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8 JANUARY 1979

(FOUO 2/79)

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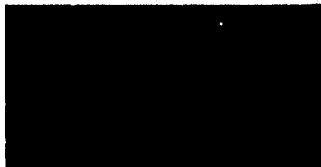
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TRANSLATIONS ON JAPAN
(FOUO 2/79)



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POLITICAL AND SOCIOLOGICAL

'ASAHI JANARU' ANALYZES OHIRA'S VICTORY

Tokyo ASAHI JANARU in Japanese 8 Dec 78 pp 6-9

[News spot: "Drama of Reversal Which Went According to the Scenario"]

[Text] "Lamp in Broad Daylight" Operation Gives Birth to New President Ohira

The counting of votes for the LDP presidential primary election, which began on 27 November, revealed a surprising development. Secy Gen Masayoshi Ohira led with a difference of 110 counted points between him and the incumbent president, PM Fukuda. It was a nationwide avalanche-like phenomenon, which even the Ohira camp did not anticipate.

Following the negative report of his losing battle, PM Fukuda, who had withdrawn to his office in the official residence, appeared at LDP headquarters at 7:30 pm and agreed to a press conference. "Frankly, I am surprised. Since I said I would respect the results of the primary, I have decided not to run in the main elections." At that moment, the new PM Ohira became a reality. In the long history of the LDP, it is the first time an incumbent president has been defeated by a challenger.

The press shot blunt questions at the prime minister, such as "What do you think is the cause of your defeat"? and "You said that a voice from heaven called for your reelection...what did you mean by that"? PM Fukuda's familiar lofty tone was subdued and his voice was heavy. "I have my own thoughts concerning the turn of the election, but a losing general does not discuss battles." "There are sometimes strange voices coming from heaven, you know." His words showed a trace of chagrin. Standing up, he repeated, "A losing general does not discuss battles," as he left the press conference hall.

Thirty minutes later, Secretary General Ohira held a press conference at his office. Responding to the cameraman's request, he smiled occasionally, but it was a forced smile. He seemed tense, as if he was not fully prepared for the sudden turn of events. Saying, "Isn't it rather premature to say anything"? he discussed his aspirations as the new president, in the form of replies to questions by the press.

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"I wish to express my respect for PM Fukuda on his decision not to run in the main party election. First, for putting into practice what he stated during the primary. I respect him deeply for his decision as stemming from his party spirit which caused him to avoid inter-party strife, although he had the ability to carry the battle further."

Since it was Ohira who had criticized PM Fukuda as "a man of words, not deeds" and who rejected a proposal for settling the main election through negotiation, his remarks could be taken as irony. However, his tense facial expression inclined the observe to accept his remarks at face value.

Ohira Camp Expected Victory by a Nose

Ohira listed three aspirations as the new president. One, to work for harmony and unity in a difficult period at home and abroad. Two, to canvas talented men from throughout the party and to abstain strictly from leaning towards special interests. Three, to be thankful for the smooth and peaceful implementation of the party's first primary and to review it from various angles, but to avoid regressing from the basic party line. Inasmuch as a larger voice for the Tanaka faction is being whispered about, his remarks showed his caution. "Sometimes, a single moment has great significance and, sometimes, 10 to 20 years mean nothing. History is indeed strange." The only time he showed any emotion was when he expressed this bet of Ohira philosophy. It revealed the Ohira brand of 'politics' whereby he chooses his words carefully, calculating the future and avoiding irritation towards the other factions.

On this single day, the chief role in the LDP presidential primary shifted abruptly from PM Fukuda to Secretary General Ohira.

The majority of the press had anticipated a victory for PM Fukuda by a wide margin in the primary. The trend was also clearly indicated in the polls of the party members throughout Japan, which were carefully prepared and carried out by the respective media. It was apparent that the Ohira camp was rapidly catching up during the last stretch, but nevertheless the general view was that PM Fukuda would win over Secretary General Ohira by some 100 points.

If the margin was within 100 points, Ohira and Fukuda would meet head-on in the main election. The Ohira camp's emphasis on "a main election, in accordance with party rules," and the moves by the Fukuda camp toward an accommodation through negotiation to avoid inter-party strife were naturally considered to be developments made with the primary election's progress in mind. On 24 (November) when the primary passed its zenith, PM Fukuda specifically requested a talk with the press and said, "The developments and results of the primary should be given due regard in the main election. I myself shall do so." There is no doubt that he premised this on a Fukuda victory. This statement resulted in bringing the incumbent president down without a main election.

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"I feel it in my bones that there will be telephone calls, letters and telegrams, asking me to continue." "Who else can conduct a Tokyo summit? The world is counting on Fukuda." "A voice from heaven calls for a Fukuda reelection." As these Fukuda quotes indicate, PM Fukuda was full of confidence as he faced the primary. The opening of Narita Airport, the signing of the Japan-China friendship treaty, and the stabilization of commodity prices--such achievements and the feeling that the second half of the Fukuda administration was blessed with luck were probably in his mind. He had also judged that the Tanaka faction and relations with the other factions within the LDP were working towards a Fukuda reelection. Consequently, the result of the primary was a "bolt from the sky." It was no doubt an unbelievable "drama of reversal."

In contrast, the Ohira camp was making its moves under the strategy that 2 years would be the limit for the Fukuda regime, to be succeeded by an Ohira regime. Of course, the primary and main elections were the immediate goals, but ultimate victory was in Ohira's mind. Since he did not expect the 110-point margin in the primary, which compelled PM Fukuda to step down without a main election fight, he did feel it was an upset victory. On the other hand, there appears to be an interpretation within the Ohira camp that the victory was due to the all-out election campaign it had carried out. In other words, they don't appear to be as surprised as the others.

The Ohira faction did calculate that it would win by a nose in the stretch. At the same time, it took pains to keep the vote count from becoming public, in order to gain an advantageous position in the main election. It took every precaution to gain an upset victory, in case the vote count should turn to its disadvantage. At this point, PM Fukuda's overoptimism worked in favor of the Ohira camp. The Fukuda camp, which had forecast "a remarkable margin in the primary" of some 200 points at the outset, hastily reset its goal at about 20 points. However, the mood was generally set for a certain victory in the main election, in the event that the primary margin should be within 100 points. The Fukuda camp had paved the way for its own defeat.

Since the Fukuda camp had counted heavily on the floating votes because of its incumbency and achievements, it was probably unable to make an accurate forecast.

When I was covering the Ohira election headquarters for the primary on 17 November, General Manager Zenko Suzuki received a phone call from former Upper House member Shintaro Nishida in Hokkaido, reporting that "13,000 votes are in the bag, with less than 10,000 votes for Komoto. I don't know the vote count for Fukuda, but he's sure to be second." Also, Dietman Iwazo Kaneko personally brought in a report on the voting in Nagasaki, announcing, "10,000 votes for Komoto; 7,000 for Ohira; and 5,000 for Fukuda." He stated triumphantly, "Fukuda telephoned the bankers and other leaders in Nagasaki to round up more votes for himself, but there isn't a vote left." Ohira had 7,118 votes and Fukuda received 4,408 votes. It was evident that the forecast on Ohira's votes was extremely accurate.

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On this day, I talked with Masaya Ito, former secretary to PM Fukuda and present consultant to Secretary General Ohira, on the outlook of the presidential primary. Ito said, "There is only one way for Mr Fukuda to retain influence within the party. That is to abstain from the main election." At the time, I interpreted it as stemming from the confidence that a reversal could be brought about in the main election. However, I know now that Mr Ito had increased his confidence in a victory in the primary. On the following day, 18 November, Secretary General, Ohira, who was on a campaign tour, spoke as follows at a press conference held in the city of Gifu. "After touring the various areas, I have deepened my confidence in an ultimate victory. The situation has made a major turnabout toward the main election with the support of my colleagues. I am sure of victory."

It is a subtle declaration which could be taken as being based on the premise of a victory in the primary. I had an opportunity to speak with Mr Ohira on 22 November. He impressed me with his high-spirited analysis, while holding a morning edition copy of MAINICHI SHINBUN which reported a 70-vote gap between Ohira and Fukuda. "I feel that things are going pretty well. One or two points in each prefecture could add up to a lot of difference. If the votes come in from Saitama, Nagasaki and Hyogo (prefectures) it might mean an upset."

The cadres of the Ohira faction became extremely cautious during the stretch. Such remarks as, "You can't tell until the results are in" became commonplace.

Actually, the final forecast by the Ohira faction for the primary foresaw 706 points for Ohira and 669 points for Fukuda. The Ohira faction, which could not count on the floating votes, concentrated on a heated campaign centering on the support of the "Tanaka army." Its estimate was fairly accurate, since it was based on votes by fellow party members.

Prime Minister Seals Own Fate Through Overconfidence

About this time, however, the Fukuda camp still believed in winning the primary. The theory of a "remarkable margin" was still discussed by faction members and it seemed that they were unable to grasp the situation until the end of the primary. It is proved by the fact that, while the Ohira faction was unable to win any votes in four prefectures, the Fukuda faction was blanked in eight prefectures. The latter's careless defeats were conspicuous.

There is probably no disagreement with the view that PM Fukuda's defeat was due to overconfidence. However, there is an indication that the Ohira and Tanaka factions played a role in PM Fukuda's overconfidence.

It appears that the strategy of what might be called "a lamp in broad daylight" was put into effect. In other words, it was a kind of operation meant to cause carelessness on the part of the Fukuda faction.

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This strategy caused the opposition to doubt the eagerness of the Ohira faction in wresting political power, and the view was spread that the Ohira faction hoped to win second place, with the right to succession to be ceded after a second term of the Fukuda regime. In addition, the strategy of the Tanaka faction was generally seen as taking the position that the Fukuda-Ohira-Tanaka alinement, or the so-called All Party Cooperation System, was the best means to eradicate the damage done by the Lockheed affair, and to create an Ohira administration within the continuation of the alinement. The inner thoughts of former PM Tanaka aside, it is a fact that cadres of the Tanaka faction were expressing such a view and that many Tanaka-faction dietmen were in agreement. It is not surprising that PM Fukuda believed in his own reelection on the basis of the Tanaka faction's "strategy." PM Fukuda did criticize the fierce election campaign during the primary by the Ohira-Tanaka alinement as an attempt to spread factional influence into rural areas. However, the reason his criticism was not expressed in terms of "money politics"--an expression most disliked by the Tanaka faction--was because he expected until the very last that the Tanaka faction would work to harmonize relations between the Ohira and Fukuda factions.

However, at its general meeting held on the morning of 20 November when the primary passed its peak, the Ohira faction resolved to "wage the main election" according to its established plans, and in the afternoon the Tanaka faction also held a general meeting, at which it instantly decided on a policy to "carry out the main election according to rules and to participate in unity." PM Fukuda's expectations were undermined and he was caught in a trap. Fukuda stated on 24 November that "the present presidential election which started with former PM Miki's description of it as 'the root of all evils' has taken a strange turn in November. If left to its present course, I am terribly afraid that it might produce a deplorable result reminiscent of the 1972 presidential election," and he sent for the first time a letter of challenge to the Tanaka faction. He also made a sharp turn and approached the Miki and Nakasone factions. However, by this time victory by the Ohira-Tanaka alinement was already decided.

The general view was that the "lamp in broad daylight" operation by the Ohira faction was cautious and lacked clarity, and it was characteristic of Secretary General Ohira, who detested infighting. It is true that this aspect existed. It could also be said that the operation was successful because the central figure was indeed such a person.

