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Japan Report

(FOUO 3/80)



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JAPAN REPORT

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POLITICAL AND SOCIOLOGICAL

'JAPAN TIMES' DENOUNCES SOVIET INVASION IN AFGHANISTAN

OW061215 Tokyo THE JAPAN TIMES in English 5 Jan 80 p 12 OW

[Editorial: "Soviet Power Play Imperils Peace"]

[Text] The only word that can possibly explain the Soviet Union's brutal invasion of Afghanistan, which mocked detente and outraged the Moslem world, is "desperation."

It became obvious to the Soviet Union that hard-line Marxist President Hafizollah Amin, who antagonized the predominately Moslem Afghanistan people, was losing the war against the insurgents. Soviet troops deposed him and bullets ended his life. Then the Soviet Union brought out of his exile in Czechoslovakia Babrak Karmal, who is ready to be the Moscow line and who promises to abolish the abuses of the "sanguinary Amin band."

But Karmal is not expected to rally the 50,000-man Afghan army, which is ineffective as a fighting force and distrusted by the Soviet Union because of countless defections to the rebel cause. The Soviet Union has taken over the war with tanks, helicopters and an estimated 50,000 troops with the intention of crushing the guerrilla forces in the Moslem fundamentalists.

To retain its nearly two-year political control over Afghanistan, the Soviet Union resorted to force. The Kremlin was understandably nervous about the Moslem revolution, which conquered Iran and inspired the Afghan rebels, infecting its own vast Moslem population.

But the strategic importance of Afghanistan is more important to the Soviet Union than even its worry over the Moslem revolution leaping across its border. Military control of Afghanistan would place the Soviet Union in striking distance of the Persian Gulf and its vital gateway, the Strait of Hormuz.

It is speculated that the Soviet invasion of Afghanistan is motivated by the Soviet Union's concern about the future need of Middle East oil and is

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part of its strategy to threaten and dominate the Arab nations. A U.S. Central Intelligence Agency report claimed that the Soviet Union, now the world's largest oil producer, will become an importer of 3.5-4.5 million barrels of oil a day in the mid-1980s.

Most certainly the Soviet Union weighed in advance the consequences of its military intervention, which left detente a shambles and angered the Moslem world, and decided for its own interests to defy interational opinion.

President Jimmy Carter's reaction was swift and angry. He accused Soviet President Leonid Brezhnev of lying to him by claiming that the Soviet army was invited in by Amin who was assassinated. Mr Carter condemned the Soviet Union for its "blatant violation of internationally accepted rules of behavior," and he withdrew the U.S. ambassador from Moscow. The U.S. further intends to have the Soviet Union condemned by the United Nations and is planning economic sanctions with its European allies--possibly a cutoff of credits and even a halt of U.S. wheat sales.

And Mr Carter strongly implied that detente was in a very deep freeze. Also, the chances of the U.S. Senate ratifying the SALT II treaty, which the Soviet Union wanted, are fading fast. The damage to U.S.-Soviet relations is incalculable now but must be viewed with serious concern.

But it is obvious that the Soviet Union will survive condemnations and even severe economic and diplomatic pressures. This had to be taken into consideration before the Soviet Army came across the border into Afghanistan.

The Soviet aggression is likely to have some other side-effects which most certainly will work against its interests. In response to the Soviet invasion, there was a very strong spirit of unity found among the North Atlantic Treaty Organization (NATO) allies when they met last week to discuss measures to be taken against the Soviet Union.

The Soviet Union by clarifying its aggressive intentions in Afghanistan has probably wrecked its careful diplomatic efforts to divide NATO and keep its forces underarmed. Western Europe, after all, cannot have forgotten the early aggressions of the Nazi Germany and Fascist Italy which led to World War II.

Also, the United States, which had been considering the strengthening of its forces in the Gulf and Middle East area, now will be propelled into massing greater forces near the oil fields which could become the focus of a U.S.-Soviet power struggle. The U.S. has already sounded out countries in the Middle East and Africa about the use of military facilities.

Furthermore, the Soviet Union by its act of aggression will strengthen the arguments of President Carter and others that U.S. military power must be

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strengthened in the face of a now far more obvious Soviet menace. And words coming out of Washington now are not in the soft and moderate tones of the post-Vietnam war period. Mr Carter's national security adviser Zbigniew Brzezinski said the U.S. would use "armed force" if Soviet forces pour through the Khyber Pass into Pakistan, which Moscow accuses of training and supplying the Afghan rebels. The U.S. also is proposing to supply weapons to Pakistan which is being cautious about this offer because it considered the U.S. an unreliable ally in the past.

Mr Carter was correct in saying the Soviet invasion of Afghanistan is "a grave threat to peace." By its aggression, the Soviet Union has brought closer the danger of a global conflict to the despair of those who work for peace.

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POLITICAL AND SOCIOLOGICAL

JCP'S MIYAMOTO SPEAKS ON INTERNATIONAL SITUATION

CW020955 Tokyo JPS in English 0855 GMT 2 Jan 80 OW

[Text] Tokyo, 2 Jan JPS--In an interview with the editor in chief of AKAHATA, Toshio Sakaki, presidium chairman of the Japanese Communist Party Kenji Miyamoto spoke about the world and Japanese situations in the 1980s. Excerpts of the part on the international situation below (the part on the international situation is to be carried tomorrow):

To Make An Era of 1980's a New Greatly Rapid Advance of the JCP

Miyamoto said that the intensification of international tensions continues in Asia and Europe due to maneuvers of the imperialist forces centering on the U.S. At the same time, the characteristics of the world situation is that the forces of social progress, peace and national liberation are making headway as a whole.

In international situations too, as was shown by the election results (the general elections), the mal-administration of the Liberal Democratic Party has invoked the people's firmly rooted criticism, and the situation is now maturing. That criticism of the mal-administration will inevitably rise. In this circumstance, there are maneuvers aimed at maintaining the conservative political power by utilizing the right leaning opposition parties. But as a consequence, the force of defending the genuine interests of the Japanese people, Japanese genuine sovereignty and peace, and the Japanese Communist Party in particular, are to play a greater role all the more in the 1980's, and it is sure that the condition and the activities for the great cause of establishment of a progressive united front and the coalition government based on this united front will be inevitably matured and be developed. We must develop our activities for this purpose.

On Successive Downfall of Dictatorial Regimes

The characteristics of the international situation, which are easy to understand, are that the reactionary regimes and dictatorial regimes supported by the U.S. have successively fallen down in recent years.

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Precautions not to repeat the failure were comparatively strong in U.S. strategy after the defeat in Indochina, but the U.S. recently has taken strong attitudes. We can say this is its "impatience." The background of this is that the U.S. strategic position in Asia becomes stronger due to China's support for the Japan-U.S. military alliance, and that the condition is there, that a kind of allied relationship between Japan, the U.S. and China has been established.

On the Situation in Indochina

It was by studying in detail the then historical conditions that we decided to support the new people's administration in Cambodia. The Pol Pot regime, which was backed by China, made repeated aggressions in the western border of Vietnam. The Vietnamese side proposed a ceasefire and talks once and again, but the Pol Pot side continued aggressions and pillages along the long border, even severing the diplomatic relations with Vietnam, and the proposal on talks was disregarded. We studied these thoroughly via AKAHATA reporters there and other means. Then we were firmly convinced that the Vietnamese counter-offensive was made from the proper position of self-defense, and that the rapid overthrow of the Pol Pot regime was the result of uprising of the Cambodian National United Front for Salvation, as well as the counter-offensive by Vietnam. We came out with our clear judgment that the so-called Vietnam's aggression against Cambodia was out of the question.

On the Three Non-Nuclear Principles

In Europe, a plan to deploy new models of nuclear weapons to NATO countries has become a big issue. A mass movement against the deployment has risen in France, Belgium and others. The JCP expresses solidarity with this struggle in Europe. In this respect, we must emphasize much that it is very important to internationalize the three non-nuclear principles ("Japan does not manufacture, possess, or bring in nuclear weapons").

New Definitions in the JCP-CPSU Joint Communique

A respect to equality between parties, independence and the right to decide on its own lines is advocated in the JCP-CPSU joint communique very clearly, and unprecedentedly in detail and concretely. What this means is that each party has its own right to decide on its way independently--the way covering all stages of development from socialist revolution to construction of socialism and communism.

Certainly a respect to independence had been publicly admitted in general terms. But the joint communique this time provided a detailed, new definition, and defined in a strong tone that no one is in position of interfering in the affairs of other parties.

In accordance with the spirit expressed in the JCP-CPSU joint communique, I think, mutual understanding between the CPSU and other communist parties in socialist countries on one hand and communist parties in advanced capitalist countries on the other will be promoted further in the 1980's.

On the Collapse of China's Foothold of Intervention in the JCP

The phenomenon that was worth drawing attention rose in China as an after adjustment of the "Great Cultural Revolution." China has recently criticized itself, saying it took an erroneous policy for the struggle (against revisionism) by departing from the principle of democratic centralism, but it gives no appropriate explanation on what revisionism is.

Since the disrapture of the talks between me and Mao Zedong in 1966, China began condemning the JCP for its "revisionism." It has carried on activities for overthrowing the leadership of the JCP by utilizing antiparty elements. Therefore, attacks on other countries' parties by labelling "revisionism" became groundless.

In addition, every time when China attacked other parties by defining them as revisionism, it took up first the attitude toward the U.S. But China itself now completely sides with U.S. imperialism, and is reduced to support the increase of military strength of imperialist blocks, including the Japan-U.S. military alliance. Viewing from this, the intervention in other parties' affairs at the time of the China's "Great Cultural Revolution," the intervention aimed at imposing China's policy upon the JCP in particular constitutes the trampling on the "publicly approved criterion," and interventions became groundless theoretically to them.

Speaking in conclusion, it is not very easy for China to return to reasonable policy line right now as a whole.

Because without re-inquiry into the basic policy line of supporting imperialistic block and the Japan-U.S. military alliance, there will be no works to make a genuine correction of its errors. In this sense, I do not think that works to correct goes smoothly. [sentence as received]...I hope that China will return to the right direction at an early date, breaking out of contradictions in a series of domestic and international policies.

JCP-CPSU Talks and Interests of the Japanese People

We had the (JCP-CPSU) talks in a frank and friendly atmosphere. This was so in the proper meaning of the words. Very frank, and at the same time both sides listened to the other very carefully, without using any word of denunciation.

In discussion, we said that Japan and the Soviet Union have not yet determined their border which should have been demarcated by the two past belligerents after the war, and that the demarcation of the border should be

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an important part of a peace treaty, and hence a peace treaty must cover the problem of border and territory. Following these discussions, both sides confirmed what are their agreed points on a peace treaty: they also confirmed that they would continue to exchange opinions, and negotiate, on the content of the treaty. I believe that a great progress has been made because the two parties have produced a forum to have friendly, open and frank discussions about basic problems of a peace treaty.

