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OCI No. 2866/65

CENTRAL INTELLIGENCE AGENCY  
Office of Current Intelligence  
8 January 1965

## INTELLIGENCE MEMORANDUM

Current Political Situation in Japan

1. Prime Minister Sato heads a moderate, pro-Western government which is securely in power. The Liberal Democrats--a conservative party--enjoy about a two to one majority in the lower, more powerful, house of the Diet and an even greater preponderance in the upper house. The economic strength of the country is encouraging its leaders to make Japan more influential in world affairs. At present, Sato sees Japan's role as one of cooperation with the US in maintaining the Western security position in East Asia.
2. The principal opposition, the doctrinaire Marxist Japan Socialist Party, is still far from power. Demographic trends have contributed to a long-term increase in its popular vote, but the rate of this increase fell off in the last general election in November 1963. The next legislative elections are those for the upper house in June. The Socialists and their left-wing allies are capable of challenging the government by organizing street demonstrations like those that overthrew the Kishi government in 1960. Since 1960, however, they have lacked issues and failed in their recent attempt to arouse popular opposition to the visit of a US nuclear-powered submarine.
3. The Japan Communist Party is increasing its membership, but it remains a minor political force. The JCP supports Peiping. A splinter pro-Moscow element is still less effective.
4. Sato's agreement to continue the policies of the Ikeda government and retain the Ikeda cabinet as the price of his succession has kept the political

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pot quiet. Sato made no basic policy decisions before his visit to Washington, but there are indications that on his return he will move to assert a more activist "Sato line." Because he will wish to retain the broad support from Ikeda's coalition of factions in the LDP, however, Sato is unlikely to undertake controversial policies that might encourage the key factional leaders to gang up on him. Domestic areas in which Sato is interested include strengthening defense, tightening up security measures, and curbing inflationary trends in the economy.

5. Relations with China--both "Chinas"--is probably the most important foreign policy issue in domestic politics. Takeo Miki, LDP Secretary General, has made himself the chief exponent in Sato's entourage of a "flexible" policy toward Peiping, which can satisfy the many elements in Japanese society who clamor for some rapprochement with Communist China. Sato may not personally sympathize, but as an astute politician he will try to preserve at least Ikeda's "forward-looking" posture on increasing trade and cultural contacts, and perhaps move on toward some form of political liaison with Peiping.

6. It is important for Sato politically to project an image of flexibility toward Peiping, particularly if his Washington visit strengthens the popular impression that he is America's "best friend" in the LDP. He has to be careful not to become vulnerable to any charge of selling out Japanese interests, especially now that Japan's economic strides and growing self-confidence are being reflected in a renascent nationalism. As an early and consistent exponent of a more independent role in the world, "a scion of the Samurai of western Japan," Sato must assert Japan's national interests in every quarter.

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