In January of this year, the Ohira faction teamed with the Tanaka faction and exerted all efforts in lining up affiliated party members in order to outnumber the Fukuda faction in the primary and to do battle on even terms even if there should be a "Joshu coalition (Fukuda-Nakasone alinement)." In the main election, it would aline with the Miki faction to defeat the Joshu coalition. While maintaining full cooperation with PM Fukuda, it built up its position so that it could win so long as it was able to bring about a public election for the party president. Once this position was

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established, the so-called "secret pact on the succession from Fukuda to Ohira in 2 years," which was exchanged 2 years ago at the time of the "toppling of Miki," would become feasible. It would become possible to take over the administration without a fight, with PM Fukuda declining to run. At any rate, the Ohira faction was resolved that the Fukuda regime would be limited to 2 years. There was no room for a Fukuda reelection in the Ohira strategy.

This strategy could be upset by a Cabinet dissolution and general election ordered by PM Fukuda. The Ohira faction did its utmost to prevent this from happening.

In May, a signature campaign was launched to oppose any Cabinet dissolution or any reelection moves by PM Fukuda, based on the argument that "there are no issues on dissolution to be fought between the ruling and opposition parties." Secretary General Ohira appealed to the party members that "I will definitely carry out the presidential primary which has been realized as the initial step in the party's modernization." He thus made efforts to forestall any possibility of a dissolution through sheer lack of time.

PM Fukuda's obsession with the idea of a dissolution and general election stemmed from his lack of confidence in a win in the public presidential primary. While revealing his desire for dissolution as a stepping stone to reelection, PM Fukuda stated on 17 June, "In order to carry out an orderly public presidential primary, I agreed with Secretary General Ohira to freeze all preliminary campaigns at the end of October;" and he moved towards a so-called "political armistice." It was a condition which the Ohira faction was obliged to accept in order to avoid dissolution. At a discussion meeting with the media on 11 July, PM Fukuda went so far as to state, "It is a political armistice and, if there are any moves, we will avail ourselves of our positions as president and secretary general to discourage them." While working to incumbent president Fukuda's advantage, this "political armistice" tended to lessen the existence of his challenger, Secretary General Ohira.

PM Fukuda further stressed repeatedly that "Ohira and Fukuda are united, and the breakup of this relation will not augur well for the LDP." It was intended to place the burden of ceding on Secretary General Ohira's shoulders. Both strategies appeared to be succeeding ostensibly.

Zenko Suzuki, general chairman of the Ohira faction, traveled to Mexico and Argentina in early August for about 20 days, returning home on 31 August. This trip created the impression that the Ohira faction lacked the will to wage an all-out fight, and there was reportedly a scene in which your faction members castigated Suzuki. Actually, the trip was made with Ohira's blessing. Meanwhile, tactics for the presidential primary were being worked out in unseen places. It was during this time that the talk of a Fukuda reelection began to emanate from the Tanaka faction. Ohira's popularity consequently took a nosedive.

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It was decided to hold a summit conference of advanced nations in Tokyo next year, and in August the Japan-China friendship pact was to be signed. Under such conditions, it was not surprising that PM Fukuda deepened his confidence in reelection. This overconfidence resulted in his overlooking the extraordinary Diet session in the fall, which was considered to be the final opportunity for him to bring about a dissolution and general election, and it was a factor in the decision by Nakasone, who was later to become a direct stumbling block for PM Fukuda, to run in the primary. In other words, it became the established view that, despite Nakasone's candidacy, PM Fukuda would undoubtedly capture first place in the primary. At this point, the Ohira faction cadres expressed the view that "the Nakasone candidacy has created conditions which can give us victory."

Nakasone's Popularity Serves as "Reverse Kamikaze"

Nonetheless, the operations by the Ohira faction by no means succeeded as planned. It can be said that the only point which went according to plan was the 2-year limit to the Fukuda regime.

The gravest miscalculation was regarding the sudden rise in Nakasone's popularity. In contrast to the increasing ambiguity due to Secretary General Ohira's "political armistice," the popularity of Nakasone, who purposely used hawk-like rhetoric, rose to a point where he was shoulder-to-shoulder with Ohira in the various polls. It is ironic that this miscalculation became a "Kamikaze (divine wind)" for the Ohira faction. It reminds one of the adage, "Fortune and misfortune are like the intertwined cords of a rope."

First, because of Nakasone's hopes for the second spot, the possibility of a "Joshu coalition (Fukuda-Nakasone alignment)" at the primary stage disappeared. Also, the change in conditions enabled Ohira to receive full support from the Tanaka faction without feeling guilty toward PM Fukuda. On 21 October, chairman Eiichi Nishimura of the Nanokakai (Tanaka faction) made a statement before Ohira's very eyes to the effect that the Tanaka faction would offer its support for an Ohira win of the second spot. The same Nishimura made a far more positive statement on 1 November, the first day of the primary, that "we will fight as if it were our own election, our own affairs." The Fukuda camp did not notice the change.

The Ohira-Tanaka coalition was criticized by the other factions for its "money politics and materialistic election." In other words, they were able to campaign directly toward the party grass roots. The Ohira-Tanaka union took the view from the outset that, ultimately, the number of affiliated party members would be the deciding factor, and they put full efforts into preparing a membership list. Some dietmen say this took 2 months. It is assumed that they began in secret a long time in advance. There is no doubt the "Tanaka army" was able to exercise its mobility, thus leaving the other factions far behind.

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There exists also the theory that Ohira believed, until the very last, in the secret understanding between himself and PM Fukuda on the succession of regimes after 2 years. A story was circulated around Nagatacho, the PM's residence, that on the morning of 24 October Ohira finally decided to fight it out after a phone call from PM Fukuda. Some (Zenko Suzuki) say that 14 October was the day of decision when Ohira first mentioned the "liquidation of the Ohira-Fukuda relationship." Rokusuke Tanaka, who was involved in the "secret understanding," said it took place on 1 November, the first day of the primary. It is an interesting episode which explains Ohira's delay in election campaigning and his lack of a confrontation attitude. However, while only Ohira himself could know the truth, under those conditions Ohira apparently had visualized a fight long before that. When I talked with Ohira in early March, he said in effect, "PM Fukuda says many things, you know. I don't know which is true. It is the end when one's statements are no longer believed." Perhaps one should take the view that, when Rokusuke Tanaka began to leak the "secret understanding on a succession of regimes in 2 years" to the press this spring, at least the expectations for an "abdication" had disappeared...aside from whatever statement PM Fukuda made to Ohira.

Immediately prior to the start of the presidential election, the theory of a "secret understanding" again emerged suddenly in many forms. They appear to have been purposely spread by the Ohira camp in order to gather sympathy within the party. Anger within the party is also a powerful source for enhancing a fighting spirit. If Ohira had persisted naively in hoping for Fukuda's "abdication," it would have been absolutely impossible to gain a "brilliant victory" over PM Fukuda in the primary with a margin of 110 points.

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'YOMIURI' DISCUSSES IMPLICATIONS OF ATTACK ON OHIRA

Tokyo THE DAILY YOMIURI in English 20 Dec 78 p 2 OW

[Editorial: "Ghost of Mishima"]

[Text] The attack on Prime Minister Ohira by an ultrarightist at his official residence once again raises the specter of the Japanese totalitarian mentality of the past and Yukio Mishima.

It is not yet clear if the terrorist intended to assassinate the prime minister, but the blade of the knife which he carried measured more than 10 centimeters in length. While feeling relief that Ohira escaped unharmed, we also felt hatred for terrorism.

In the manifesto, which the ultrarightist youth carried with him, he expressed this view: "Yukio Mishima wanted to show the existence of a value worthier than life." When questioned by police, the attacker said he thought he could change the course of politics by injuring Ohira.

We were struck by the youth's anachronistic thinking, which was similar to [that of] the ultrarightists who stormed the Keidanren building and seized it for several hours in March 1977.

Mistaken Adoration

Some intellectuals in their excessive adoration of the "Mishima aesthetics" even praise Mishima's dangerous antidemocratic ideology. These people should realize that their thoughtless pronouncements encourage rightwing terrorism. After all Mishima held a very narrow-minded, dogmatic vision of what the nation and society should be.

To return to this age of illusion is the last thing the people want, despite its glorification by ultrarightists. No doubt those with fixed ideas may grow impatient with parliamentary democracy under which reform of society takes place only slowly. But the Japanese people learned by bitter experience about a society dominated by a uniform sense of values.

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Dropout From Democracy

The ultrarightist who attacked Ohira was a dropout from democracy, and there are many young people who believe that the realities of their society are far from their ideals. Ohira's attacker was attracted first by a speed-happy motorcycle pack and then a rightist loudspeaker truck, which symbolized the ultrarightists' dogmatic image of what society should become. In his narrow vision, he could only see a shortcut to political reform.

This and other attacks by ultrarightists upon prime ministers in the postwar years raise the question of whether the police are not more tolerant of rightist terrorism than leftist. To prove there is no support for or favoritism toward rightwing terrorists, police and authorities should control better these groups.

The people know very well that a democratic society will tolerate radical opinions but not the denial of democracy itself.

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'MAINICHI' POLL: 37 PERCENT SUPPORT OHIRA AS LDP LEADER

Tokyo MAINICHI DAILY NEWS in English 14 Dec 78 p 1 OW

[Text] The number of those who gave a positive evaluation of the last presidential election of the ruling Liberal-Democratic Party (LDP) was slightly more than those who gave a negative evaluation in a recent poll conducted by the MAINICHI. The ratio was 37 percent (affirmative) to 32 percent (negative).

To a question asking their overall evaluation of the election, 11 percent of respondents answered that "it was good," and 26 percent said that "it was fairly good," i.e. 37 percent gave a positive evaluation.

On the other hand, 12 percent said that "it was not good," and 20 percent replied that "it was not very good," constituting a 32 percent negative evaluation.

The poll was conducted for three days from December 3 among 3,000 eligible voters on a random sampling basis across the nation. Seventy-five percent responded to the questioning.

In the foregoing question almost three out of 10 (or 29 percent) said that they had no interest in the election.

But among those who said they support the LDP, 57 percent gave a positive evaluation while only 24 percent replied in the negative.

This phenomenon was reversed among those who said they supported an opposition party. For instance, in the case of Japan Socialist Party (JSP) 26 percent of the supporters gave a positive evaluation while 43 percent replied in the negative. In the case of Japan Communist Party (JCP) 15 percent of the supporters responded favorably while 55 percent gave a negative evaluation.

By age, only 30 percent of "positive" respondents were in their 20s and 30s, while more than 40 percent of those 40 or over gave positive evaluation.

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Among those who gave a positive evaluation, 24 percent cited "contribution to the modernization of the party" as a reason for their evaluation, and 17 percent pointed out that the election was useful to put an end to "behind-the-door" politics.

But 31 percent replied that there was no change, 21 percent pointed out that "plutocracy was rife" in the election, while 11 percent said that "it was comical."

In general, more people gave a positive evaluation than those who appraised the election negatively.

This tendency was more clearly reflected in that nearly 60 percent replied, in one way or another, that they were for a continuation of the primary system in the LDP presidential election.

Only 12 percent said that the primary election system should be abolished.

Asked about whether or not they were satisfied with the result of the election, 32 percent answered that they were "satisfied" (with Ohira), 26 percent answered that they were "dissatisfied" while 39 percent said they were unconcerned.

If these figures could be interpreted as supporting and non-supporting rates given to the Ohira Cabinet, his supporting rate at the starting period would be a little higher than the 27 percent given to the preceding Fukuda Cabinet, 31 percent for the Ashida Cabinet, but lower than the 53 percent for the Tanaka Cabinet, 47 for the Miki Cabinet, and 46 percent for the Sato Cabinet.