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POLITICAL AND SOCIOLOGICAL

JCP'S MIYAMOTO SPEAKS ON INTERNAL SITUATION

OW031101 Tokyo JPS in English 0854 3 Jan 80 OW

[Text] Tokyo, 3 Jan JPS--[Continued from yesterday] Following is an excerpt from a speech by Kenji Miyamoto, presidium chairman of the Japanese Communist Party, in an interview with director of the AKAHATA editorial board, carried in the new year issue of the paper. (Today's JPS dispatch mainly covers points on internal situations. World and international situations were mostly covered by yesterday's dispatch.)

On the Perspectives of Establishing a Democratic Coalition Government in the 1980's

Miyamoto said, that there are still possibility of forming a progressive united front and establishing a democratic coalition government, as the Liberal Democratic Party government is to inevitably deepen contradictions with the interests of the people. Not only there is such possibility, but also we can further strengthen the possibility with a big advance of the Japanese Communist Party.

On the LDP and Reactionary Forces' Strategy in the 1980's

Miyamoto said, they also have their own plans for the 1980's. It is a policy line, aimed at resolving the contradictions brought about by their economic policy serving the interests of big business, by sacrificing the people. The government draft budget for 1980 has revealed that they plan to impose much more burden on the shoulder of the people by raising public utility charges and by cutting public welfare, than the burden that could be imposed by the introduction of the general excise tax. They are pursuing such an anti-people policy.

The second characteristic is that they are speaking about self-restriction in order to cover up their political stand in service for the final circle, the collusion between the financial circles and the political party, and corruption which is inevitable to such reactionary politics. But, in fact, they are still accumulating collusions and corruptions.

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And the next issue is the Japan-U.S. military alliance. As is shown by the planned participation by the Japanese self defense forces in the RIMPAC (Rim of the Pacific Joint Military Exercise), this is being more and more internationalized. At the same time, there is another approach shown by giving China a sum of 50 billion yen in aid, in return for China's support to the Japan-U.S. military alliance.

And, they are planning to resort to a single-member constituency system, which means Japanese style fascism, with the aim to fundamentally suppress an advance of the JCP and the progressive forces. To achieve this goal, they are now elaborating a draft of a single constituency system which can persuade the right-leaning opposition parties.

Finally, they are maneuvering to entice and get hold of the right-leaning opposition parties to carry out their reactionary policy. In this issue, the right-leaning opposition parties have already supported the Japan-U.S. military alliance and the Japanese self defense forces, and they also gave votes for the legislation of the imperial era name and a series of other reactionary bills. On the economic policy, too, they are obviously following the policy of supplementing the conservative forces. This was clearly revealed by the Japanese Communist Party, when the Komei and Democratic Socialist parties were going to approve the general excise tax system, while they were good at saying the opposition to the introduction of that system.

On the Recent Change of the Japan Socialist Party

Miyamoto said that the most serious result of the Japan Socialist chairman Ichio Asukata's visit to the United States was the turn of the JSP to the stand that the Japan-U.S. security treaty should be abrogated only if the two sides agree to do so. This is not a partial change in its policy but a 180-degree change, a complete surrender to the policy line of the Komei Party.

The Japan-U.S. military alliance is one root cause of the intensified situation in Asia. Against the background of China's beforehand announcement of its re-invasion of Vietnam, there is the Japan-U.S. military alliance. The change of the Socialist Party toward approving the Japanese self defense forces and approving the Japan-U.S. military alliance means a suicidal action of this party.

The mainstay of the Liberal Democratic Party strategy in the 1980's for its reinforcement is this common policy on both internal and external policies, existing among the LDP and the right-leaning opposition parties, that is, the maintenance of the system of monopoly capitalism, and the maintenance of the Japan-U.S. alliance and the approval of the Japanese self defense forces. In addition, their unanimity rests with splitting the progressive forces, in other words, exclusion of the Japanese Communist Party and opposition to a progressive united front. On these issues, there

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has already been a grand accord between the LDP and the DSP and Komei Party. The concept of the Ohira faction of the Liberal Democratic Party for joining the New Liberal Club in their coalition to make a breakthrough from the crisis, and the concept harbored by the Komei and Democratic Socialist Party for a coalition government, including the forces of the Liberal Democratic Party, are basically on the same line. Now, the Socialist Party is going to be committed to this line.

The logical conclusion of this is that the Socialist Party, in the end, will be thrown into the concept of the Komei and Democratic Socialist parties for the political power, which leads to a coalition government with the Liberal Democratic Party. It is obvious that will openly trample on the cause of progress.

But, the Socialist Party which has officially made a pledge as a political party to the Communist Party that it will make every effort to form a progressive united front, bears responsibility to the people. This responsibility cannot be dispersed even if the Socialist Party arbitrarily tramples on the responsibility.

On the United Actions and Unity of Workers Movement

In this situation, the Japanese Communist Party should struggle for constructing a party of 500 thousand members with a 4 million AKAHATA readers, and at the same time carry high the banner of a progressive united front and strengthen united actions.

In trade unions, class organization of the working class, there is a strong inclination in Japan at present, that a trade union has become a subordinate organ of the Socialist Party or the Democratic Socialist Party, while promoting the "Socialist-Komei axis course" and imposing it on the workers, which will inevitably result in helping establishing a government reinforcing the conservative forces. But, now, there is rising struggle for and a voice that such an arbitrarily way of doing things must be ended and that genuine trade union movement be promoted and genuine national center be sought for. This is also a very important task in the 1980's for the formation of a progressive unity front.

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'ASAHI' VIEWS COUNTRY'S DIPLOMATIC DIFFICULTIES IN 1980'S

OW111131 Tokyo ASAHI EVENING NEWS in English 10 Jan 80 p 5 OW

[ASAHI SHUMBUN 5 January Editorial: "Japan's Diplomacy"]

[Text] Japan's diplomacy is on the threshold of an era that may well be the most difficult since the end of World War II. Japan's predicament as a result of the dispute between the U.S. and Iran was symbolic of the difficulties lying ahead in the 1980's.

Unable to satisfy both sides, Japan is in a dilemma. Its friendship with the U.S. and its need to secure petroleum have become an antinomy. Countries have asked Japan, "Are you hostile or friendly." Or have told it, "A friend of our enemy is our foe." This is akin to being shown the "fumie" (a copper tablet with a crucifix to be trodden on to prove that one is not a Christian). Japan is facing a tough situation under which it cannot spurn the close questioning as unreasonable or assume a defiant attitude. This is a tragedy of Japan's omnidirectional diplomacy under which it cannot help but be friendly with both sides.

Renounce Excuse-giving Diplomacy

Japan is not a country that hoists ideology at the forefront and flutters natural resources or military might as a means of intimidation. Since it is not such a country, it cannot be helped if its diplomacy is less clear and crisp than those of the other countries. Japan's diplomacy is apt to become one that copes with the prevailing situation, to put it mildly, and one that is slow in starting and applause-seeking, to put it less mildly. We say so because clashes with various countries and confusion are certain to follow if Japan aims only at making a good show of itself in a poor manner.

We wonder, however, if Japan can tide over various situations by repeating the excuse-giving diplomacy which it has been following. So long as Japan will not change basically from being a resources-poor country and a non-military state, we believe that the government and the people should keep at least the following points well in their mind:

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1. The people should become aware of the fact that the international environment surrounding Japan has developed into one of unprecedented severity. To strengthen the national economy, they should be prepared for a review of the vested rights they won during the period of high economic growth. As long as the people fail to have a sense of crisis and take the present political and economic systems as well as their mode of living for granted, Japan's diplomacy cannot help but remain hesitant forever.

2. Japan's peace diplomacy is giving the world the impression that Japan is not doing anything--that it is adhering steadfastly to the safety-first principle. The proposal made at the end of the international symposium on the role to be played by Japan in the world, sponsored by the ASAHI SHIMBUN in November last year, points out the need to bring about social and economic development on the basis of what to support instead of what to oppose.

We must consider at all times not only how to gain profits from international society but also how to contribute to international society. In this context, Japan's reputation in the world suffered when it took a cold attitude toward the acceptance of Indochinese refugees. That was a bitter lesson.

Diplomacy Only Is a Key to National Security

3. From the viewpoint that diplomacy is a key to national security, government should be oriented toward the outside more than ever before. Specifically, efforts should be made by the ruling and opposition parties to reach a consensus of opinions of basic foreign policy and the exchange of information and the adjustment of views among the ministries and agencies should be stepped up under the direction of the prime minister. Attention should be paid so that Japan will not arouse misunderstanding, opposition and contempt among other countries that Japan is a country which has no principles or that it is a country that does not move unless it is given a good thrashing as a result of troubles it has caused them.

4. We want the prime minister to be more responsible than at present with respect to diplomatic problems. We also hope that the foreign minister will be ready at all times to go abroad at the opportune time to explain the special position Japan is placed in. The foreign minister should not be kept within Japan because of domestic affairs.

We believe that diplomatic negotiations that should be expedited the most are talks for the improvement of relations with the Soviet Union. Relations between Japan and the Soviet Union have cooled down inverse proportion to rapprochement between Japan and China. We hope that the governments of the two countries will do their utmost during the first half of this year in mending such ties.

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Moscow is dissatisfied that the sentiment of the Japanese people toward the USSR sharply differs from that toward China. On the basis of the historical and geographical relations between Japan and China as well as the flexible and compromising policies Peking has taken toward Japan these past few years, we believe that it is natural that there is a difference between the sentiment of the Japanese toward China and that toward the Soviet Union which is not making concession over the northern territory and fishing in the northern waters.

[OW111133] Further, an overwhelming majority of the Japanese people are strongly opposed to the Soviet Union's way of pushing by force, as seen in its military intervention in Afghanistan. In a public opinion survey conducted recently by the ASAHI SHIMBUN, only three percent of the respondents answered that they believed it was proper for Japan to be most friendly with the Soviet Union, against the 45 percent who mentioned the U.S. and the 34 percent who cited China. This is a manifestation of how the Japanese people feel toward the Soviet Union.

Pave the Way for Mature International Relations

We feel the need to widen the channel for dialogue with the Soviet Union, more so because of ideological differences. We are hoping for the early resumption of regular consultations between the Japanese and Soviet foreign ministers, which have been postponed, and for the realization at an early date of the first visit to Japan to top Soviet leaders. Japan has no intention whatsoever of creating with other countries a network to surround the USSR. We want the Kremlin to seriously reflect on why the Soviet Union is disliked by the Japanese, instead of showing concern over its being contained.

Sino-Japanese relations are showing far more desirable developments than Russo-Japanese ties as indicated by Chinese Prime Minister Hua Guofeng's scheduled visit to Japan in May. The task of the two nations is to advance toward mature relations so that both can argue without reserve in a friendly atmosphere.

A peaceful and stable Korean Peninsula has always been one of Japan's deepest concerns. The reunification of North and South Korea rests on nothing but the judgment and efforts of those concerned. However, we are of the view that Japan should contribute more positively than ever before toward the creation of an environment leading to the easing of tension on the Korean Peninsula.

