s main concern with Japan was maintaining good relations with it as an essential ally in the Pacific, in order to contain the perceived spread of communism. For the president, economic friction with Japan was a normal phenomenon, and it was better to use the reversion of the Bonins to ease diplomatic friction with Japan than to persist on the issue of these small islands, the Ryūkyūs and Bonins.

The United States gained less than it expected from the return of the Bonins. However, it certainly lost nothing in the exchange, while managing to advance a valuable diplomatic relationship. Johnson’s handling of the Bonin reversion issue was the keystone diplomatic achievement of U.S.-Japan relations during his presidency. While the importance of the islands has been largely overlooked or misjudged by scholars, especially given the attention to Vietnam and Okinawa during this time period, it is necessary to understand their importance in the context of greater U.S.-Japan relations. Future historians would do well to pay more attention to the role that these islands played, and in doing so, could gain a better perspective of, and a new appreciation for, the complex relationships between the United States and Asian nations during the Vietnam War era.

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