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'YOMIURI' POLL SHOWS SLIGHT DROP IN LDP POPULARITY

Tokyo THE DAILY YOMIURI in English 13 Dec 78 p.1 OW

[Text] Popular support for the ruling Liberal-Democratic Party (LDP) has dropped slightly, while that for the opposition Socialist (JSP) and Democratic-Socialist (DSP) parties has slightly increased, a poll recently conducted by the YOMIURI SHIMBUN revealed Tuesday.

The poll was undertaken on November 25 and 26 on some 3,000 people throughout Japan.

It coincided with the LDP presidential primary elections, which were held on a prefectural basis and closed on November 26.

The poll also showed that popular support for Komeito, the Communist Party (JCP) and the United Social Democratic Party (USDP) remained the same.

It revealed that 39.6 percent of the pollees supported the LDP, 0.9 percent down from the previous survey carried out last October.

The spread of factional strife within the LDP across the country during the primaries apparently alienated many supporters of the LDP, and this resulted in the decrease of popular support for the ruling party, observers believe.

Women in their 30s and who are residents of large cities were mostly those who discontinued their support for the LDP.

By profession, they are self-employed, specialists, technicians, in administrative posts or engaged in clerical work.

These women do not believe that the primaries were held clean and fairly, the poll showed.

Popular support for the JSP increased to 13.4 percent from 12.3 percent registered in the previous survey.

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It had remained on the 12 percent level in five surveys since last June.

The recent adoption of more realistic policies by the JSP in economic and security problems helped realize the increase in popular support, observers said.

The DSP won a one percent increase in popular support, up to 2.8 percent, compared with the three percent level from March through August this year.

Popular support for the New Liberal Club (NLC), Komeito, the JCP and the USDP were respectively 1.6 percent, 0.6 percent down from October; 3.5 percent down from the same month; 2.4 percent, the same as October, and 0.5 percent, 0.2 percent up from the previous survey.

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POLITICAL AND SOCIOLOGICAL

'YOMIURI': USSR OFFICIAL KRUGLOVA RAPS SINO-JAPANESE NORMALIZATION

Tokyo THE DAILY YOMIURI in English 23 Dec 78 p 7 OW

[Article by Yasuo Suzuki]

[Excerpt] It was rather surprising when Zinaida Kruglova, head of the All-Soviet Society for Friendship and Cultural Relations With Foreign Countries (SOD), started criticizing the recently concluded Japan-China treaty of peace and friendship on the very first day of her recent visit to Tokyo at the head of a three-member mission to promote friendship between the Soviet Union and Japan.

In my talk with her, however, it became clear that the Soviet Union thinks that friendly relations at the people's level between the two countries can not be promoted smoothly without taking the Sino-Japanese treaty into consideration.

This was the first time for Kruglova to visit Japan in 12 years.

Though she did not see much change since her first visit in 1966, she was sure of one thing when she agreed to an interview on the very day of her arrival in Tokyo--the atmosphere of Japanese-Soviet relations.

'Anti-Soviet Pact'

Kruglova said it was a crucial moment and both countries should make utmost efforts to promote bilateral friendly relations.

"After all is said and done, we cannot deny that the recent Japan-China treaty is anti-Soviet in its nature. But we don't blame only the treaty for the worsening of the bilateral relations," she said.

Despite the strong criticism of the treaty, Kruglova stressed that Moscow really wanted to further promote friendly relations between Japan and the Soviet Union.

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"We must endorse things not by words, but by deeds," she stressed, implying that the Japanese Government's declared policy of "omnidirectional diplomacy" is merely a verbal play. She expressed the hope that Japan's new Prime Minister Ohira will pursue a friendly foreign policy toward the Soviet Union by taking concrete steps.

Kruglova plays two other very important functions in the Soviet Union. She is a member of the Central Committee of the Soviet Communist Party and also a deputy of the Supreme Soviet (parliament).

Kruglova is the highest ranking Soviet citizen, though she might not be a government official, to visit Japan since the conclusion of the Japan-China treaty of peace and friendship this summer.

Policy Shift?

Qualified sources in Tokyo recently said that the Soviet leaders in the Kremlin have apparently switched their foreign policy toward Japan, which heretofore was characterized as "wait and see" diplomacy.

The Soviet Union had been refraining from sending senior party and governmental officials, including ministers and their deputies, to Japan until Tokyo showed its willingness to mend the strained relationship by taking substantial steps.

Under these circumstances, it is quite apparent that Kruglova had a very important role to play during her visit in sounding out future directions in Japan-Soviet relations because a central committee member sometimes stands higher than an ordinary cabinet minister in Soviet politics.

Her visit gives the impression that the Soviet Union is trying to mend bilateral relations not only in the political field but also in the cultural area in the coming year.

Cultural Ties

Kruglova, in her capacity as chairwoman of SOD, disclosed that SOD would conclude a five-year agreement (1979-83) with the Japan Association of Cultural Relations With Foreign Countries on Cooperation in Cultural Exchanges.

So far the two associations have had only one-year agreements.

One of the planned projects under the projected agreement is a symposium of Soviet and Japanese writers.

The first symposium will be held in the Soviet Union under the title of "The Writer's Role in the Contemporary World" some time in 1980. It will be followed by another symposium in Tokyo or another Japanese city under the theme of "The Writer's Responsibility as a Citizen for Destiny of Peace" in the following year.

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A forum by Japanese and Soviet prefectural governors and city mayors will also be held, Kruglova said.

The three-member delegation which Kruglova led had a very busy schedule in Japan. They met representatives of almost all the opposition parties and friendship organizations and visited many cities from Hokkaido to Kyushu.

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POLITICAL AND SOCIOLOGICAL

JAPAN DEFENSE AGENCY CRITICIZED FOR ITS SECRETIVE ACTIONS

Tokyo NIHON KEIZAI SHINBUN in Japanese 12 Nov 78 p 5

/Forum column by Toshihiro Yamanouchi: "Defense Agency Must Change Its Attitude Toward Secrecy"/

/Text/ One of the things I cannot agree with in the recent debate on "emergency /defense/ legislation" has been the Defense Agency's proclivity for secrecy. It is my feeling that the Defense Agency has usurped the people's "right to know" in deciding to earnestly conceal a number of materials thought to be fundamental to the people's consideration of the problem of emergency legislation.

Towards the end of August, Secretary General Narazaki of the Social Democratic League demanded that 10 documents closely related to emergency legislation, materials related to the Defense Agency and the Self Defense Force, be made public. Among these were the so-called Sanya /Three Arrows/ Study and a document entitled "On Provisions That Should Be Added to the Legal Code in the Future," which is a 1966 Defense Agency Legal Research Office draft, but the Defense Agency refused to make any of these materials public.

Further, in connection with the so-called problem of coping with a surprise attack, it has been stated that there exist "secret orders" which authorize the use of weaponry by the Air Self Defense Force against /an aircraft/ violating /Japan's/ airspace, but in response to Communist Party dietman Higashinaka's request in the Diet that they be provided, the Defense Agency refused on the grounds that "secret orders" are classified.

Moreover, it was stated in response to a question from Socialist Party dietman Iwatari that at present in the Defense Agency there exist 94,000 classified defense documents as well as 742,000 classified agency documents. This has to be called a surprising number of secrets.

Recently, among researchers concerned with questions of the Constitution's pacifism and of the citizens' right to know, there was a decision to lodge a demand with the Defense Agency that the aforementioned document entitled "On Provisions That Should Be Added to The Legal Code in the Future" known to exist should be made public.

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The reason for this was that the document contains provisions--a National Defense Secrets Protection Act (Kokka Boei Himitsu Hogo Ho), a Special Emergency Measures Act (Hijo Jitai Tokubetsu Sochi Ho), and establishment of a system for general mobilization--conceived as emergency legislation that remind us of the state-of-emergency laws of prewar Japan. In view of the Constitution, a grave problem which could not be ignored was considered to exist.

In reply to a written request which the five of us researchers involved signed and took to the Defense Agency, the Agency promptly and simply responded with a refusal to make public the materials. Their reason was that "These materials, at the time, were internal working materials. Not being completely finalized, they should not be disclosed to outsiders."

It very well may be that there are instances when, for logical reasons, materials such as drafts actually in the working stage within the administration should not be released to the public. However, the document which we requested should be made public was prepared more than 10 years ago and can already be called historical. Also, we have not heard anyone suggest that the document has specifically been classified.

The officer in charge of the Defense Agency Legal Research Office that we met with stressed that "if the document were made public, it might easily be taken as the official view of the Defense Agency." However, the document is the consequence of a formal decision taken at a meeting of Defense Agency counselors on 11 August 1965 to direct that a study of emergency legislation be made, and certainly the work done at the Legal Research Office was in consequence of such instructions. Moreover, if final approval at a meeting of counselors could not be obtained, there is an implicit question of why not, and I certainly do not find it unreasonable from the standpoint of citizens as taxpayers to demand the release of the document to the public.

Such a response on the part of the Defense Agency is basically identical to the government's thinking when it comes to emergency legislation, where immediate enactment of a secrets protection act is advanced.

Nonetheless, in the decision of the U. S. Federal Supreme Court which sanctioned the disclosure of secret U. S. Defense Department documents concerning the Vietnam War, Justice Black stated, "The guarding of military and diplomatic secrets at the expense of informed representative government provides no real security for our Republic."

Faced with a Defense Agency which does not possess this kind of awareness, in a country which does not have a Freedom of Information Act such as that in America, is there nothing our people can do other than simply stand by with arms folded?

I should like to register my firm objection to the Defense Agency's secretiveness. If the Defense Agency intends to study emergency legislation

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truly on behalf of the people, I insist that the relevant materials be opened to the general public and that they be subject to public discussion and debate.

(The author is professor of Constitutional Law at Dokkyo University)

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ECONOMIC

JAPANESE NOTE U.S. PRESSURE FOR HIGHER GROWTH RATE

Tokyo MAINICHI SHIMBUN in Japanese 16 Dec 78 morning edition p 7 OW

[Text] Finance Ministry and Bank of Japan officials charged with international monetary affairs have suddenly become concerned over a possible revival of the theory likening "nations with trade surpluses" to "locomotives" --a theory which appeared to have died. This concern was prompted by U.S. Treasury Secretary Blumenthal's statement at the 14 December hearing of the Joint Congressional Economic Committee in which he denounced Japan for giving up its 7 percent economic growth target for this year. Blumenthal said that Japan is "violating its public pledge." In addition, key U.S. officials have lately begun criticizing Japan. This criticism of Japan is believed to be based on U.S. fears that the U.S. economy, the biggest "locomotive" pulling the world economy, may face difficulties next year resulting in stagnation of the world economy.

The U.S. criticism of Japan is likely to have a delicate bearing on Japanese efforts to formulate a budget and adjust the growth target for the next fiscal year.

U.S. criticism of Japan's economic management is evident from Blumenthal's congressional testimony and from the U.S. position at the 11 December Bonn meeting held to review the Bonn Summit Conference of Advanced Nations. At the meeting Japan clarified its intention to give up its 7 percent growth target for this year, to the great dissatisfaction of the United States.

The Finance Ministry is also paying attention to a speech by Senator Church, who is scheduled to become the next chairman of the Senate Foreign Relations Committee, made in Utah on 12 December. In his speech, Church said that: 1) The United States should cut back its overseas assistance and discontinue its overseas investment promotional programs; 2) The United States should pursue domestic policies with emphasis on increased productivity and on other private economic sectors and a foreign policy centered on the economy; and 3) The United States is now being challenged not by the Soviet Union but by Japan, West Germany and other allies.

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The Finance Ministry believes that the new U.S. thinking is prompted by fears (expressed by Blumenthal) that the U.S. economic growth rate for next year may "drop close to 2 percent," far less than the originally forecast 4.3 percent.