Seemingly stable but precarious are the relations between Japan and the U.S. Each time a summit is held, the leaders of the two countries pledge to remain staunch friends. However, ill-feeling toward Japan, like that on the eve of the Japanese attack on Pearl Harbor, heightened, mainly in the U.S. Congress, a number of times during the past few years. This ill-feeling stemmed from the tendency on the part of trade between the two countries to be in Japan's favor, irritation as a result of bungling in American domestic policies, a drop in Washington's say in the world and insufficient understanding of Japan.

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Above all else, Japan must make the U.S. understand well the real situation that under the prosperity it is showing on the surface, Japan is suffering seriously from a shortage of natural resources. At the same time, we believe that there is need on the part of Japan to pay attention to cooperating with the U.S. wherever and whenever possible and, by maintaining liaison with West European countries, to advising and at times restraining Washington to prevent the U.S. from becoming isolated or from making a dash all by itself.

Let's Become More Versed With North-South Problems

We believe that the so-called North-South problems, such as those concerning natural resources, energy and nationalism, will play the leading role in the world's stage in the '80s, although ideological differences between the East and West will remain as basic major questions. Three-fourths of the member countries of the United Nations belong to the south. All the advanced nations have come to think that stability and prosperity cannot be had by ignoring the north-south problems.

Sadako Ogata, a former Japanese minister to the U.N., said that viewing the world through the U.N., she was impressed of the wide gulf between the poor and rich. She added that it was necessary for the Japanese to develop the view that advancing into international society was to step into poor countries.

We must expect developing nations to resort to acts that are unthinkable in the light of accepted rules of international politics and incidents shaking the existing order, centered on the advanced countries, to occur frequently in the future. The late Shojiro Kawashima, who was a vice-president of the Liberal-Democratic Party, said that the political world is dark one step ahead. In international society, the situation is such that it is truly difficult to make a forecast of what will happen tomorrow.

It is urgent for Japan, which looks to the south for almost all its petroleum requirements, to concentrate its diplomacy on the north-south problems.

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POLITICAL AND SOCIOLOGICAL

POLITICS IN THE DECADE OF EIGHTIES ANALYZED

Politics 1980

Tokyo MAINICHI DAILY NEWS in English 3 Jan 80 p 2

[Editorial]

As we stand on the threshold of the 1980s, we place high hopes once again on the future course of Japanese politics and behavior of politicians, despite all the bitter experiences we have suffered in the past. It is our sincere wish that politicians will stay clean, free from corruption and keep the ever-expanding bureaucratic system under control.

In retrospect the decade of the 1970s can be summed up as one of discouragement and frustration. Politics, especially in the latter part of the 70s, had little resilience to cope with immediate problems. The lack of long- and medium-range prospects and foresightedness on the part of political parties, to say nothing of the successive governments, was fatal. It is small wonder the people have become distrustful of the nation's politics.

To make matters worse, the political world has remained at a loss throughout the latter part of the 1970s in the face of a series of shocking political scandals involving the rank and file of the Liberal-Democratic Party. The LDP has certainly revealed structural evils accumulated in the way of governing the nation over the years, but the political world has failed to remedy the "Japanese disease," or the "LDP disease" for that matter. And here we are now greeting the beginning of the otherwise hopeful and promising decade of '80s.

The Liberal-Democratic Party fought hard in two general elections and two House of Councilors elections during the past five years, but failed to recover

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lost ground. The parliamentary strength of the LDP and opposition parties still remains virtually equal, with little prospect of a tilt in the scale in the immediate future.

The Economist of London rightly commented on the last general election, calling it an election to decide who should govern the LDP rather than to decide who would govern the country. Although the LDP suffered a miserable setback in the election, Prime Minister Masayoshi Ohira succeeded in retaining his post as head of the LDP, hence the post as head of the country.

For the past 25 years, the LDP has enjoyed many advantages as a government party. Even in the final phase of the intraparty squabble in the aftermath of the general election, there was tacit understanding among the LDP members not to split the party, indicating how profitable it is to be the government party.

The structure of "corruption" is presented in the form of "collaboration among the political, bureaucratic and financial circles," plus some voters bumming from politicians. The Liberal-Democratic Party, infested with intricate power machines, has been noted for its lack of ability to formulate policies and its poor image as a mass party. For survival, it has to import talented figures from the bureaucracy which, accordingly, has increased its voice within the party. The LDP has emerged in its present form through the assistance of the powerful bureaucratic system and close relations with various pressure groups.

Shady relations have resulted in political corruption and scandals. Successive LDP prime ministers have worked hard, not in the best interests of the nation, but for petty partisan interests to hold the reins of government as long as possible and tackle policy problems heavily dependent on the bureaucracy.

Here is an interesting result from an opinion survey which asked respondents to what degree they trust the listed items. About 94 percent replied that they trust "weather forecasts," 81 percent trust "newspapers," 77 percent "doctors" and 21 percent "fortune telling." But, only 3 percent trust "politicians." In other words, politicians ranked lowest on a list of "trustworthiness."

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So the immediate task of politics and politicians alike is to restore the trust of the people, even to a small degree, in the years ahead. All political parties, regardless of their ideologies and interests, must join hands in dealing with many problems designed to restore the authority of politics, such as revision of the existing election law and the introduction of a bill aimed at publicizing the personal assets of politicians.

The surest way to restore lost ground is for all politicians to stay clean.

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Future of One-Party Rule

Tokyo THE DAILY YOMIURI in English 4 Jan 80 p 2

[Editorial]

[Text]

The one-party dominance of the nation's politics by the Liberal-Democratic Party (LDP) is coming to an end, but will this lead to an eventual splitting of the party? This question will probably be the focus of attention in the 1980s as the LDP failed to win a majority in the past two general elections. Also, the internal feuding which continued for more than a month has caused an irreparable crack in the party unity.

The LDP has been maintaining its position as the government party by changing its leader whenever it was faced with a crisis but there came a break in this practice when the party suffered a setback in the last October's general election and a bitter confrontation between the mainstream factions and anti-mainstream factions followed.

Prime Minister Ohira is determined to ensure an LDP victory in the coming House of Councilors election next summer and then seek reelection as LDP president in the party election scheduled for December as seen from the way the Ohira cabinet has compiled the fiscal 1980 budget.

But the Ohira strategy is diametrically opposed to the views of Takeo Fukuda and Takeo Miki, Ohira's main challengers, and Yasuhiro Nakasone and Toshio Komoto, both aspirants for the top party post. The antagonism within the LDP may erupt if a non-confidence motion is submitted in the Diet.

In addition to these factors, moves among the centrist opposition parties also deserve attention. Although Komeito and the Democratic-Socialist Party

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(DSP) have denied that they are planning to form a coalition government with the LDP, they, however, expect the ruling party to eventually split.

Many Uncertainties Involved

There are many uncertainties about whether the LDP, which has been in power for 24 years, will really disintegrate. The political situation at present is such that a coalition between any opposition parties other than the Communist Party (JCP) will come as no surprise to us.

If an opposition coalition government is formed, it will not be a stable government. In the elections held after the war, the conservative party usually garnered 70 percent of the votes cast and the reformists 30 percent until the emergence of centrist parties. The ratio then changed to 50 percent for the LDP, 20 percent for the centrists and 30 percent for the reformists.

The change from 7-3 to 5-2-3 reveals the voters' superior sense of balance which entrusted the LDP with the power to rule but assigned the task of checking the LDP's arbitrariness to the reformists with the centrists as a cushion.

It is evident from this ratio that even if the LDP split up and the splinter joins hands with the centrists, they will not be able to form a majority power.

Weakening Power Of LDP

Even if the LDP wins in the upper house election, the party will not be able to rule the nation as a stable power, given the present antagonism between the mainstream factions and antimainstream factions. The political situation will be thrown into confusion if the LDP did split up.

If in this age of economic crisis and turmoil, politicians continued to curry favor with their supporters or yield to pressure groups and ignore the interest of the people, the future of Japan will be in jeopardy. The age of a coalition government, however, should be welcomed if political leaders give top priority to the interest of people.

The voters should cast aside their coalition allergy as more than 70 percent of West European countries have coalition governments.

In addition, to revamp the nation's politics, the voters should continue to make assiduous efforts to stamp out the "money-power" election practices. Without such efforts the nation's politics won't improve whether or not the voters favor the advent of a coalition government in the 1980s.

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POLITICAL AND SOCIOLOGICAL

'JAPAN TIMES' PROJECTS JAPANESE POLITICS IN 1980

OW031159 Tokyo THE JAPAN TIMES in English 1 Jan 80 p 8 OW

[Article by Minoru Shimizu: "Japanese Politics in 1980--Confusion and Uncertainty Expected To Increase"]

[Text] The "confusion" and "uncertainty" which was created by the almost equal strength between the ruling and opposition parties after the general election last October will most likely be increased in Japan's politics in 1980. The first year of the 1980's.

Many political observers predict that sometime during the 1980's. Most likely in the first half, the Liberal-Democratic Party (LDP) may fail to secure a majority in the House of Representatives and consequently a coalition government between the LDP and middle-of-the-road parties may emerge.

Such a prediction has encouraged the opposition parties, and their offensive against the Ohira cabinet and the LDP is expected to become further intensified this year.

The already unstable Ohira cabinet will be rocked whenever occasion arises, and its instability will be revealed.

The biggest political event this year will be the election of the House of Councillors scheduled for June or July. The outcome of this election is expected to have a decisive effect on the future of the Ohira cabinet.

The upper house election will present the vital question of whether Japan's politics will continue seeing the continuation of a single-handed rule by conservative forces or put an end to the conservative rule and open the way for the emergence of a policy union or a coalition government between the LDP on the one hand and centrists and even socialists on the other.

At present, the LDP has 257 seats in the 511-seat lower house, which is only one seat more than a majority in the lower house. Consequently,

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majorities are held by opposition party members on 10 of the 16 standing committees of the lower house, including the budget committee.

The ruling LDP will most likely experience great difficulties in the deliberations of bills at the ordinary session of the Diet scheduled to be reopened in late January.

If the strength of the ruling and opposition parties is reversed as a result of the upper house election this summer, the ruling party's operations in parliamentary affairs would come to a complete standstill.

The LDP now holds 124 seats in the 252-seat upper house, just maintaining a majority because of the existence of five vacancies. Should the LDP fail to maintain a majority as a result of the upper house election this summer, Prime Minister Ohira, who is president of the ruling party, will be asked to take the responsibility for the setback and will certainly be forced to step down.

Whoever within the ruling party succeeds Mr Ohira, the aforementioned difficulties in the Diet will remain. It will therefore become absolutely necessary for the LDP to seek the cooperation of centrists in the form of a political coalition or in other forms of alliance. This means a virtual end to the single-handed rule by the LDP. In this sense, this summer's upper house election will receive greater attention than ever.

The upper house election is held every three years to reelect half of the 252 members. The term of office is six years. This time, 58 Liberal-Democrats will be up for reelection. Sixty-six others will remain as incumbents.

If the LDP is to win a majority in the upper house, at least 61 candidates will have to be returned. In the light of its election results in the past, this target will not be so difficult for the LDP to achieve. In every upper house election in the past, the LDP was able to elect more than 60 candidates.

Prime Minister Ohira and many of the party leaders expect that similar results can be achieved in this summer's election if vigorous election campaigns are started in its early stages.

In their interviews held at the end of last year, the Liberal-Democratic hopefuls for president in the 1980's expressed the view that there would be no reverse of strength between the ruling and opposition parties as a result of the upper house election this summer.

These hopefuls included Mr Yasuhiro Nakasone, former secretary general of the LDP, former foreign minister Kiichi Miyazawa, Shintaro Abe, chairman of the LDP political affairs research council, Finance Minister Noboru Takeshita and Ganri Yamashita, former director general of the Defense Agency. Even former Socialist Party Secretary General Masahi Ishibashi made a similar prediction.

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To be sure, there are relatively many LDP upper house members who will not run for reelection this summer. As a result, there is the view that numerically there will probably be no reverse of strength between the ruling and opposition parties in the upper house.

Severe Setback

It should be remembered, however, that the LDP suffered a severer setback than originally expected in the general election last October. As a result, the once reviving popular support for the LDP has completely vanished. Moreover, the rift has deepened as a result of the antagonism between the mainstream and antimainstream factions within the LDP. The popular support for the Ohira cabinet has dipped below 30 percent.

On the other hand, never has the mood of cooperation in the election been so high as at present among the opposition parties.

All these facts oppose the view that the LDP will fare well in the upper house election this summer. Some observers predict that there may be a reverse of strength between the ruling and opposition parties as a result of the upper house election.

It is most unlikely that, in the light of the drawn-out intraparty struggle last fall and the lack of leadership Prime Minister Ohira revealed after the struggle, the Ohira cabinet will be able to retrieve itself from the present instability. The Ohira cabinet will most likely treat on the verge of resigning at any time.

To use the term of Sumo, this cabinet is in "Shinitai," a falling position with no chances of recovery. In Japan's political history, in fact, there has never been a cabinet that appears so unstable as the Ohira cabinet.

Chief Cabinet Secretary Masayoshi Ito, a close aide to the prime minister, says, "The future of this cabinet depends on whether it can do anything that will be appreciated by the people in the next six months. All we can do for the immediate present is try to solve step by step such problems as the elimination of corruption within government agencies and administrative and fiscal reforms. We hope to restore public confidence by doing what we have pledged to do. We have to see what will come out of the election in six months time...."

However, another influential aide to the prime minister, Miyazawa, has expressed the view that as things now stand, the Ohira cabinet will not be able to achieve anything that will help it regain strong popular support.

There are various theories regarding how long the Ohira cabinet will be able to live apart from the length of the Ohira cabinet's life. It can hardly be said that, as Miyazawa points out, much can be expected of the Ohira cabinet as far as its political ability is concerned.

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As Ohira's term of office as party president lasts until the end of November, it is theoretically possible for him to remain in office as prime minister till that time. Some leaders of the anti-mainstream faction of the LDP predict that the Ohira cabinet will be short-lived and may not be able to stay on until the upper house election this summer.

In the light of the instability of this cabinet, this prediction seems convincing, but it is true that, for the immediate present, there are hardly any chances for toppling this cabinet. It is most likely, therefore, that, barring the unexpected in parliamentary operations or in other affairs, the upper house election will be held at the hands of the Ohira cabinet.

Optimistic View

Prime Minister Ohira and his circles seem to take the view that if the LDP can successfully tide over the upper house election, it will help Ohira win reelection for another two-year term as party president in the presidential election to be held late this year. As a result, the Ohira cabinet will be able to survive for a total of four years. But this view seems to be too optimistic. It is more likely that Ohira will have to continue the "tight-rope-walking" operations in handling political affairs without knowing when he may be requested to step down.

In these circumstances, Ohira's advantage, if anything, is that he was able to clear the way for a coalition government after he had obtained support from the New Liberal Club during the intraparty struggle last fall. With this approach, Prime Minister Ohira let it be publicly known that, whenever necessary, he was prepared to form a coalition government with certain opposition parties.

Even if the anti-Ohira forces within the party threaten Ohira with such radical means as "bolting the party," he would be able to counter the threat with plans to introduce opposition forces to his cabinet, thereby nullifying the threat hurled at him by the antimainstream faction.

In the light of the setback the LDP received in the general election last fall and the subsequent intraparty struggle, the opposition parties take the view that the singlehanded rule by the LDP is collapsing and that an "age of coalition" has emerged as a concrete political schedule for this year. Moves for mapping coalition plans are expected to become activated among the opposition parties this year. To formulate concrete coalition plans is no easy task, however.

It would have been reasonable if the LDP had yielded power to the opposition parties after the drawn-out intraparty strife to let them for a "progressive" government.

However, the Japan Socialist Party (JDP), the No 1 opposition group, was devoid of political power strong enough to attract the communists on the

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left and Komeito, the Democratic Socialist Party (DSP), the New Liberal Club and the Social Democratic Federation (Shaminren) on the right, so as to succeed the Liberal-Democrats.

After the beginning of December, the JSP approached Komeito on the matter of political cooperation and, with this move as a start, the JSP has begun to envision a coalition on the JSP-Komeito-KSP line, i.e., a right-inclined coalition of the opposition parties, excluding the communists.

However, Komeito and the DSP seem to be much more inclined toward a conservative centrist coalition with certain forces of the LDP.

Although Komeito is now taking the posture of accepting the JSP's invitation, this party appears to be more inclined toward a coalition with conservative forces and the DSP. Therefore, the possibility is slim that the JSP-Komeito-DSP coalition plan may be realized. Komeito and the DSP will most likely use their energy in the direction of including a split of the LDP.

Professor Rei Shiratori of Dokkyo University predicts that during the period between this year and the middle of the 1980's, Japan's political structure will be divided into three major groups: conservative, centrist and progressive forces.

But none of the three groups will be able to hold a majority in the Diet. As a result, the present single-party rule by the LDP will be replaced by coalition governments working under the principle of consensus politics.

When such a political structure takes root in Japan, there is no guarantee that the LDP and the JSP will be able to maintain their present forms.

As shown by the results of the last general election, the LDP and the JSP will have to see their popularity continue to fall for some time.

The drawn-out struggle within the LDP after the last general election and the intensified conflict between the right and left wingers of the JSP, as well as its uncertain political stance--all these indicate that it will be no longer possible for the two parties to maintain their present forms.

The question is when and in what form the two parties will split. This question will be constantly asked throughout the 1980's.

In the so-called "1955 structure," the LDP and the JSP ruled Japan's politics. (It was in 1955 that the Liberal Party and the Democratic Party were merged to form the present LDP and the right-wing and the left-wing socialists were united to form the present JSP).

It may be said that the two major parties had a three-legged race, opposing on the surface but shaking hands backstage. This structure has eventually

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resulted in the longterm, single-party rule by the LDP, while providing a hotbed for many political scandals like the Lockheed bribery case and the alleged money-power and corruptive nature of the LDP.

Unlike the time when the LDP held an absolute majority in the Diet, Japan's politics is bound to see some uncertainty in the 1980's.

However, when the values become diversified and popular interests in politics vary, the trends toward multi-party politics and coalition government plans seem to be a natural course of events.

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FOREIGN MINISTER OKITA INTERVIEWED ON 1980 ISSUES

OW100237 Tokyo TOKYO SHIMBUN in Japanese 3 Jan 80 Morning Edition p 2 OW

[Foreign Minister Okita's new year interview with TOKYO SHIMBUN editorial staff member Nobutoshi Nagano and reporter Noriyuki Sakuma--date and place of interview not given]

[Text] The Hostage Incident Is Inadmissible

[Question] In this turbulent world Japan's diplomacy is expected to face many difficulties in the 1980's. What attitude should it maintain to cope with them?

Okita: Protecting the people's livelihood and safety is the basic mission of diplomatic activity. Externally we will seek to settle disputes peacefully and help developing nations build their countries. In other words, Japan's foreign policy is dedicated to peace and construction. For Japan, diplomacy bears a particularly important responsibility, because we have few natural resources and are virtually unarmed.

[Question] But there is always a gap between ideals and realities. For example, Japan is finding its position in the current U.S.-Iran crisis very awkward.

Okita: The (Iranian) seizure of an embassy and taking of hostages, for whatever reason, cannot be condoned from the standpoints of international law of humanitarians. The basic foundations of international relations would disintegrate if such acts were allowed. We feel that Japanese-U.S. relations should not be harmed. Until the hostage issue is resolved, we will continue to cooperate with international public opinion.

On the other hand, in our energy diplomacy, friendship with Middle East nations, including Iran, is indispensable to Japan. Once the hostage issue is resolved, we will endeavor to maintain our friendly ties with Iran.

[Question] Why are Japanese-U.S. relations treated as the axis of the nation's foreign policy?

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Okita: Japan depends on the United States for 70 percent of its food and more than 25 percent of its industrial exports go to the United States. This fact alone shows how close relations are in the trade areas. Add this to relations in the national security and political areas, and you can see how broad and far-reaching are Japan-U.S. ties. Historically, as well, a deterioration in Japan-U.S. relations has always led to a crisis for Japan.

Expectations of the Wisemen's Group

[Question] Do you mean that Japan must be submissive to the United States?

Okita: No, I do not. In the 1980's Japan will increasingly face the need to think and act on its own. From a mere follower, Japan will become an equal partner of the United States. But our relations will basically remain cooperative.

As a result of the developments in Europe, Japan and some developing nations and their globally expanded economies, it has become difficult for the United States to take the lead in everything in the international community. U.S. economic power accounted for 33 percent of the world economy 25 years ago, but 3 years ago it had fallen to 23 percent.

[Question] It is feared the yen's downward trend may again touch off economic friction between Japan and the United States. What is your opinion?

Okita: This year Japan's large car exports might become an issue. In view of the upcoming presidential election, which is likely to raise many such issues, I hope that the Japan-U.S. wiseman's group will do something to keep those issues from developing into heated disputes. In this regard, I also hope that I will be able to visit the United States as soon as possible.

[Question] Japan's diplomacy in the 1980's will also attach importance to obtaining energy resources, will it not?

Okita: Oil accounts for 75 percent of Japan's total source of energy, and Japan meets 99.8 percent of its oil requirements through imports. What is more, three-fourths of Japan's oil imports are from the Middle East. The problem is that this very area is now the most unstable throughout the world. Japan should step up its diplomacy in the Middle East, contribute as best as it can to the stability of the area and strive to secure oil imports through effective measures to cope with various situations. I am eager to realize my plan to visit the Middle East, although it will be affected by my future domestic schedule.

At the same time, Japan's diplomatic and domestic administrations will need to cooperate with each other to reduce Japan's dependence on oil to less

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than 50 percent in the 1980's. To this end, Japan will strive to seek varied energy resources, such as coal, natural gas and uranium, and try to import them from various sources. Prime Minister Ohira's visit to Australia is aimed at securing this stable supply of resources.

[OW100241] [Question] I would like to ask about the Venice summit (the summit meeting of advanced nations). At the meeting, Japan is expected to be placéd in a more difficult position on the energy issue, is it not?