In addition, the next U.S. presidential election is scheduled for 1980. The Carter administration finds it difficult to introduce further dollar defense and anti-inflation measures which may result in further aggravating the business recession. Therefore, the Finance Ministry is worried that the United States may again emphasize the responsibilities of Japan, West Germany and other trade surplus nations and revive the "locomotive" theory to pressure them to achieve higher economic growth rates.

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ECONOMIC

EDITORIAL: 'BROKEN PROMISES' ON GROWTH

Tokyo MAINICHI DAILY NEWS in English 14 Dec 78 p 2 OW

[Editorial: "Broken Promises"]

[Text] At a meeting held in Bonn, West Germany, Monday, Japan told the six Western industrial democracies of the virtual impossibility of meeting its internationally pledged 7 percent real economic growth rate for fiscal year '78, which ends next March.

The parley, attended by government representatives of the seven--Japan, the U.S., Britain, Italy, West Germany, Canada and France--was held to review the fulfillment of public pledges made by their leaders at the July summit conference.

The Bonn summit was not the first confab where Japan's "7 percent growth target"--along with its intention of drastically reducing its huge current account surplus--was revealed. Similar promises have been made by Japan in the past.

It appears quite appropriate and natural that Japan should tell the six other countries of its impending failure to honor its promise, now that a 7 percent target is impossible to achieve.

We are of the opinion that Japan's attitude of frankly admitting its failure, without making any excuses, will enhance international faith in Japan.

Extreme prudence is required in making any kind of international pledge. Thus, making a pledge such as the "7 percent growth," the attainment of which was in doubt from the very beginning, should be considered as indicative of a serious lack of discretion.

The former Fukuda cabinet disgraced itself last year by failing to live up to its promises of achieving 6.7 percent growth and a \$700 million deficit in Japan's current account balance.

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There can be no excuse for inviting ridicule from other countries for two successive years by failing to achieve promised growth targets, although the improvement in reducing the current account surplus this year must be considered as praiseworthy.

Needless to say, an economic growth rate, a macroscopic figure, should be compiled only after taking into consideration microscopic figures of various economic activities. In this sense, making a promise to attain a certain growth rate seems illogical and indiscreet. In addition, the pledge to meet the 7 percent growth rate was made from a political consideration--in order to ward off mounting foreign criticism of Japan's massive current account surplus.

Worse yet, the 7 percent growth pledge, once made public, became acknowledged internationally as an established fact, disregarding Japan's slim chance of realizing it. This is evidenced by the International Monetary Fund's request that Japan attain 7 percent growth next year also. The carelessly made promise has led an international body to entertain an illusion.

Prime Minister Ohira also shares responsibility with former Premier Fukuda as Ohira was serving in one of the top posts of the ruling party--secretary general--at the time Fukuda made the promise.

However, Ohira's policy, made known immediately after he assumed the prime-ministership, or not adhering to the 7 percent growth figure, is commendable, although it seemed inevitable.

We hope the government will refrain in the future from making public such a macroscopic figure as a 7 percent growth rate and, instead, manage the nation's economy by placing more emphasis on its microscopic aspects.

It is sometimes difficult for us to understand the attitude of bureaucrats. They insisted the 7 percent growth was possible right up until the change of administration. No sooner had the administration changed, however, than they abruptly changed their attitude. Their quick reversal should be considered as part of the custom of "saving face" for the man in power.

Another international pledge made by Japan was that it would "double Official Development Assistance (ODA) within three years."

We feel this promise was aimed at reducing the current account surplus rather than promoting international welfare. At present, the progress being made in fulfilling this pledge is at a snail's pace.

We urge the government to implement, and swiftly, a substantive ODA plan in order to avoid further ridicule from abroad.

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ECONOMIC

PARASITE 'SOKAIYA' PLAGUE JAPANESE BUSINESS, INDUSTRY

Unit Share System

Tokyo YOMIURI SHINBUN in Japanese 24 Mar 78 p 1

[Commentary]

[Text] In order to expel the sokaiya [a group of hecklers and blackmailers hired by corporations to obstruct anti-management moves at shareholders' meetings], the parasite of business, the Ministry of Justice reportedly desires to adopt the "unit share system." Under this system, a share with a face value of 50,000 yen will be considered as a unit. Shareholders holding less than a unit will not be allowed to attend shareholders' meetings or have voting rights. Under the existing system, anyone with even one share may attend and, if not obstructed by the sokaiya, ask questions or state their views. It is this simple process that makes the sokaiya rampant. The Ministry of Justice, therefore, hopes to impose some restrictions in order to expel the sokaiya. However, the measures against the sokaiya still seem inadequate. Let us consider the changes under the unit share system. While it may stem the growth of additional, new sokaiya, a sokaiya with an investment of 50,000 yen multiplied by alpha (alpha refers to twofold increase in current price against face value) in a certain firm will be anxious to recoup the loss resulting from expulsion from other enterprises. The end result will be an enterprise under the complete dominance of a powerful sokaiya. The absolute amount of money squeezed out of a firm would increase rather than remain constant. It appears the sokaiya society is simply being offered a chance to develop from an inefficient hunting and collecting culture to a stable cultivating culture.

On top of this, there appears to be an intent under the unit share system to get rid of the consumers' movement for the one-share shareholder; and it is questionable whether consumers, who are already weak enough as it is, should be denied an opportunity to air their views. But the essence of the measures against the sokaiya should be directed against corporate payoffs. No matter what the sokaiya might utter at shareholders' meetings, the management should remain unperturbed.

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The collapse of Ataka & Co and the bankruptcy of Eidai Co is probably due in part to the use of sokaiya to shutout shareholders' criticisms. Banks paying out several hundred million yen annually to sokaiya should take a lesson from such firms as Kyupi [Cupid] Mayonnaise, Mitsu-uroko, Shionogi, Akai Electric and Nippon Miniature Bearing.

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Billions Paid to Sokaiya Annually

Tokyo NIHON KEIZAI SHINBUN in Japanese 5 Dec 77 p 22

[Article: "'Unfortunate Ties' With Sokaiya Continue; Cash Payments Barely Lawful"]

[Text] Enterprises, caught in the midst of the stringent economic environment of recession and high yen, are not supposed to squander their money. Yet, 80 to 150 billion yen is paid annually (National Police Agency estimates) under the guise of contributions or advertising fees to sokaiya, known as "black gentlemen" or "shady business groups." Although police authorities have cracked down on sokaiya groups which number about 5,200 persons, viewing them as "antisocial groups" like gangs, the ties between the enterprises and sokaiya run very deep. Nevertheless, the time has come for enterprises to consider severing such relations as the era when the sokaiya were condoned as a necessary evil has passed.

Total Payoffs Are Top Secret

Shortly before 0800, about 10 weird-looking individuals loitered in front of a certain bank in the business district of Otemachi, Tokyo, as salaried men and women strolled past on their way to work. Wearing wide ties and loud, large plaid suits, the individuals vanished behind the employees' gate when it was opened.

The sokaiya makes round after round of visits to enterprises to open accounts at between 200 and 300 firms (his name is recorded in company books and he is paid at least twice a year). They operate early in the morning as their turn for work will depend on the order in which their name cards are submitted. This is their "wisdom of living," and if required to wait until registration (0800 at this bank), they would have time to visit another firm.

At this particular bank, some 2,000 persons, including rightwingers and shady magazine reporters are registered, 800 to 1,000 of which are sokaiya. An assistant executive secretary of general affairs section said: "They

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are paid twice a year, from 4,000 or 5,000 yen to 200,000 or 300,000 yen. No one is getting a million yen. Total payments are top secret and cannot be divulged."

Following the crackdown, a National Police Agency official revealed: "Financial institutions pay the most to sokaiya. When a bank initially opens an 'account' and decides on the amount of the payoff, it serves as a pattern for other affiliated firms to follow." Another reason for sokaiya's inroads is the assistance provided by securities firms in hiring sokaiya for shareholders' meetings when a firm's shares are listed on the stock exchange.

Many of the sokaiya operate under such titles as an "economic research institute" or a "political and economic problems survey association" and carry name cards with titles as representative director and president. Even in a one-man operation, he is the president. He always carries in his pocket a book of receipts for contributions.

The vocational background of sokaiya is varied, from former salaried men to auto mechanics and taxi drivers, with an unusually high number of bartenders. There is even a "bartenders' group." The bartender, after overhearing sweet tales between key sokaiya and top businessmen at Ginza bars and clubs, apparently begins to think "a piece of paper [receipt] makes money. There is no better deal than this."

Ninety Percent of Firms Listed on Stock Exchange

Lately, sokaiya has been organized into groups. Upon entering the office of one group, a company song was heard: "There is a tomorrow when looking at the sky, a future in boiling blood [condensed], and nothing bad in our path."

With hands behind their back and legs apart, everyone was singing as a middle-ranking officer beat time.

Mr M, the leader, is 36 years old. A senior member pays a new member between 20,000 and 30,000 yen, depending on the income earned, and guarantees a monthly income of about 200,000 yen. It also has a system, unlike other sokaiya, of housing all its workers under one roof, in a mansion; of making it clear to a worker's spouse and children that "papa is a sokaiya"; and assuring that his income will be at least 10,000 yen greater than what he got in his former job. Mr M did not deny that ties exist with gangs: "It's money, first and last, in this business. It is not unlawful, just on the brink of it. We cannot operate without ties with outlaws."

Generally, the amount paid by a firm to the sokaiya is set aside in its annual budget. The money is distributed by a person in charge in the general affairs section. The sokaiya are ranked A, B, C or D according to their capability. A veteran detective of the Fourth Investigative

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Section, Metropolitan Police Department, estimates: "Of 1,700 firms listed on the stock exchange, only about 10 percent have no connection with sokaiya. Most unlisted firms also hold shareholders' meetings. Counting these, a firm's budget for this purpose probably averages from 50 to 100 million yen." A white paper on shareholders' meetings prepared by Daiwa Securities Co in November reports: "Despite public criticism, ties with sokaiya have increased in one out of two firms...A decrease, even slight, registered only 4 percent."

On the other hand, the sokaiya does not necessarily attend every shareholders' meeting. According to the same white paper, 178 firms maintain ties with 101 to 200 sokaiya, 150 with 51 to 100, and 110 with 201 to 300. Fifty-six firms have claimed affiliation with more than 500 sokaiya. The average number of sokaiya attending shareholders' meetings ranged from 3 to 23.

Lately, there has been an increase of sokaiya who hold few if any shares, as can be judged from such comments as: "Only one-half of our sokaiya have shares in odd lots (Bank A)," "Only 20 percent appear to own shares (pharmaceutical company B)," and "A share ownership is not a criteria in hiring; it is based on affiliated group and the content of their publications (automobile firm C)."

Why do firms make payoffs to sokaiya who do not own shares or attend shareholders' meetings? Police authorities are keeping a close watch on the sokaiya which is "a group engaged in extortion, blackmail and intimidation to the point of violating the law."

Decision Awaited From Top Hierarchy

One day, a veteran official of a major shipping firm, who despises sokaiya, confronted a young man with an improvised name card and said: "You just graduated from the university? Do you really know the world of sokaiya? They're just like paupers. Do you want to be like a prostitute?" The official was sympathetic after observing the youth for 10 or 20 minutes. Finally, when the official stated, "Aren't you a man? There must be some decent job which will bring perspiration on your brow"; the youth answered, "I am sorry," and never returned.