Okita: The Organization for Economic Cooperation and Development (OECD) this year estimates the growth rate of its members at 0.3 percent. If this zero point growth becomes a reality, the world will see alleviated oil requirements. Taking a broad view, this will lead to a well-balanced supply and demand for world oil. However, an imbalance will exist among individual nations because oil dealings will be conducted separately between each oil-consuming and oil-producing nation unlike the past practice in which oil supplied through international oil majors. It is unlikely that in the future oil prices will go down or people will again enjoy large oil supplies. At the summit, the participants will discuss ways to save oil and shift to the wide use of other energy resources.

Japan Will Watch the Situation in the ROK

[Question] What is the prospect for improved relations with the Soviet Union in the 1980's?

Okita: There are various lines of communication between Japan and the Soviet Union. Our relations are progressing favorably, except for the dispute over the northern territories. Concerning government-to-government relations, procedurally it is Foreign Minister Gromyko's turn to visit Japan and, therefore, I have no plans for the time being to visit the Soviet Union. As to Japan's cooperation in modernizing China, Japan has explained to the Soviet Union that it will not cooperate in the field of military affairs. It now appears that the Soviet Union understands Japan's position.

[Question] Is there any way for Japan to contribute to the peaceful solution of the situation in Indochina, which is considered Asia's powder keg?

Okita: For the time being Japan has no plans for action. Depending on developments, such influential countries as Japan, China, the Soviet Union, the United States and France might feel the need for concerted efforts to prepare for the peaceful solution of the area's issue.

[Question] How are you going to tackle the Japan-ROK issue?

Okita: Japan will watch the situation in the ROK for some time and encourage a move toward democratization. I hope that the regular Japan-ROK ministerial meeting will be held as soon as possible at a mutually convenient time.

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POLITICAL AND SOCIOLOGICAL

OHIRA'S ADMINISTRATIVE REFORM DEPLORED

Tokyo SHUKAN SHINCHO in Japanese 15 Nov 79 p 26

[Sohyo: A True Motive for Its Approval of Reshuffling Public Servants Within Government Agencies]

[Text] "What are you talking about at this time?"--This must have been the impression of the majority of the people.

According to the pretentious articles by several newspapers, the General Council of Trade Unions of Japan (Sohyo) at the joint committee with the chairmen of unions, chief secretaries, and local council representatives held on the first day of this month decided to take a flexible stand toward the administrative reform--especially focusing on the change of their attitude from negative to 'positive' toward reshuffling public workers within the government agencies.

However, judging from the people's point of view, and when our voice urging drastic action--by reducing the number of public employees by half--on the overexpanded administrative system under this unprecedented financial crisis in history is becoming louder, how can people be convinced that a mere reshuffle of public employees be called a progressive reform?

Besides that, although Sohyo's decision claims the reshuffle or transfer of government officials within the agencies is possible when the government carries out administrative reform, its decision stipulates that reshuffling personnel within its government agency should be practiced according to the rules set by non-government organizations; individual preference should be considered, and also the reform must be carried out according to the consensus reached among the offices of the government and Sohyo, and to begin with, Sohyo demanded the right to collective bargaining on personnel change.

In short, the government couldn't possibly carry out the administrative reform unless Sohyo approves of personnel transfer or reshuffling.

Therefore, the promoter of the reform, the Administrative Management Agency itself shows, perhaps knowing what lies ahead, no enthusiasm for the positive

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decision of Sohyo, and says that "it presents merely a general principle, and if Sohyo decision-makers were to actually discuss more in specifics with the lower ranking union officials, there is no guarantee that everything will go smoothly.

At the Diet session on September 26th, in order to promote effective placement among the government officials, the government decided to set up a "Council for Personnel Transfer, Promotion and Liaison" which is staffed by the chief secretaries and bureau directors of the ministries and agencies; however, the meeting has not yet been held even once.

All of these seem to reflect the government's attitude which bears in mind the strong resistance by the unions.

With the general election coming ahead, there was a feverish campaign for administrative reform. One of the issues concerned with reshuffling personnel within the government offices ended up in the sorry state, "in the mercy of Sohyo" and as for the other issue, which deals with a uniform reduction of the public employees in each office, we cannot expect to see any favorable results to come out.

A well-informed source says that "according to the fifth plan to reduce public employees, 37,000 employees are supposed to be cut within 5 years from 1980, however this figure does not exactly represent the actual reduction to be carried out in the public offices. There is a trick that the yearly budget proposal for additional new slots is reviewed under a separate category from the proposal for personnel reduction. In fact, the government was supposed to have cut a total of 128,400 employees during the first to fourth-year plan--from the year 1968 to this year--, under separate category they have been increasing by 120,500 employees, which means in reality they have decreased by only 7,900 employees."

Moreover, the cut is carried out very slowly--the practice in government offices is to fill the vacancies created by retirement, marriage, change of job, etc with some control. It is far away from the image of the administrative reform wished by the people. Considering the dying fiscal situation, they should stop filling vacancies with new recruits for a while, and at least wouldn't it make a sense if the government fills the newly created positions by reshuffling personnel within the agencies and ministries? It is a common practice among the private enterprises that if its management fails, they would transfer their people to the subsidiary companies, or train some of them as salesmen. Government employees are pampered in the hot house of the government bureaucracy and they are totally out of it. I am thoroughly disgusted with the government practice in which the private sectors' "common sense" does not pass current. Even the prime minister Ohira, in the beginning showed a great enthusiasm and took pains to carry out administrative reform, cannot be expected to carry through with required strong leadership at this time when, in his own ground, he is liable to lose a battle.

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Then the reason why Sohyo at this time suddenly took "the flexible stand" knowing that the reform will never work out anyway might have been just a facade to deceive the people. We can say nothing, but the whole story is very despicable to the people.

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KEIDANREN ROUTS LDP

Tokyo THE DAILY YOMIURI in English 21 Dec 79 p 3

[Commentary by Raisuke Honda]

[Text] The government and the Liberal-Democratic Party (LDP) have abandoned plans to increase corporate taxes in fiscal 1980, capitulating once more to the pressures of big business.

The government proposal for a corporate tax hike came after the major setback of the LDP in the last general election that was due primarily to the people's indignation over Prime Minister Ohira's statements during the election campaign urging a general excise tax.

The premier came under fire and withdrew the planned tax on consumers. This greatly disappointed the Finance Ministry which had hoped for this tax to help overcome the difficulties in government finances.

In consultation with Finance Ministry officials, the premier then decided to impose a hike in corporate taxes by two to three percent, while again pledging to make drastic slashes in government spending.

The Finance Ministry had been hoping that the planned corporate tax hike would raise the government revenue by an estimated ¥440 billion to ¥660 billion for the next fiscal year.

The tax increase plans, however, touched off stronger-than-expected criticism from the top echelons of the business world.

Toshiwo Doko, chairman of the Federation of Economic Organizations (Keidanren), lashed out at the planned tax hike, saying the government could not justify a tax raise on the plea of financial difficulties, "as long as it fails to cut back on its own expenses."

Doko vehemently launched an antitax hike campaign sending early this week Vice-Chairman of Keidanren Nihachiro Hanamura to Prime Minister Ohira and other LDP executives to protest against any tax increase.

In his talk with LDP Secretary-General Yoshio Sakurauchi last Monday, Hana-

mura reportedly "threatened" that there would be no financial backing from the business world for the LDP in the House of Councilors election next summer, unless the party dropped the planned tax boost.

LDP sources said the party secretary-general then "diluted" the tax raise plans, saying a one percent hike would do, but Hanamura would not accept any tax boost at all.

In the face of this pressure from the business world, such militant LDP Dietmen as Kozo Watanabe strongly demanded that the government go ahead with the planned tax boost "in order to not mar further the image of the LDP."

But the voices of the few militants were quickly drowned out.

The LDP is now badly short of money, since it spent so much for electioneering in the October 7 general election.

The party is said to need at least ¥5 billion in campaign funds for the forthcoming upper house election. Therefore, the LDP had little choice but to withdraw the planned tax, though reluctantly in order not to anger Hanamura, who is "Keidanren's finance minister."

Even Finance Ministry officials have refrained from insisting upon the need for corporate tax increases. Instead they now say the government efforts in slashing its expenditures are making unexpectedly good progress, to the extent of eliminating the need for tax raise.

Following the government decision not to raise the corporate tax in fiscal 1980, the finance minister met with the Keidanren vice-president last Wednesday to solicit Keidanren's support for tax boost in fiscal 1981.

In the tax battle, Keidanren routed the government and the LDP. This is interesting when we consider the triangular basis of conservative power—the LDP, top bureaucrats and business leaders.

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POLITICAL AND SOCIOLOGICAL

'JPS' CARRIES 'AKAHATA' EDITORIAL ON SUCCESS OF JCP-CPSU TALKS

OW271401 Tokyo JPS in English 1130 GMT 27 Dec 79 OW

[Text] Tokyo Dec 27 JPS--AKAHATA on December 27 carries an editorial entitled "On the Success of the Japan-Soviet Communist Party Talks Arousing Reverberations." The full text of the editorial follows:

The talks between the Japanese Communist Party and the Communist Party of the Soviet Union, and the joint communique issued by both delegations are causing wide reverberations. This is reflected in voices of welcome of the people from all parts of Japan and various circles communicated to this paper, and in newspaper reports and comments, while the talks were still continuing. There is a suitable reason why wide repercussions are now arising.

In the talks, wide-ranging and manysided views were exchanged, from the issue of the relationship between the JCP and the CPSU to international problems, including the recent situation in Asia, various issues of the international communist movement, and the problems relating to the relations between the people of Japan and the Soviet Union. We must speak about the substance and meaning of them, but for the present, we would like to raise some of them.

(1). First, as presidium chairman Kenji Miyamoto said at a press conference, an end was put by the JCP-CPSU talks at this time to the disrupted normal relationship between the two parties, which began with the Shiga issue, and to the unnatural relations which have lasted for 15 years since the Shiga issue.

At the preliminary talks in February this year, the Soviet side said that it did not justify the publication of an article in PRAVDA supporting the Shiga clique, nor was it right to have published it, in an agreement paper issued by the preliminary talks in April, it was noted that the Japanese side appreciated affirmatively this point and it was clearly written that "the Soviet side also declared that any actions under the name of the communist movement by former members of the Japanese Communist Party or different groups are manifestation of antiparty activity and that the Soviet side has no relation with activities of such groups whatever flags they may carry and whatever pretext they may use."

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In the talks of both parties, including the summit talks, the important agreement made in the preliminary talks was confirmed, and at the beginning of the joint communique it is emphasized that the relationship between both parties will develop on the basis of the adherence to the universally recognized norms of independence, equal rights, noninterference in internal affairs and solidarity in the solution of common tasks.

In accordance with given conditions in their countries, and led by scientific socialism and communism, each communist party has the right to determine independently its way to social progress and transformation in each country, transition to socialism, the building of socialism and communism, and no one can intervene in this. Vigorous development of solidarity between communist parties of respective countries on the basis of agreed common tasks is possible only [if] all forms of hegemonism are rejected in the communist party relationship and the universally recognized standards are observed.