At this shipping firm, some 80 sokaiya report every morning and are interviewed in the order of their arrival. The person in charge of sokaiya affairs is Mr K, an 80 year old man with 15 years of experience. Mr K is known to every sokaiya. Mr K stated: "Ten years ago only, executive sokaiya came and, being key figures, they readily understood our problems. The world of sokaiya is probably undergoing a period of transition, with the younger generation seeking to replace their elders. I am fully aware of the undesirability of maintaining ties with sokaiya. Payoffs are made as a custom. Our firm will not pay if all other firms stop. However, we have no intention of assuming the lead in ending the practice."

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That responsible person is caught between the firm and sokaiya. It would mean a failure to carry out his duties if inappropriate questions or obstruction of proceedings developed at a shareholders' meeting. An assistant executive secretary of a bank in Otemachi commented: "Severing ties with sokaiya would be difficult. Due to the era of low interest, every bank is faced with a phenomenon of back-spread in profit margin and suffers from depressed business conditions. If this situation continues, ties with sokaiya would probably have to be drastically severed. This is not a decision to be made by a responsible person but by the top hierarchy."

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Ties With Banks Exposed

Tokyo SHUKAN SHINCHO in Japanese 6 Apr 78 pp 110-111

[Article: "Banks and Sokaiya Are 'Golf Partners'; Rapid Fourfold Growth in 5 Years"]

[Text] According to police estimates, the amount of cash flowing from enterprises to sokaiya last year totaled from 70 to 100 million yen. The sokaiya prospers, with its number swelling from 1,600 in 1972 to 6,500 in 1977. The inroads made by gangsters has been notable. Banks have "obediently" cooperated with sokaiya. For example, a survey by Osaka National Tax Administration Bureau 3 years ago disclosed that total annual payoffs to sokaiya by the Sanwa, Daiwa, Sumitomo, Taiyo Kobe and Sumitomo Trust Banks amounted to 500 million yen (15 March morning edition of YOMIURI SHINBUN). According to one report, one-third of all "contributions" were made by banks.

A Japanese reporter sarcastically remarked: "The motto of sokaiya is 'a monthly salary from the banks and a bonus from the manufacturers'."

He continued: "Nowadays, sokaiya usually maintain ties with magazines and newspapers. At least once every 2 months or even monthly, the banks will accommodate them by placing advertisements. Manufacturers do likewise each quarter. In addition, monthly lecture-meetings or golf competitions are held. The banks reportedly set the pace in determining the amount of payoffs and also introduce sokaiya to firms to which they have made loans."

Someone asked: "Why are banks so weak against the sokaiya? Is it because their guilty conscience, apt to be picked on by sokaiya, cover many facets?"

The Japanese reporter grinned and said: "Not necessarily. They place utmost importance on maintaining public trust, even if they have to pay money. They wish to avoid any commotion at shareholders' meetings or articles in sokaiya publications charging illegal loans (even if propaganda). Also, as with other enterprises, the position of the person

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responsible for sokaiya affairs must be considered. It would be a different story if the top hierarchy stated: 'It does not matter how long the shareholders' meeting continues. Foolish accusations will be strongly reckoned with.' But, in reality, it is just the opposite, for the general feeling is that a smooth proceeding lasting about 10 minutes would be most ideal. A chief of the general affairs department who thinks he is headed for a promising career would never lose sight of the top hierarchy's intentions."

In the United States, an organization called the SEC (Federal Securities Exchange Commission, an organ which monitors unfair corporate practices and which became known in Japan as a result of the Lockheed incident) would immediately initiate an investigation and expose the firm (not the sokaiya) if it discovered that a firm had used such a group as sokaiya to trample on the shareholders' rights or had convened a manipulated shareholders' meeting. In the United States and Europe, there are no peculiar parasites like sokaiya. This is because European and American enterprises are not as secretive as Japanese firms and they carry out their obligations to provide the shareholders with information about the management. In Japan, in contrast, only a limited number of management personnel have access to inside information. To a Japanese corporate society, which originally developed as government enterprises and purveyors and later as a homologous entity called the zaibatsu, shareholders' meetings are probably a mere formality. Moreover, the Japanese society is peculiar. Frictions and disputes are considered abnormal in mass society and, by the time the issue surfaces, the difficulties must have been ironed out and a course of action determined. The sokaiya is a parasite eating away at this belief.

Dual Structure of Hypocrisy and Nonsense

A British correspondent sarcastically remarked: "If sokaiya's financial backing comes from banks, its psychological support comes from Japan's major newspapers."

He continued: "An enterprise basically is bad, and for it to profit is bad. It must remain pure. Such hypocrisy is spread by the press. A manager that reacts to such hypocrisy leaves something to be desired. A bank executive who keeps a concubine has no direct affect on the bank's profitability. However, it appears that such thinking is not understood in Japan. This is the point that sokaiya feeds on.

"The sokaiya tries to show that he is a true friend, just as major newspapers often resort to pretty words to cover up reality. Enterprises, particularly banks, utter normal statements like 'trust is important,' but they are an incarnation of the 'safety first principle,' and they are pleased with such hypocrisy. In actuality, it is difficult to survive in Japan without some framework of appearance. Hypocritical behavior is evident in public, but in the background nonsensical situations exist,

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such as the enterprises' 2 trillion yen annual social expenditures. It is no wonder that sokaiya prospers from a share of the dual structure."

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MPD Investigates Banking Ties

Tokyo YOMIURI SHINBUN in Japanese 15 Mar 78 p 23

[Article: "MPD Discovers Major Financial Institutions Soft on Sokaiya; 30 Million Yen in Half a Year to One Group"]

[Text] As a result of an investigation by the National Police Agency and Metropolitan Police Department [MPD], activities of major financial institutions involving sokaiya were disclosed for the first time by the 14th, having come to light during a related investigation into a sokaiya, the Koji Takata group. Major city banks were found to have contributed an average monthly sum of 700,000 or 500,000 yen to the one-man sokaiya outfit, confirming the generally accepted belief that "financial institutions are soft on sokaiya." This softness toward the sokaiya also applies to enterprises affiliated with major banks. Investigative authorities estimate, based on cases uncovered during the year of 1977, that from 70 to 100 million yen have been contributed to sokaiya. The National Police Agency views the situation with alarm as the season for shareholders' meetings is approaching. As a result, the agency's director general, Seitaro Asanuma, attended board meetings of the All Japan Bank Association and Tokyo Bank Association on the 14th and made an unusual request to the banks' top hierarchy, contending: "The soft stance of financial institutions is one reason for the proliferation of sokaiya. Sever your relations with them firmly."

According to the National Police Agency, during the period of unregulated political contributions, an "index" of the amount contributed by various enterprises was keyed to the contributions by the three households of banking, steel and electric power interests. Other contributions to sokaiya were also determined in a similar fashion, with corporate contributions being based on those of affiliated banking institutions in most cases. For this reason, most sokaiya concentrate their activities on financial institutions.

The first evidence of this was the manner in which the Takata group amassed money. Last year, following Takata's arrest and the investigation into 771 related enterprises, it was found, as the table shows, that Takata had received vast sums from major banks, including 4.6 million yen, the largest, from the Industrial Bank of Japan; 4.35 million from Long Term Credit Bank of Japan; 3.5 million from Nihon Saiken Shinyo; and 3.45 million from Sumitomo. Contributions by 20 banks in a 6 month period totaled about 31 million yen, with an additional sum of about 150 million being disbursed by 751 other enterprises. It was proof of how soft banking institutions were on sokaiya.

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The Takata group employed eight organizations, such as publishing firms and research institutes which it controlled, to collect the money, amounting to 51 million, 94 million and 146 million in 1974, 1975 and 1976 respectively. It collected nearly 400 million in the 3 1/2 year period ending June 1977, nearly half of which came from people's savings.

In addition, investigations by the Osaka Tax Administration Bureau and Kinki Financial Affairs Bureau revealed that 500 million was paid out by the five major banks of Sanwa, Daiwa, Sumitomo, Taiyo Kobe and Sumitomo Trust during a 1 year period from October 1975 to September 1976.

According to the National Police Agency, the soft stance of these financial institutions appeal to gangsters.

Gangsters are increasingly changing their profession, figuring that rather than taking a chance with gambling or stimulants which are subject to strict control, it would be easier to work as sokaiya--a sure and safe way to make money. The number of sokaiya has increased from 1,600 in 1972 to 6,500 at the end of last year, with nearly 1,000 coming from the ranks of gangsters. Because of them, shareholders' meetings reportedly are subjected to greater violence and numerical dominance.

Table

Contributions to the Takata Group
(total sum paid in first half of 1977, as determined by the MPD)

Industrial Bank of Japan	4.6	million
Long Term Credit Bank of Japan	4.35	"
Nihon Saiken Shinyo	3.5	"
Sumitomo	3.45	"
Fuji	2.9	"
Mitsui	2.6	"
Daiichi Kangyo	1.8	"
Mitsubishi	1.8	"
Sanwa	1.35	"
Kyowa	1.0	"
Taiyo Kobe	750	thousand
Sumitomo Trust	700	"
Daiwa	700	"
Mitsubishi Trust	450	"
Saitama	350	"
Tokai	350	"
Tokyo	200	"
Hokkaido Takushoku	150	"
Mitsui Trust	100	"
Yasuda Trust	50	"

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Police Director Urges Break in Ties

Tokyo YOMIURI SHINBUN in Japanese 16 Mar 78 p 2

[Article: "'Asanuma Warning' Implies Need for Constitutional Improvement; Enterprises Expel the Sokaiya; Enormous Funds to Gangs"]

[Text] National Police Agency Director General Seitaro Asanuma attended the board meetings of All Japan Bank Association and Tokyo Bank Association on the 14th and strongly urged the severance of ties with sokaiya. An examination of the background of his request revealed a situation far beyond one's imagination.

The reason behind the National Police Agency's appeal for severance of ties with sokaiya is simple and clear. According to the agency, sokaiya has increased rapidly in recent years, having grown to 6,500 by the end of March last year, four times more than in 1971-72. Nearly 1,000 of them are former gangsters. Sokaiya also have made their way into enterprises on the basis of "the number and strength" of gangs lurking in the background. Enormous funds obviously flow from sokaiya to such gangs.

What are the consequences? The police are cracking down through three means: 1) mass arrests of leaders, 2) choking off the sources of funds, and 3) complete confiscation of weapons. To shut off the sources of funds, the police have kept a strict watch on gambling and barbiturates. But as long as enormous amounts of money are funneled by enterprises to the gangs through sokaiya, no number of crackdowns will solve the issue. Another problem is the difficulty of prosecuting them as criminals since enterprises, fearful of losing "face," fail to make a police report even where contributions virtually constitute extortion. To the sokaiya and gangs, safe and guaranteed sources of funds are assured. In such a way, the gangster sokaiya are increasing their take of contributions from enterprises each year.

The National Police Agency estimates that last year the sokaiya collected from 70 to 100 billion yen from enterprises. The MPD's investigation last year of a sokaiya group and a tax investigation by Osaka National Tax Administration Bureau have confirmed police suspicions about widespread activities by enterprises, centered around financial institutions.

Statements to police by arrested sokaiya, such as "contributions are obtainable merely by printing on a name card the name of a legitimate research institute," or "a person in charge of general affairs [dealing with sokaiya] handed over a fistful of money in the order in which they arrived," reflect the enterprises' basic nature of settling all matters with money. Certainly, the sight of gangsters and bartenders who know nothing about economic conditions or the commercial code being treated with respect as a "teacher," riding around in foreign cars and residing in mansions is

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humorous, but it is "an abnormal situation that cannot be condoned (National Police Agency)."

Director General Asanuma's unusual request is based on such a situation. Implying the need for enterprises to improve their basic nature, he pointed out, "the age of resolving all problems with money is over. The sokaiya issue cannot be solved on-scene by chiefs of the shares section or general affairs, but through a courageous decision by the top hierarchy."