Thus, in addition to the importance of respecting the independence and equal rights of the two parties, in the name and reality, the contents of authority of each party to decide independently are written more concretely and in more detail than ever before in the agreement this time between the two parties. This is the first time in this kind of an international document and holds an international significance.

Moreover, there is no doubt that this agreement holds a positive significance in overcoming the split situation that is still left in the fields of the antinuclear weapons movement and the Japan-Soviet friendship movement.

(2). Secondly, the joint communique says it is "important to develop a wide movement of the masses of the people, and to mobilize international opinion" for such actions as: opposition to the imperialist and reactionary forces' policies for aggression and oppression. Urgency of developing the struggles for a complete ban on nuclear weapons and an international agreement banning the use of them, in the light of the danger of the armaments race, especially the nuclear armaments race. Denunciation of the maneuvers to make Japan a nuclear base, especially Okinawa, and the new plan to deploy nuclear missiles in NATO countries.

The joint communique confirms that Indochina has become a new focal point of the international confrontation between the imperialist aggressive forces, and the anti-imperialist peace forces, and political and economic aid to Vietnam, Laos and Cambodia is the common task of the international anti-imperialist peace forces. It is also taken up in the joint communique that the armed invasion of the Western and the northern parts of Vietnam is an obvious action of hegemonism alien to socialism, and that this should be denounced. This is drawing attention as it holds great significance internationally.

The joint communique, moreover, takes up the deterioration of the crisis of world capitalism, and the successive downfall of reactionary dictatorships

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and military regimes, and points out that the forces of peace, national independence, and social progress are advancing, in the universal trend. The joint communique confirms that in this situation the historic mission of the socialist countries, the working class and working people of capitalist countries, and the national liberation movements, the three main revolutionary forces, has become more and more important.

[OW271403] (3). Thirdly, the problems of both countries and the two peoples were taken up seriously in the talks, opinions were frankly expressed on the border issue, the so-called territorial question. Speaking about this question, the JCP's views and prospects for the Chishima (Kurile) Islands, including the southern Chishima Islands, are well-known as indicated in the published JCP program.

Some newspapers carry comments suspecting that the joint communique "carries no words referring to the territorial question." It is a common practice in international law that in a peace treaty, the demarcation of the border lines will be settled between the belligerent countries, and needless to say, in the conclusion of a Japan-Soviet treaty for peace, the demarcation of the border lines and the demarcation of the territorial limits will be included. This was seriously discussed in the conferences, so that on the question of the conclusion of a Japan-Soviet treaty for peace, the joint communique says, we "reached agreement to continue exchanges of views" on it.

As Chairman Miyamoto said at the press conference, this provided evidence that the Soviet side has "ears to listen" to the "word of socialism." [as received]

As for the Habomai Island and Shikotan Island, these islands are part of Hokkaido from the beginning, and are not included in the Chishima Island archipelago, which was renounced by the Japanese Government in the San Francisco "peace" treaty. The Japan-Soviet joint declaration in 1956 provides that the Soviet Union "in response to Japan's request, and in consideration of Japan's interests, agrees to hand over Habomai Island and Shikotan Island to Japan."

Therefore the Japanese Communist Party made new proposals calling for an intermediate treaty, aimed at temporary Japan-Soviet friendship, and calling for package negotiations for the issue of the return of Habomai Island and Shikotan Island, by taking into account a deadlocked present situation of the signing of a Japan-Soviet peace treaty. The new proposals on the intermediate treaty by the JCP were made from a positive wish and standpoint, aimed at developing the relations between Japan and the Soviet Union, and peoples of both countries on a more friendly and stable basis. In the talks it was agreed the "exchanges of opinions" will be continued by the Japanese and the Soviet communist parties on issues related to both countries.

It is a matter of course that big reaction to the JCP's new proposals is now rising in Japan as a reasonable and active mean [as received] to the development of friendship between Japan and the Soviet Union and to the advance of the so-called territorial issue.

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Together with the proposal on the issues of fishery, kelp gathering and visits to graves, which is arousing repercussions as a creation of stir of "how the opposition parties should tackle diplomatic negotiations," and Soviet's favor of these proposals [passage as received], it can be said that this shows the responsible attitude of the JCP aiming at meeting the general interests of improvement of both countries' relations, and world peace and security.

(4). The talks at this time were held in the midst of the JCP's endeavors to make a success of the 15th party congress to be held in February next year, with a party strength of "500,000 members and 4 million organ paper subscribers." After having won the biggest ever parliamentary strength in the general election, held as the last one in the 1970's, defeating various anticommunist attacks and maneuvers by antiparty groups.

The joint communique in conclusion says both parties are convinced that the talks of both parties at this time will not only open the way to the development of friendly relations between the two parties and two peoples, but also have great significance for the cause of peace and progress in the world and for the international communist movement. The draft resolution of the 15th congress of the Japanese Communist Party also stresses: "The role of the struggle of the working class and people of Japan, the only highly developed capitalist country in Asia, is very great in the international arena, too."

In order to make headway in the struggle for the progressive transformation of national politics, as the domestic and international situation needs, and to contribute to the struggle against intrigues by the forces of aggression and reaction led by U.S. imperialism, we are resolved to achieve our immediate tasks. This will add significance to the success of the talks between the JCP and the CPSU, which have evoked great reactions.

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POLITICAL AND SOCIOLOGICAL

JCP ADOPTS RESOLUTION ON NEW YEAR ACTIVITIES

OW141021 Tokyo JPS in English 0915 GMT 14 Jan 80 OW

[Quotation marks as received]

[Text] Tokyo, Jan 14, JPS--The Presidium of the Central Committee of the Japanese Communist Party on January 12 unanimously adopted a resolution "On the new year party activities for a successful 15th party congress, and preparations for the House of Councillors election." The gist of the resolution follows:

1. "Since the last year, more and more party organizations have come forth, one after another, that have attained the goal of expansion of the party strength in a short period of time, aiming at "the 500,000 party membership, and the 4,000,000 AKAHATA readership." But it is required that "all organizations and members give their best efforts in the remaining period of time to accomplish needed tasks" for a successful party congress, which will convene in a little over 40 days, and for a victory in the House of Councillors election to be held in five months.

2. "With the increased communist Diet members group, the JCP activities in and out of the Diet, representing the voice of the people, are strongly expected of from all quarters. [as received] including the defense of the people's living, and the investigation into and the eradication of irregularities and corruptions in politics.

"The people's sympathy with the JCP position is spreading, which is based on the truth and reason, indicated in the Japanese and the Soviet communist parties talks, and in the statement on the Afghan issue.

"The voice of the public, including supporters of the socialist party, is rising against such right leaning line as...the anti-progressive trend of the socialist party, and the swing to the right of the leadership of the General Council of Trade Unions of Japan (Sohyo), in addition to the role of the Komei and the Democratic Socialist parties.

3. "One activity for a successful preparation of the party congress is that all party members carefully read the party congress draft discussion

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items on the agenda, and all party organizations and groups deepen their discussion on it, and through branch meetings to be held in the latter part of January, district committee and prefectural meeting committee meetings to be held from the beginning through mid-February, in preparations for the party congress, all views in the party be reflected positively in the party congress. [as received]

"There are prefectural and district committees, in which the majority of the party membership have so far finished reading the items on the agenda, and prefectural and district committees in which more than 90 percent of branches are carrying on discussion of the agenda, but on the other hand, there are some district committees, in which only about 20 percent of their party branches have proceeded to discuss the agenda items.

"Leading prefectural and district committees have strengthened their leadership and assistance to the party members' reading of the agenda, and the branch discussion, in such activities as the party organizations holding many explanation meetings on the congress agenda, distributing recorded tapes to assist the agenda reading of the new recruits to the party, and the old party members and publishing a party news or a news letter answering or explaining doubts and inquiries, which are often presented in the branch discussion. On party branches which have fallen behind in reading and discussion, the party organizations must take into account the real situation whether the pamphlet "The 15th Party Congress Agenda Items" is actually handed to all party members, and how respective party members are reading discussion items on the agenda and the branch discussion of the agenda are proceeding."

4. "The ground-swell of the movement for the expansion of the party strength is rapidly rising with the coming of a new year...but there are some party organizations, in which the AKAHATA readership still remains under the level at the time of the previous party congress and which have not extricated themselves from the state, "The slackening which needs immediate attention."

"The expansion of the party membership, on the other hand, has nationally advanced over the level of the previous congress...However, six prefectural committees, including the Tochigi, have not broken through the state, "the retardation, which the party membership is less than 0.2 percent in comparison with the prefectural population." Many big prefectural committees including the Tokyo and Osaka, and party organizations which keep Diet members, have not yet displayed their full capacity fitting to their strength... The most crucial factor for this situation is that being satisfied with a small success in the general election, the tendency to be self-satisfied with the present situation has not yet been overcome.

"The experience and the achievements of the district committees, which have so far attained the goals set in the "expansion months, are matured in all places today. "It is important to drive home to all party members that their task is very light, if it is taken on the average for an individual member, and have them apply best efforts."

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5. In regard to the House of Councillors election, "we should keep in mind that the election will be proclaimed in the first half of June."
"We should not fall into the error of stage-by-stage campaigning, to begin the election preparations after the conclusion of the party congress.... It is important for us to start making particularly election preparations at once. "The forthcoming Upper House election... will be the opportunity for us to elect all national constituency candidates by obtaining the highest votes in the postwar period, to maintain stable seats of the incumbents in the local constituencies challenging new seats, and to surely make a big advance in the national elections including the next House of Representatives election, in the 1980's.

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POLITICAL AND SOCIOLOGICAL

MIDEAST ENVOYS ISSUE PROPOSALS AFTER TOKYO TALKS

OW221341 Tokyo JIJI in English 1251 GMT 22 Dec 79 OW

[Text] Tokyo, Dec. 19 (JIJI Press)--Following are "proposals of the 1979 conference of Japanese ambassadors stationed in the Middle East, as announced in English on Dec. 13 by the Foreign Office through the Foreign Press Center: (The meeting took place in Tokyo for 3 days from Dec. 11.)

(Begin text) In recent years, relations between Japan and the countries of the Middle East have become increasingly close in various fields against the background of growing recognition in Japan of the importance of this relationship. The interdependence of Japan and these countries has accordingly deepened rapidly. The situation surrounding the Middle East is showing further signs of tension, and future developments should be watched carefully in view of the global implications, both political and economic. In fact, during the present meeting, a grave situation is being confronted in connection with the taking of hostages and occupation of the United States Embassy in Tehran. This demonstrates beyond doubt that relations with the Middle Eastern countries form an integral part of Japan's global diplomacy, including relations with the U.S. which constitutes the pivot of our foreign policy.

In such a situation, the conference has discussed future Japanese policy based on the principles of independence and continuity toward the Middle East. Views were frankly exchanged on ways and means to establish a truly welcome Japanese presence in the Middle East, by maintaining and promoting friendly and cooperative bilateral relations with the countries in the region, while fully giving consideration to their particular positions.

Accordingly, the conference makes the following proposals:

1. Japan should further promote exchange of visits by leading personalities, as well as interchanges in the fields of culture and sports. This is in order to deepen mutual understanding with the Middle Eastern countries, as efforts in this direction have so far lagged behind Western Europe and America. It is also necessary to further develop balanced understanding on the part of the Japanese people of the history, culture and religions of the Middle Eastern peoples.

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It is especially desired that an early visit to the Middle East by the prime minister of Japan will materialize, as well as visits to Japan by leaders of the Middle Eastern countries. It is also necessary for the foreign minister and other cabinet members to take every opportunity to make frequent visits to these countries. Moreover, in view of Japan's lack of close historical relations with the Middle East, basic studies on the area and academic exchange should be further promoted.

2. Through more flexible application and further improvement of the existing system for economic and technical cooperation, Japan should make constant efforts to expand cooperation with the developing Middle Eastern countries, whether oil-producing or non-oil-producing, for their socio-economic development and the stabilization of the livelihood of their peoples, in order to contribute to their nation-building and human resources development.

3. In order to secure supplies of energy from the Middle East, Japan should make efforts to stabilize the oil markets through international cooperation to cope with the changing world energy situation. At the same time, Japan should endeavor to restrain demand and to develop alternative sources of energy. By taking such wide-ranging measures as mentioned above, including promotion of mutual understanding and cooperation with nation-building and human resources development, while remaining sensitive to specific local needs, Japan should reinforce bilateral relations with the countries in the region.

4. In conformity with its basic position on the problem of peace in the Middle East, Japan should extend as much cooperation as possible to attain peace and stability in the region, and to maintain the territorial integrity and security of all the Middle Eastern countries in accordance with Resolution 242 of the United Nations Security Council. Moreover, bearing in mind that the question of Palestine is at the heart of the problem of peace in the Middle East, and that the Palestine Liberation Organization (PLO) represents the Palestinians, the dialogue already conducted with the PLO should be further promoted.

5. In view of the fact that relations with the Middle Eastern countries involve energy and other extremely complex and divergent problems, it is important for the government to ensure well-coordinated implementation of external policies from a comprehensive viewpoint in both its political and economic aspects. Care should be taken so that misunderstandings and sources of friction do not arise both at home or abroad. Accordingly, the government should establish a highly flexible administrative setup fully capable of coping with this situation.

6. It is essential for the government to improve and expand its diplomatic efforts. To this end, the relevant budget, as well as the number of personnel in the Ministry of Foreign Affairs and in the field should be increased to a level sufficient enough to execute Middle East policy. Likewise the training of more experts on the Middle East, strengthened

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measures relating to staff welfare in hardship postings, and relating to Japanese residents in the area should be taken. The government should also secure its own means of transport for possible emergency situations which might require the repatriation of Japanese residents.

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POLITICAL AND SOCIOLOGICAL

'JAPAN TIMES' ON SDF'S FOREIGN BROADCASTS MONITORING CAPABILITY

OW070542 Tokyo THE JAPAN TIMES in English 6 Jan 80 p 9 OW

[Text] "Foreign intelligence is more important than weapons for a nation such as Japan having armed forces only for defense. We must have the rabbit's sharp ears in collecting intelligence," said Yasuhiro Nakasone in 1970 when he was director general of the Defense Agency.

How sharp are "the rabbit's ears"?

In September 1971 in Guangzhou, southern China, about 10 Japanese tourists were held up for about a week waiting for an airplane to Beijing. Chinese officials blamed the delay on bad weather in Beijing, and the travelers did not doubt the explanation at all.

About the same time, however, the Japanese self-defense forces were paying much attention as they monitored broadcasts from Mainland China, including orders canceling flights and soldiers' leave.

These telecommunications were monitored by a detachment of the ground staff office's intelligence department.

Ten months later, China announced that Chinese Communist Party Vice Chairman Lin Biao died during a getaway attempt by plane after failing to carry out a coup d'etat to September 12, 1971.

The mystery was solved. The "rabbit's ears" had got wind of the Lin Biao case.

The listening unit, established in 1953, has a staff of about 1,050 persons and nine monitoring facilities across the country, an official of the Defense Agency told the House of Representatives cabinet committee in June 1975.

Among the facilities, the Miho branch in Tottori Prefecture has the most up-to-date array of antennae (75 meters in diameter), whose nickname is "the elephant cage."

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Foreign electronic intelligence received by each facility is sent to the unit's headquarters in Ichigaya in Tokyo. The headquarters analyzes the data and deciphers coded messages.

"Soviet television broadcasts from Sakhalin can be watched at the headquarters," an intelligence official said.

Even noting fluctuations in wireless telecommunications traffic and the directions of radio emissions can be valuable.

During large-scale troop movements, the amount of radio traffic increases. If transmissions stop abruptly, it may mean a surprise attack is imminent.

Monitoring radio broadcasts is an activity conducted by every nation, officials of the agency say. In the United States, it is the job of the National Security Agency (NSA).

The NSA has about 2,000 radio-monitoring facilities scattered all over the world, according to an exposure by an NSA cryptanalyst who defected to the Soviet Union.

During the Sino-Vietnamese war last February, Washington released much detailed information on the battles. Intelligence specialists here believe it was based on intelligence received by reconnaissance satellites and "elephant cage" antennae at Clark Air Base in the Philippines.

The antennae are said to have caught even short-range uncoded radio communications during the fighting.

The Japanese "rabbit's ears" can cover the Korean peninsula, the Soviet Far East and continental China to fairly far inland, an intelligence official said.

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POLITICAL AND SOCIOLOGICAL

BRIEFS

SIBERIAN DEVELOPMENT AID--Tokyo, 7 Jan (JIJI PRESS)--A leader of the ruling Liberal-Democratic Party Monday hinted at the possibility of slowing Japan's cooperation in the development of natural resources in Siberia by way of protest against the Soviet Union's incursion into Afghanistan. Even a slight slowdown of joint Siberian development would considerably affect the Soviet Union, he stated. The LDP will strongly protect the Russian action when Soviet ambassador in Tokyo Dmitriy Polyanskiy pays a courtesy call on three top LDP executives and other leaders Tuesday afternoon. [Text] [OW071351 Tokyo JIJI in English 1256 GMT 7 Jan 80 OW]

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ECONOMIC

RESEARCH BODY PREDICTS 1980 GROWTH RATE OF 3.5 PERCENT

OW091118 Tokyo MAINICHI DAILY NEWS in English 8 Jan 80 p 5 OW

["An Economic Forecast for Fiscal 1980," by Mitsubishi Research Institute, released in December]

[Text] 1. World demand-supply outlook for oil:

In 1980, total oil consumption of the free world is expected to decline from the levels reached in 1979. Reasons for anticipating this decline are: (a) that successive price hikes by OPEC have triggered off considerable progress in the conservation efforts of the oil importing countries, (b) that the world economy is heading for a recession and so demand for oil ought to level off accordingly.

On the supply side, the outlook is relatively bright with only a modest decline expected for total free world production. No doubt the OPEC countries will attempt to reinforce their production cutback, however, the effect of this will be partially offset by increased supply from non-OPEC sources.

Such being the circumstances, demand-supply conditions are expected to relax somewhat in the coming year however, conditions are bound to become strained over the long run. It has become the OPEC countries' basic position to preserve their resources and therefore, large increases can no longer be expected in the production levels of the larger OPEC members such as Saudi Arabia. Some countries which feel that they have already earned enough from their exports of crude oil, may even start cutting down rapidly on their supplies.

2. The world economy and the world trade outlook:

In the year 1980, growth rate for six major OECD countries (the United States, Canada, United Kingdom, West Germany, France and Italy) is expected to average at minus 0.5 percent. Given negative growth in economic activity, import demand in these countries is sure to remain subdued. Consequently, the volume of world imports is expected to grow by only a mere 2.0 percent in 1980.

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3. Outlook for the Japanese Economy in Fiscal 1980: Balance of Payments

Sustained by a downslide in the yen's exchange rate, Japan's exports have been growing at a steady pace throughout fiscal 1979. However, because of the fact that they started from a relatively low starting point at the end of fiscal 1978, volume increase for the year as a whole is expected to average a modest 2.4 percent.

Increases in export prices will also be modest owing to the yen's depreciation. The year-on-year rate of export price increase is projected at 3.7 percent. As a result, the value of customs exports for the year is expected to grow by 6.2 percent and stand at \$105.0 billion.

Meanwhile, crude oil imports are expected to reach \$37.8 billion in fiscal 1979. Imports of other goods are projected to see an 11.0 percent increase in volume coupled with a 20.2 percent rise in prices. In consequence, the value of total customs imports is expected to reach \$118.8 billion: an increase of 40.5 percent over fiscal 1978.

As a result, Japan's IMF based trade balance is expected to post a deficit of \$2.3 billion in fiscal 1979. This will be the first time in 16 years for Japan's trade balance to show a deficit position. Our current account balance is also expected to mark a deficit of \$13.8 billion.

For fiscal 1980, the volume of crude oil imports is projected at 275 million KLS, corresponding to a 1.5 percent decline against fiscal '79 levels. Assuming that higher prices will facilitate conservation, this volume of imported oil supply ought to more or less equal the level of total domestic consumption. In normal circumstances, such a tight demand-supply balance would arouse fears of supply shortage.

However, as the current level of reserve stock is quite high, we may say that basically, there are no serious problems of supply shortfall to be anticipated in fiscal 1980. On the other hand, oil prices are expected to come under continuing upward pressure throughout the year.

In the face of rising oil prices, there is little hope of a rapid return to surplus in our balance of payments.

Exports are expected to retain their momentum in fiscal 1980 with a 6.4 percent increase in volume and a 5.3 percent rise in prices. This will result in a customs clearance value of \$117.6 billion with an increase of 12.0 percent over fiscal 1979.

On the import side, while the level of oil imports is expected to reach some \$50 billion, imports of other raw materials and manufactured goods are expected to remain sluggish. As a result, the value of imports excluding oil is projected to grow by a mere 5.6 percent. Even so, the value of total customs imports will still soar to a record \$136.5 billion.

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Consequently, Japan's balance of payments is expected to post a deficit of \$5.5 billion in its trade account. Notwithstanding a sizable improvement in our balance in invisibles, the current account deficit is expected to reach \$14.9 billion. Hence, the Japanese economy will be faced with a return of the balance of payments constraint which had been virtually nonexistent throughout the 1970s.

It goes without saying that any forecast concerning the turn of events in fiscal 1980 must depend heavily on the development in crude oil prices. Our forecast for fiscal '80 assumes an annual average level of \$29.4 per barrel for our customs import price of crude oil.

Should prices stay relatively stable throughout the year and our cost of crude oil imports remain at \$26 per barrel instead of our \$29 assumption, our current account deficit would then shrink from the fiscal '79 level of \$13.8 billion to less than \$10 billion.

[OW091122] View of FY '80

From the October-December quarter of 1978 up until the July-September quarter of 1979, the Japanese economy enjoyed a period of expansion that was led primarily by the domestic private sector.

Throughout the October-December quarter of 1978 to the January-March quarter of 1979, personal consumption expenditure and private investments were the main elements of growth. In the following April-June quarter, private investments began to falter, but housing investments took its place to keep up the pace of private sector expansion.