The reason for National Police Agency's decision to expel the sokaiya is that enormous corporate contributions are a great source of funds for gangs with which they maintain their organization. It is needless to say that society desires the annihilation of gangs. Just how and where does the link between massive payments run counter to the desires of society and the enterprises' social responsibility? That puzzles as we learn about the enormous contributions which have been revealed by investigative authorities.

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Corporations Endanger Free Society

Tokyo YOMIURI SHINBUN in Japanese 19 Mar 78 p 5

[Editorial: "Enterprises Should Sever Ties With Sokaiya"]

[Text] Investigative authorities estimate that from 70 to 100 billion yen were paid by enterprises to sokaiya last year. For this reason, Director General Asanuma of the National Police Agency on 14 March attended the board meetings of All Japan Bank Association and Tokyo Bank Association to request that "financial institutions firmly sever their ties with sokaiya."

The banks have not yet shown any definitive reaction. However, if they continue to maintain ties with sokaiya, saying, "for us, it is unavoidable," or "it is a necessary evil," a serious predicament may ensue. Now is the time to heed the investigative authorities' warnings and think seriously about eliminating the sokaiya.

Banks are the cornerstone of a free society. Unlike in the past, however, they cannot use their financial strength to move society in any way they see fit. They should be conscious of their social responsibility as an important element of society, above all other enterprises. Yet, financial institutions purportedly are the largest contributors to sokaiya, setting the pace for other enterprises. The investigative authorities' anguish is understandable.

Let's cite some figures. According to investigative authorities, sokaiya numbered 1,600 in 1972, 2,200 in 1974 and 6,500 in 1977, multiplying like

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rats. In some form or other, they are linked with gangsters, and nearly 1,000 of them have converted into sokaiya.

Since 1975, shareholders' meetings have been held annually. A study is underway to adopt a unit share system whereby a certain number of shares would be required to exercise shareholders' rights. Such moves to amend the Commercial Code include measures to cope with sokaiya. However, sokaiya are running rampant as if to deride such moves.

The expulsion of sokaiya can be said to rest not on the shoulders of the law and investigative authorities, but on the attitude of enterprises, starting with banks. In Tokyo, more than 400 firms are affiliated with the Special Violence Countermeasures Council, organized by the MPD. In Osaka, an enterprise defense liaison council, divided into 18 blocks, has been formed with some 340 firms listed on the Osaka Stock Exchange as members. The structure has been formed; the remaining question is who will imbue it with a soul.

The answer is clear. Director General Asanuma explained at the bank association meeting, "The sokaiya issue cannot be solved on-scene by chiefs of the shares section or general affairs, but through a courageous decision by the top hierarchy."

It is convenient to utilize sokaiya to see that shareholders' meetings end in 5 or 10 minutes or to conceal corporate scandals. However, corporate management must realize that it certainly would destroy the stock company system that upholds the enterprises and the foundation of a free society.

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Stockholders' Meetings Kept Short

Tokyo YOMIURI SHINBUN in Japanese 28 Jun 78 p 10

[Article: "Sokaiya Is Quietly Alive and Well; Unconcerned With Recession; Clapping of Hands at 350 Firms, the Usual 10-Plus Minutes of 'No Objection'"]

[Text] Shareholders' meetings are now in full swing. A total of 349 firms, or more than 30 percent of all firms listed on the Tokyo Stock Exchange, are convening shareholders' meetings in Tokyo today and tomorrow. The facial expressions of enterprises' top hierarchy as the financial reports are made vary, as oil and electric power firms are blessed with high profits, while shipbuilding and textiles suffer from structural recession. As in past years, shareholders have raised "no objection" to various proposals, and most meetings have ended quickly. Although

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the MPD has cracked down to "exterminate the malicious sokaiya this year," firms believe that "sokaiya will never change, although they may appear quiet on the surface."

The regular shareholders' meeting of Nihon Sekiyu (Takeo Takiguchi, president), which had recorded its highest profit ever because of the high yen differential of 170 billion yen, was convened at 0800 on the 28th at its main office auditorium in Nishi-Shinbashi, Tokyo.

As chairman, President Takiguchi reported on conditions in the petroleum industry and sought the shareholders' understanding, saying, "Demand is moving laterally. Recession is fading, but our gains were a result of the high yen differential which, however, were returned to the consumers."

After President Takiguchi read proposals on financial accounts, charter amendment and retirement allowances, a young shareholder stood up and delivered a supporting statement. Following the calls of "no objection" or "we concur" and a lapse of 31 minutes, the meeting closed without incident.

The firm's shareholders' meeting was rather lengthy compared to those of 17 out of 20 firms listed on the Tokyo Stock Exchange, which lasted only 20 minutes on the 27th. At these meetings, there was only time to read the first proposal on financial reports, to reelect officers and make a partial amendment of the charter, with hardly any time for shareholders to speak. This is in contrast to shareholders' meetings in the United States where a full day is devoted to hearing from the shareholders. Many firms noted: "It was almost within the same timeframe as last year."

The longest shareholders' meeting was held by Hokkaido Colliery & Steamship Co, lasting 42 minutes. This was due to an explanation by its chairman, Yoshitaro Hagiwara, of the reason for the firm's removal this fall from the first section of Tokyo Stock Exchange, attributed to business difficulties ever since the Horonai coal mine disaster. Said an officer of general affairs section: "There was no way for sokaiya to cause a confusion since it even knew we had no money."

Whenever a shareholders' meeting proceeds without a hitch, hardly any firm will deny that a sokaiya is behind the scenes. General affairs section personnel of some firms commented: "As a general conclusion, even sokaiya appears to have prestige by having a record of arrest (Yashica)"; "Documents mailed by sokaiya to our firm are returned, but now they are being sent to homes of directors (Rhythm Watch Co)"; and "Familiar faces are coming as usual, but this year new ones have the crass to show up (Nippon Hodo Co)."

Various firms agree that the MPD's tough crackdown has made "sokaiya quieter this year." But the actual situation appears to be "a slight

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retreat after excessive surfacing around the time of the oil shock (Japan Synthetic Rubber Co)."

At Hibiya Sogo Setsubi Co, which held its first shareholders' meeting since being listed in the second section of Tokyo Stock Exchange in November of last year, "sokaiya appeared but did not utter a word" as a former MPD officer had been installed as department chief in charge of the meeting.

The groups of one-share shareholders who, at the time of the oil shock, used to converge on enterprises responsible for pollution or which capitalized on the situation and increased prices are no longer visible at shareholders' meetings.

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Activities in Fukuoka Noted

Tokyo SHUKAN SHINCHO in Japanese 20 Jul 78 pp 130-131

[Article: "Sokaiya's 'Fukuoka' Offensive-Defensive War; 'If Not Good in Tokyo, There Is Always Hakata'"]

[Text] The black money received by sokaiya from enterprises total more than 80 billion yen annually.

The number of sokaiya totals 6,500 (figures provided by National Police Agency. Actual number is reportedly 5,000 as some remain idle).

"Lately, however, around 20 percent of those sokaiya have begun to converge on a few local enterprises here in Fukuoka."

Thus commented a local knowledgeable person in Fukuoka, which has been hit by an abnormal draught and water is available only 10 hours a day in the Hakata desert. He continued to speak about the endless flow of money:

"A certain secretarial section chief of a bank keeps a pile of 1,000 and 10,000 yen notes in the right-hand drawer of his desk, and when a sokaiya appears, he hands over the money in an unmarked thin brown envelope. A majority of sokaiya are from Tokyo and Osaka. Apparently, they are important figures, for they stay at first class hotels, hustle in the Hakata business district to collect money and leisurely pack up and leave."

The desk of a secretarial section chief at another firm purportedly is stacked with one day's "newspapers" and "magazines."

"Although the publications resemble some mysterious documents, they contain remittance forms (not an invoice for payment) and receipts."

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Of course, the authorities will not tolerate the situation. On 26 June, at a time when shareholders' meetings are in full swing, the Fukuoka Prefectural Police, following the example of Tokyo MPD and Osaka Prefectural Police, established a "sokaiya information center" within the Fourth Investigative Section. Hitherto, a six-man team of detectives assigned to corporate violence cases had collected information, which proved inadequate. The center's function is to obtain information with the cooperation of the enterprises.

This year, the police were mobilized to keep a watch over shareholders' meetings in the prefecture (most shareholders' meetings in Fukuoka were convened on the 23rd by financial institutions and on 27 through 29 by other local enterprises). The number of active sokaiya in the prefecture, according to the investigative section, is "200 locals and 700 outsiders."

The same individual continued: "Formerly, in Kyushu, there were eight sokaiya--'three household heads' and 'five senior ministers'--who maintained close ties with the staff at local enterprises and assisted at shareholders meetings in a friendly atmosphere. Because of this tradition in Kyushu, most local enterprises tend to cover up for their sokaiya and refuse to show their lists to investigators...For sokaiya from Tokyo and Osaka who infiltrate into such a climate, there is no safer place to make money."

As a result, Fukuoka, after Tokyo and Osaka, has become the mecca of sokaiya. "Nagoya is like a tightwad and we cannot do business (according to a sokaiya of medium-rank)."

Three Point Rejection Movement Begins

Enterprises, obviously, do not necessarily continue to make contributions freely upon the request of outsiders. With the steel and shipbuilding industries in recession, the economy in entire Kita Kyushu is hit hard. Furthermore, in Hakata, turkish bath establishments and cabarets suffer from a lack of patronage because of water shortages.

A staff member of a certain distributing firm said: "The 'calamity' began around the time bullet trains commenced operation and air fares went down." He went on to explain the status of enterprises, starting with comments on "needless expenditures":

"In those days, shares of local enterprises, priced at 200-300 yen per share on the Fukuoka Stock Exchange, were sold in Tokyo by odd-lot dealers for several thousand yen a share. We are in a predicament because those who bought one or two shares at that time are now converging on Fukuoka as shareholders."

Shareholders professing to be "strong in numbers" would stubbornly request "detailed financial data," while those calling themselves "right-wingers"

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would ask such difficult questions as "What are your firm's views on the northern territorial issue?" These "shareholders" are well-dressed in dark blue double-breasted suits; wide ties in primary colors with patterns resembling a poisonous moth; and gold-rimmed spectacles. Their ulterior motive is to procure money and goods. They shout with only physical strength to their credit.

"Some of those present were timid (honest) shareholders asking for 'drinking money for tonight'."

Eventually, money is given to them to get them to leave. The problem, then, is the amount....

"Banks, electric power companies and private railroads, aware of the prevailing rate in Tokyo and Osaka, seem to pay accordingly. As a result, even unknowledgeable small- and medium-sized firms must follow suit [according to a general affairs section chief of a local manufacturer]."

In the Tokyo market, the minimum contribution reportedly is 3,000 yen, but averages from 10,000 to 100,000 yen, the amount depending on the sokaiya's ranking according to his "ability." Sometimes, payment is made only once, but when an account is opened, 10 payments are made automatically each year. Ranking the sokaiya is difficult because his opponent's "ability" is unknown, being able to speak only a few words. "The sokaiya always mention where he is staying, without being asked (according to the chief of a general affairs department of one firm)."

A sokaiya once was ranked according to the hotel in which he stayed. Those lodging at Nishitetsu Grand Hotel were ranked A, at Tokyu Hotel, B, and at business hotels, D. Also, whether he took a plane to Fukuoka or the bullet train's green car was of utmost interest to those on the offensive and defensive.

"Sometimes, a person claiming to be staying at Nishitetsu Grand Hotel would only drink a cup of tea in the lobby and return to a cheap business hotel (according to same general affairs department chief)."

Some sokaiya would go into a new line of business, preparing and selling a "sokaiya roster" containing photographs and the background of sokaiya for "30,000 yen." No doubt it comes in handy, but the fact is that firms are compelled to maintain ties with sokaiya even long after.

Because of such ties, enterprises have seen their "budget increase 20 percent annually despite restraints." Finally, incidents began to occur.

The "Iwataya incident" last year is an example. At a shareholders' meeting of Iwataya Department Store, the Tokyo sokaiya assaulted the local sokaiya.

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"The incident occurred after the shareholders' meeting. A scuffle had broken out near the door and the local people were bruised or suffering nosebleeds, so I tried to stop it. When it was over and as I was tidying up, detectives arrived and made some arrests. Thanks to them, we were even called 'small Marubeni'...It was crazy after all we had done for sokaiya (Iwataya staff member)."

This led to the formation, under strong prefectural police "supervision," of the "special violence prevention council" composed of seven major local firms, including banks and electric power companies. In addition, an "enterprise protection measures council" was organized by 24 other firms (in September of last year). Needless to say, the authorities are concerned about the contributions as they serve as sources of funds for gangs in Kanto and Kansai. Currently, various enterprises, encouraging each other, are conducting a three-point rejection movement (no new relationships, no increase in contributions, and no temporary relationships). Thus, it can be said that a structure has been formed to maintain the status quo.

True Colors of Self-Styled 'Major Figures'

Said a local medium-ranked sokaiya: "This year, wherever I went, there were always at least 10 detectives. There were always one or two detectives who seemed strong in judo." He went on:

"We and the firms do not like to see such a situation. But the detectives make points by arresting such clever offenders (criminals) as sokaiya."

This year there was no trouble and all firms were able to conclude their shareholders' meetings within 20 or 30 minutes.

"Even those from Tokyo were quiet because their buttocks were washed by the MPD."

The subject here is not about gay people. The MPD reportedly has made great strides in crime prevention thanks to the thorough investigation of those sokaiya who require extra scrutiny. This is referred to as "washing of the buttocks by detectives."

"Banks in Tokyo and Osaka have begun to cut back on contributions by 20 or 30 percent. In our view, the banks are riding on the police policy. There is no problem in Fukuoka, however, as the situation lags behind Tokyo by 1 or 2 years."

The topic of conversation in the Hakata business district was the appearance at this year's shareholders' meeting of Mr Ichiro Matsui, 91, the oldest sokaiya (probably in the nation) and head of the three sokaiya households in Kyushu. Rather than talking to him as he was resting by the doorway of his home after the meeting, we interviewed Mrs Matsui who said:

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"People from other prefectures may talk big but, to our amazement, they live in simple quarters and get an early start on their day's work. Actually, they may be suffering as there are too many sokaiya."

If so, why do they converge from afar?

A young sokaiya, Mr Ryuichi Koike, now popular in Tokyo, explained: "Sokaiya are united in a group. A person who is idle is selected to collect for 5 or 10 others. He comes from the third or fourth class. After sleeping with a rural cabaret hostess, he would become bold and act like a 'big shot'."

In any event, information, for some unknown reason, is not reaching the "sokaiya information center..."

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One Firm Expels Sokaiya

Tokyo ASAHI SHINBUN in Japanese 29 Jul 78 p 11

[Article: "Sokaiya Finally Expelled; Shareholders' Meeting Held Peacefully; President of Tokyo's Medium-Sized Audio Products Manufacturer Makes Decision After 12 Years on Contribution Cutoff"]

[Text] On 28 July, the 44th shareholder meeting of Foster Electric Co (Hiroaki Shinohara, president) was convened at 1000 sharp at Fukushi Kaikan in Akishima City, Tokyo. Attending were 47 shareholders, mostly employee-shareholders; only two sokaiya were present, both of whom were old "ruling party sokaiya," but on this day, they remained silent throughout. After a chorus of "I concur," and "I favor," from the shareholders, President Shinohara closed the meeting at 1006 with the statement: "Thank you for your earnest discussion." The first meeting held since the decision made early this month to suspend payoffs to sokaiya ended in only 6 minutes without any trouble. A total of eight investigators from Akishima Police Station, MPD, were on guard against the possibility of sokaiya causing trouble in protest against the suspension of payoffs; but there were no incidents and the police pulled out.

Money Saved To Go to Children of Traffic Victims

The firm, a medium-sized manufacturer of speakers established in 1948, had suffered an export decline because of the recent high yen offensive. Its sales in the last fiscal year were 13.2 billion yen, a drop of 19 percent from the preceding year, and austerity was practiced in the firm. Furthermore, the number of sokaiya, about 80 last year, had increased this year to 180, probably because of the firm's increased capitalization. If contributions had been made to sokaiya at the usual rate, the sum would have doubled. "But such a thing is impossible." Coupled with the problem

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of the high yen, the possible doubling of the contributions prompted the firm to decide to terminate the payoffs.

The firm had a bitter experience in a shareholders' meeting in April of last year when 10 sokaiya, backed by a larger gang, converged on the meeting. Just a few days prior to that, a right-wing organization had exerted "sales pressure," saying: "According to information, a sokaiya group will resort to violence. We shall quell them if you leave the meeting up to us." When their proposal was rejected, not only the sokaiya group but also 10 or more right-wingers intruded and caused turmoil for an hour and a half. When the meeting was about to end, the MPD stepped in to conduct investigations, contending: "There is a suspicion that the firm has made payoffs to the sokaiya to restore normalcy. If true, that would be in violation of article 494 of the commercial code." Fortunately, the firm was vindicated, but the situation had caused great pain to the company executives.

President Shinohara said: "A shareholders' meeting is held to enable a firm to listen fully to the views of shareholders who are normally unavailable and to hold discussions. It would be ideal if, as in Europe and the United States, as much time as needed could be devoted to discussions; but here, there are monetary considerations...I am frustrated over ties with sokaiya." The impression that he received at this time was a factor in the decision to suspend payments.

President Shinohara continued: "Because of social customs, we have been making payments, although we were aware of contradictions. I happened to be in the same class in the military academy as the president of Kyupi Co (a food company which has shut out sokaiya since 1971). When I heard about the way it handled sokaiya at my class reunion, I envied them." President Shinohara, age 51, cofounded the firm with the previous president. In 1966 he assumed the post as the firm's second president; and, rather than a salaried president, he can be called an owner. A salaried executive, to insure tranquility during his reign, is likely to make payoffs to sokaiya as "it is company money and does not hurt his pocketbook." For President Shinohara, it was a decision that he reached after 12 years in office. "I think a problem remains when meetings are so short nowadays. I had prepared imaginary questions and answers in the hope of providing adequate answers to basic questions regardless of possible sokaiya interference; but...the fact that the shareholders' meeting, the first since the announcement of the termination of payoffs, went smoothly should be properly evaluated. If we assume a proper attitude, we can suppress sokaiya. That is clear and I feel relieved."

On the same day after the shareholders' meeting, the firm decided to donate a part of money saved--500,000 yen--to children of traffic victims and to continue to do so each time a shareholders' meeting is held.

According to the organized crime prevention headquarters at the MPD, currently only 21 firms, including the above, have totally shutout the

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sokaiya, out of some 2,000 medium-sized firms and above listed on the Tokyo Stock Exchange.

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Sokaiya Entertained at Theater

Tokyo YOMIURI SHINBUN in Japanese 6 Sep 78 p 23

[Article: "Sokaiya Forcefully Sells 'Invitations to Imperial Theater'; Enterprises Forced To Buy 800 Seats; 5 Million Yen Profit; MPD Frowns on Close Ties"]

[Text] The "unfortunate ties" between sokaiya and enterprises continue as before. On the night of 5 September, a "drama viewing party" sponsored by Class A sokaiya at the Imperial Theater in Marunouchi, Tokyo, was nearly filled to capacity and was a "resounding success." Some 800 out of 1,145 Class A seats were reserved for spectators who were provided with food and gifts. Although the sponsor claimed: "It is a money losing proposition to show our appreciation to patronizing enterprises," investigations by the fourth investigative section, MPD, and the Marunouchi Police Station revealed that profits after expenses totaled about 5 million yen. Steps are being taken by the same section to report such "fund raising activities" to the National Tax Administration Agency. But the constitutional makeup of the enterprises which continue to deal with sokaiya is likely to create a stir.

Tearoom 'Reservations' and 'Black Gentlemen'

The drama witnessed by the "drama viewing party" was "Elf Fire o/ Satsukikan" starring Isuzu Yamada; the curtain rose at 1730. From around 1700, "sokaiya" who could easily be recognized as such loitered in the main doorway, handing a gift in paper bag to invited guests in exchange for a ticket. A company employee, apparently in charge of sokaiya affairs, was greeted with compliments and smiles.

At the entrance to an upstairs tearoom a sign read: "reserved today," so regular customers were shut out. Inside there were 30 men who appeared to be sokaiya. They were conversing in private with familiar corporate members in charge of sokaiya affairs who had come to give their "greetings."

Many guests, after concluding their business, were seen off by sokaiya without even staying until the end of the play.

Asked about their relationship with sokaiya, they would merely say: "I came because I received a ticket from an acquaintance of mine," or "I don't know anything."

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According to the fourth investigative section and the police station, this "drama viewing party" was cosponsored by Mr T, age 50, and Mr M, 38, both Class A sokaiya.

Both hail from Hiroshima and belong to the "Hiroshima group," believed by police to have links with the Sumiyoshi Alliance gang.

They have sponsored a "drama viewing party" every year for the past several years and are believed to have elicited the participation of Tokyo enterprises while making their rounds and collecting dues.

According to the same investigative section, the pair assessed 20,000 yen in dues last year, and the amount is believed to be about the same for this year.

Total expenses per person were believed to be around 7,000 to 8,000 yen, including the 4,200 yen Class A seat, box lunch and gift. The exact profit cannot be determined because of the "complimentary tickets" passed out to sokaiya friends and relatives. But the same section speculates that profits totaled a minimum of 5 million yen.

Many women also attended, probably because the firms distributed the tickets allocated to them by sokaiya to company employees and friends. They were observed raising their eyebrows at some 20 "black gentlemen" dressed in suits.

A sokaiya in the lobby stressed: "Not as many people are attending as before because of trouble from the mass media and police. Only about 10 firms are represented today. The reason behind this drama viewing party is not to raise funds but to entertain corporate personnel who have helped us."

The event was held shortly after the "special violence prevention cooperative association" (16 organizations, comprised of 900 firms in the city), established under the supervision of the same investigative section, had urged "nonparticipation in the sokaiya-sponsored drama viewing party." As the "drama viewing party" was held as scheduled in spite of those firms' stand, the same section is lamenting that "ties will never be severed as long as such a situation persists."

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Arrest of Executives Urged

Tokyo YOMIURI SHINBUN in Japanese 8 Sep 78 p 7

[Article: "For Arrests of Responsible Corporate Officials on Friendly Terms With Sokaiya"]

[Text] With contributions to sokaiya said to be 100 billion yen annually, the ties between enterprises

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and sokaiya were once again demonstrated by the "drama viewing party" at the Imperial Theater. The MPD has decided to act firmly, making public the names of uncooperative enterprises and conducting investigations into possible breach of trust.

Examples of Cases of 'Breach of Trust' Among Corporate Officers in Charge; Reduced Payoffs a Mere Formality

The cutback in the amount of contributions was proposed by the fourth investigative section, MPD, in view of the ties between enterprises and sokaiya, starting last autumn when several textile mills were suffering from a severe recession. The reduction averaged about 20 percent, but at some recession-stricken firms it ranged from 25 to 30 percent.

The cutback then spread to other industries. Since April of this year, even major city banks and securities firms, the sokaiya's best clients, have joined the move, for a total of about 30 enterprises, according to the same investigative section.

Corporate contributions to sokaiya are made solely to insure an early and peaceful conclusion of shareholders' meetings. The number of sokaiya is presently estimated at 6,500, more than four times that of 10 years ago, and corporate "expenditures" are on the rise. One major city bank pays about 100 million yen annually, or a total of nearly 100 billion for the entire industry. Since it is a burden that cannot be ignored by enterprises in this time of recession, general shareholders have begun to object to unjust "disbursements."

The MPD has welcomed the reduction of contributions in view of the rapid increase of sokaiya gangs and since contributions are their major source of funds.

The sokaiya has resisted strongly; two men were arrested for sending letters to enterprises threatening to expose scandals or attempting to extort money. To counter the move to reduce payoffs, some sokaiya have even claimed: "Actually, none of the firms have cut back. It is merely talk."

The reductions were implemented and they dealt a heavy blow to sokaiya initially, but according to a follow-up investigation and information collected by the same investigative section during the shareholders' meeting season in June and July, enterprises all asserted that "they were continuing to cutback," but the "take" of most sokaiya has not actually decreased.

According to the same section, this is due to: 1) although a specified sum has been cutback, an equal amount is paid separately for advertising; 2) at the time of new fiscal year, the amount of the contribution is kept

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at the same level or the margin of increase is narrowed; 3) no actual cut is made, although to the outside, stories are spread about "having effected cutbacks."

To suppress sokaiya-sponsored "special events," such as drama viewing parties and golf competitions which are a major source of funds along with contributions, the same investigative section has successfully urged some 600 firms this year to boycott such events. But, it is being ignored already. On 5 September, the drama viewing party at Imperial Theater, under the sponsorship of a gang-connected sokaiya, drew personnel from about 800 firms, mostly from leading enterprises, thus frustrating police investigators.

As a result of this "countertrend phenomenon," contributions to sokaiya were found to be in a healthy state. The police investigative section has decided, therefore, to unify the enterprises' sokaiya countermeasures organization--"special violence prevention cooperative association," now divided into 16 bodies, and to strongly urge about 900 member firms to sever their ties with sokaiya.

The same section also is probing into possible breach of trust cases involving corporate general affairs personnel, arising from 1) kickbacks from sokaiya or awards of expensive golf prizes, and 2) frequent invitations to special events such as drama viewing parties.

Until now the countermeasures taken against sokaiya has been a repetition of the enterprises' compliance with police requests for severance of relations and behind-the-scenes breach of trust activities. To end this vicious circle, the police department should not only implement its current policy but also investigate the enterprises which still maintain ties with sokaiya and arrest those responsible.

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Two Sokaiya Arrested

Tokyo YOMIURI SHINBUN in Japanese 9 Sep 78 p 23

[Article: "500 Million Yen Damage Results From Forced Sales by Sokaiya; Two Indicted"]

[Text] Chiba--In connection with a case involving intimidation and the sale of heavy duty ropes at exorbitant prices to government agencies, monopoly corporations, government and public hospitals and universities nationwide by a sokaiya group in Tokyo, the Chiba District Public Procurators Office on 8 September indicted two men, Tadashi Beppu, 40, president, Teiyukai, National Defense Council, of Beppu Housing Complex, 3-18-19, Nakamura-Minami, Nerima-ku, Tokyo; and Toshio Kato, 41 Tachikawa Apartment, 2-2-11, Horinouchi, Suginami-ku, Tokyo, on charges of intimidation. Government agencies and hospitals in 32 prefectures were victimized

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by the two men. Investigations by Chiba Prefectural Police into other possible crimes indicate that the damage may ultimately exceed 500 million yen.

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Police Halt Golf Tournament

Tokyo YOMIURI SHINBUN in Japanese 12 Sep 78 p 23

[Article: "Police Stop 'Excessive Profit' Competition by Sokaiya for 80 People from Leading Firms Scheduled for the 20th"]

[Text] Yokohama--On 10 September, the Kanagawa Prefectural Police, informed of a Tokyo-based sokaiya sponsored golf competition, with members of leading firms in Tokyo and Kanagawa prefecture listed in the first section of the stock exchange as participants, was planned for 20 September at a golf course in Hiratsuka City, called on the golf course management to cancel the event.

Word of the competition had been received from the MPD. The sponsor of the game was H group, a medium-ranking Tokyo sokaiya. According to prefectural police, 80 persons had entered the game scheduled for 20 September.

This would have been the third year that the H group had sponsored this event. "Appeals" had been made to firms listed in the first section of the stock exchange; dues were set at 40,000-50,000 yen per person. At 40,000 yen per head and 80 participants, roughly 2 million yen would have been netted after expenses for fees and prizes.

To the police request that the games be suspended due to the undesirable ties between enterprises and sokaiya, the gold management responded: "When a request for a reservation is received, we check it out and refuse if it is from sokaiya. However, on this particular occasion, we cannot because it's already been accepted."

As a result, the Kanagawa Prefectural Police have prepared a list of participating firms from last year's roster and have made requests to several firms in Kanagawa Prefecture not to participate directly. The competition is expected to be cancelled as a number of firms will probably decide against participation, especially in view of similar measures by the MPD.

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Names Should Be Made Public

Tokyo YOMIURI SHINBUN in Japanese 16 Sep 78 p 1

[Commentary; article from column entitled "Editor's Note"]

[Text] The number of parasites--sokaiya--is as high as 1,500 to 2,000 in a single enterprise, a majority having from 100 to 300. A few enterprises are swindled out of more than 100 million yen by them.

It reminds us of countless parasites clinging to an animal. It is lamentable that this condition still persists even after a sweeping operation by authorities to oust the sokaiya. These figures are based on a survey conducted last June by the MPD of enterprises listed in the first and second sections of the Tokyo Stock Exchange which convened shareholders' meetings, so there is no doubt that the actual figures are higher.

The reasons for this are clear. While there is rhetoric by corporate management about the termination of relations with sokaiya, the fact is that there are behind-the-scenes ties with them to insure smooth proceedings at shareholders' meetings. Although the person who actually comes in contact with sokaiya may insist on the termination of relations, the management purportedly continues to make payoffs, fearful of the sokaiya.

The sokaiya, therefore, is unmoved by any operations to annihilate it. Not only has it been getting contributions but lately it has diversified its activities by sponsoring events such as the drama viewing party at the Imperial Theater and golf competitions. Being an easy way to make money, gangs are entering this field in greater numbers. This money, however, should have reverted to the consumers, been used for wage hikes for employees or for the shareholders' benefits.

In the midst of recession, the enterprises' precious funds are paid out to sokaiya to keep a lid on the spoils. The recent relentless tragedies of bankruptcy or adornment of accounts are probably due to the evil practice of using money to stifle criticism of the management. Any action by management to nurture the sokaiya are criminal acts which disturb the sound progress of Japan's economy.

If major banks and firms still insist on maintaining such ties to the tune of yearly payoffs of several hundreds of millions of yen, there would be no alternative but to stop making deposits in such banks or stop buying those firms' products. The police should publicly disclose on each occasion the names of enterprises which make payoffs to sokaiya or participate in drama viewing parties or golf competitions as early as possible.

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Police Crackdown Ordered

Tokyo ASAHI SHINBUN in Japanese 27 Sep 78 p 22

[Article: "National Police Agency Orders Crackdown on Sokaiya Activities"]

[Text] In view of the increased activities by sokaiya in sponsoring golf competitions and drama viewing parties as a source of funds, on 26 September the National Police Agency instructed police headquarters nationwide to direct enterprises not to participate in such events so that the sokaiya can be prevented from staging such events.

The instructions cover three points: 1) stronger appeals will be made to organizations such as the enterprise violence prevention association against participating in sokaiya sponsored programs; 2) requests will be made to golf courses which were previously utilized for golf competitions and theaters not to accept reservations from sokaiya henceforth; 3) warnings will be issued to sokaiya to cancel golf competitions and drama viewing parties when information is acquired concerning them, and requests will be made to enterprises, golf courses and theaters to shutout the sokaiya.

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ECONOMIC

JAPAN'S NOVEMBER IMPORTS SHOW BIGGEST GAIN SINCE 1974

Tokyo THE JAPAN TIMES in English 14 Dec 78 p 5 OW

[Text] Japan's imports licensed in November showed the largest year-to-year gain since September 1974 to hit an all-time monthly high, the Ministry of International Trade and Industry (MITI) announced Wednesday.

According to the announcement, the imports totaled \$8,795 million in November, up 28.0 percent over the same month last year. The gain topped the previous record of \$7,539 million in October.

Excluding large aircraft, nuclear fuel and other items not normally imported, the November total represented a 25.6 percent increase over a year ago.

Licensed imports in the April-November period, the first eight months of fiscal 1978, totaled \$57,272 million, up 15.2 percent over the same period last year--a pace slightly ahead of the government's import growth target of 13.8 percent for the whole fiscal year.

MITI officials said that Japan's imports for the whole fiscal year would exceed the government's target of \$81.5 billion by \$1 to 2 billion.

Manufactured goods imports recorded a 74.3 percent surge while food imports registered a 32.4 percent gain.

On the other hand, imports of industrial raw materials almost leveled off.

Because of the big increase in Japan's imports of automobiles [words missing] goods. The share of manufactures in Japan's total imports rose from 24.0 percent in April to 38.4 percent in November.

On a year-to-year basis, Japan's imports of automobiles registered a 129.8 percent increase, those of aircraft engines a 312.3 percent gain, and textiles a 86.9 percent rise.

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SCIENCE AND TECHNOLOGY

KANSAI POWER TO BURN PLUTONIUM AS LWR FUEL

Tokyo ASAHI EVENING NEWS in English 23 Dec 78 p 1 OW

[Text] Kansai Electric Power Co (Kanden) plans to burn plutonium at a light-water reactor at its Mihama Plant in Fukui prefecture on an experimental basis, government and power industry sources disclosed Friday.

This will be the first time that plutonium has been burned as fuel for a commercial reactor in Japan. At present, plutonium is used on a test basis for two pilot reactors owned by the semi-governmental power reactor nuclear fuel corporation--the advanced thermal reactor (ATR) named "Fugen" and the fast breeder reactor (FBR) named "Joyo."

According to the sources, the 1,960 kilograms of plutonium intended for the Mihama reactor--actually a mixture of plutonium dioxide and lightly-enriched uranium--was purchased from Westinghouse of the U.S. and will arrive at Kobe Port aboard a U.S. freighter early next week.

The rate of plutonium dioxide in the mixture is 3.8 percent.

Kanden contracted for the fuel for use at the Mihama Plant from the U.S. firm in 1972, but the reactor in question--Mihama No. 1 reactor, Kanden's first nuclear reactor--developed trouble in July 1974, and its operation was suspended for four years until July this year. The shipment of the fuel was postponed at Kanden's request.

The U.S. Carter administration advocates a nuclear nonproliferation policy and opposes the use of plutonium which is the principal raw material for nuclear bombs, but the export of plutonium intended for Kanden has been authorized presumably because the contract was concluded before the birth of the Carter administration.

Circles concerned with the development of atomic energy here are paying keen attention to Kanden's experiment.

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At present, the plutonium extracted by burning uranium is kept in stock for use as fuel for the FBR, which is expected to be put into commercial operation in the 2000s. But if it is proven that plutonium can be used for the light-water reactor, which is already in commercial operation, it will mean that plutonium can begin to be used widely and it will also lead to economizing on uranium resources.

However, it will also lead to the proliferation of weapons-grade plutonium and touch off a wide controversy about safety.

If Kanden's experiment proves successful, the Ministry of International Trade and Industry intends to promote the use of plutonium for light-water reactors.

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