However, the July-September quarter of 1979 saw a slowdown in consumer spending and a change to negative growth in housing investment so that the external sector became the major contributing factor to growth. Thus in the July-September quarter, we saw once more the resurgence of export-led growth.

In fiscal 1980, all the components of the domestic private sector are expected to suffer a slowdown in their growth rates.

To begin with, personal consumption expenditure can only be expected to grow by 3.3 percent in real terms. While only a modest increase can be hoped for in disposable personal income, consumer prices are projected to rise by 8.9 percent for the year, so that purchasing power of households is bound to decline.

Private plant and equipment investment is expected to see very little change from fiscal '79 levels. Rising interest rates, shrinking profit margins and uncertainties concerning the future will work to restrain investment activity. Investments aimed at rationalization and those for

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maintenance and repair, which had been sustaining the volume of capital spending in the manufacturing sector, are also expected to peter off gradually.

In spite of the very limited expansion anticipated for world trade (.20 percent in terms of import volume), Japan's exports are projected to grow by a healthy 6.0 percent in fiscal 1980. On the other hand, imports are expected to see a modest decline.

Causes of Decline

Causes for this decline would be: (a) that the slowdown in domestic business activity will result in reduced demand for raw materials imports, (b) that the hitherto steady increase in manufactured goods imports is expected to lose much of its momentum in the coming year. As a result, surplus of the nation on the current account is expected to grow by a hefty 27 percent in real terms.

Thus, Japan's GNP is expected to grow by 7.7 percent and 3.5 percent in nominal and real terms, respectively. The real term growth rate of 3.5 percent is the lowest figure since fiscal 1975 when the rate of expansion was a meager 3.2 percent.

In spite of sluggish final demand, no drastic change is anticipated in inventory investment behavior. Ever since the first oil crisis, companies have clearly become more cautious and skilled in their handling of stocks. Coupled with this fact, monetary policy turned restrictive at a time when there was still no sign of excessive inventory accumulation and the inventory-shipment rate was close to optimum for most industries.

For these reasons, it is hoped that unlike the situation following the first oil crisis, the fiscal 1980 economy will require only a minor adjustment in stock levels.

Due mainly to OPEC price increases, the price of imported goods is expected to continue its upsurge well into the first half of fiscal 1980. The expected rise in electric power charges ought to add further momentum to inflationary pressures. These factors will combine to sustain rapid inflation at the wholesale level throughout the first half of fiscal 1980.

However, parallel to a deceleration in the rise in import prices, the overall rate of wholesale inflation should also begin to level off in the latter half of the year. The year-on-year rate of wholesale price increase is projected at 7.6 percent.

Consumer Prices

Consumer prices which have so far remained relatively stable will begin to increase rapidly as the effects of wholesale price rises begin to seep

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through to the consumer level. Moreover, a round of public utility charge increases is scheduled in the coming spring and this will also work to boost the rate of consumer inflation.

The annual average increase in consumer prices is expected to stand at 8.9 percent, so that as opposed to fiscal 1979 when the rate of wholesale price increases outpaced that of consumer inflation, consumer prices will once again become the predominant concern in the area of domestic inflation.

Thus, in fiscal 1980, the Japanese economy will be confronted with the dual problem of high inflationary pressure and a deteriorating balance of payments position. Compared to circumstances that prevailed following the first oil crisis, the current situation is relatively better placed in that the inflation rate is lower and that the economy has not been running at such a rapid pace as was the case prior to the quadrupling of oil prices in 1973.

Judging from these factors, we may assume that the possibility for a severe recession of the negative growth type is relatively low for the coming year, however, the situation is most certainly a difficult one. With a negative growth rate for the world economy, Japan could not expect to rely on exports to lead the way out of recession.

Moreover, depending on what form the new OPEC pricing strategy will take, we may have to be prepared for a prolonged period of painful adjustment. The foremost policy for Japan to take in the face of such circumstances, would be to fight and to succeed in holding down the rate of domestic inflation.

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ECONOMIC

'MAINICHI' EDITORIAL ON WHITE PAPER ON ECONOMIC AID

OW311243 Tokyo MAINICHI DAILY NEWS in English 30 Dec 79 no page given OW

[Editorial: "White Paper on Economic Aid"]

[Text] The "white paper on Japan's economic aid for 1979," issued by the Ministry of International Trade and Industry, retrospects on the progress made in the so-called "north-south dialogue" in the past 20 years.

The issue, arising from conflicting views and interests between the have and have-not countries, has presented itself as one of the most knotty global problems since the 1960s.

Despite many and earnest attempts to resolve the problem, it still remains a difficult one to solve and may be even more so in the future.

Disarray shown among the OPEC (Organization of Petroleum Exporting Countries) nations, and their subsequent failure to set unified oil price standards at their Caracas, Venezuela, general meeting, once again remind us of the difficulty of dealing with the problem, a difficulty mainly posed by developing countries. The disarray among the developing countries complicated matters by presenting a "south-south" problem--a problem of conflicting interests among the countries in the south.

The "south-south" discord was also evident in the general meeting of the United Nations Conference on Trade and Development (UNCTAD) held in Manila last May. The disagreements, coupled with declining enthusiasm on the part of the industrialized countries about offering aid, brought the conference to what seemed to be discouraging end.

MITI's white paper outlines the present state of the north-south issue. However, in describing Japan's role as a mediator, it appears to go too far. While hailing the Manila meeting as a major milestone in the history of the "continuous north-south dialogue," it stresses "Japan's major contribution to ward solving the issue" in a manner which can be considered as exaggerated.

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Also, it presents an impression of self-praise by Japan, even going to the extent of noting "Japan's active leadership" in guiding the advanced countries to some agreements on the north-south problem at the Tokyo summit.

Admittedly, industrialized countries' offers of economic cooperation to developing nations would be one of the most effective means of solving the thorny issue. But as far as we could see in the white paper, it appears Japan's understanding of the seriousness of the problem is insufficient.

A major feature of the white paper is that it proposes linking economic cooperation with Japan's "economic security" with regard to energy and minerals and other raw materials. Another major feature is that it recommends that extension of aid be planned from an overall viewpoint, by coordinating domestic, industrial, trade and natural resource factors and energy policies instead of viewing the aid as an entity in itself.

The paper takes up five immediate problems facing Japan with respect to cooperation with developing countries which include increasing Japan's official development aid and making adjustments in domestic industries. As for the latter, it has already been pointed out that Japan's economic cooperation will not be as effective as hoped unless Japan opens its markets more widely to developing countries.

One thing that makes the paper seem somewhat unsatisfactory is that it fails to go into details about a series of major cooperation projects which surfaced recently.

They include the controversial government investment in a Japan-Iranian joint petrochemical project undertaken in Iran by the Mitsui Industrial group and massive yen loans for Chinese economic development.

Winning a national consensus is a prerequisite to making economic cooperation fruitful, and it is even more so when the country is gasping under the pressure of slow economic growth and deteriorated national finances.

The refusal to refer in detail to such important projects as mentioned above is certain to make the paper's major proposals--directing economic cooperation at establishing economic security and offering such cooperation from an overall viewpoint--less significant.

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ECONOMIC

MITI CALLS FOR MORE AID TO OIL-PRODUCING NATIONS

OW241017 Tokyo ASAHI EVENING NEWS in English 22 Dec 79 p 1 OW

[Text] The Ministry of International Trade and Industry Friday called for the expansion of economic aid to oil-producing countries to secure stable energy supplies.

In its "White Paper on economic aid for 1979," the MITI proposed linking economic assistance to developing countries with promoting Japan's "economic security" with regard to energy, mineral resources and raw materials.

For this purpose, it stressed the need of giving more yen loans to petroleum-producing countries and encouraging private joint-venture projects with them. It also said that assistance should be given to developing countries in the development of geothermal energy, solar heat and other alternative energy sources.

The white paper pointed out that the oil-price increase after the Iranian revolution is posing a much more serious economic threat to the non-oil-producing developing nations than the 1973 energy crisis. It, therefore, urged advanced countries to step up their cooperation in the developing world's efforts to use energy more efficiently and to develop energy sources.

In the 1980's, it stressed, emphasis in economic aid should be placed on the expansion of employment in the developing countries to expedite their economic independence. At the same time, it called on the Third World to make increased efforts of its own, including social reforms and projects to curb population growth.

According to the MITI report, Japan's overseas economic assistance for 1978 totaled \$10,700 million, almost double the \$5,500 million for the previous year, and its ratio against the nation's gross national product (GNP) rose from 0.8 percent to 1.09 percent.

Japan's amount for 1978 was the second biggest, after that of the United States, among the 17 member countries of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD).

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However, the amount of official development aid (ODA), the most important portion of aid for the recipients, came to only \$2,200 million. Its ratio against the GNP was 0.23 percent (0.21 percent for 1977), which was much smaller than the international goal of 0.7 percent, and placed Japan 13th (14th in 1977) among the 17 DAC members.

The MITI white paper declined to refer in detail to the controversial government investment in a Japanese-Iranian joint petrochemical project undertaken in Iran by the Mitsui industrial group and the massive yen loans intended for Chinese economic development.

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ECONOMIC

GOVERNMENT TO MAKE PUBLIC SUPER-LSI PATENTS

OWO50925 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Jan 80 Morning Edition
p 1 OW

[Excerpt] Japan's super large-scale integrated circuit (LSI) technology, the world's foremost, will soon be made fully public. The government has decided to disclose in January the hitherto undisclosed super-LSI patents, owned either jointly by the government and private firms or exclusively by the government, and to permit even foreign enterprises to use them if they pay accordingly. The government made the decision to comply with the U.S. demand to open the technological door, since Japan-U.S. trade frictions are possible over semiconductors. It is anticipated the United States will regard super-LSI and other technologies, developed by Japan through cooperation between the government and private sector, as "NTB" [nontariff barriers], and trade problems in the 1980s are expected to take a new direction involving the development of technologies. On these grounds, the government plans to disclose the results of large-scale research and development projects and open Japan's technological market as much as possible.

The 1980s are called the "decade of super-LSI." To prepare for this decade, the government in 1976 introduced a system under which the government and private sector jointly develop super-LSI, and so far it has outlaid some 30 billion yen in subsidies. Charged with this development project is the super-LSI technological research union, which is comprised of the Nippon Electric Company, Hitachi Ltd, Toshiba Corporation, Fujitsu Ltd. and Mitsubishi Electric Corporation.

The super-LSI patents are classified into three categories: Privately owned patents developed by researchers from the five union members; patents jointly developed by researchers from private firms and the Government Industrial Technology Research Institute; and state-owned patents developed exclusively by researchers of the Governments' Industrial Technology Research Institute. Of the three, Japan began disclosing privately owned patents about a year ago and the five union members have been exchanging their patented technologies with IBM, Texas Instruments and other U.S. computer and semiconductor makers.

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Japan, however, has not been disclosing the two other categories of patents, in order to protect state-owned property and individuals' rights and interests. Patent applications relating to super-LSI filed so far number some 600 cases, most of which are privately owned patents. Patent applications filed for joint government and private ownership and exclusive government ownership number some 30 cases.

The increasing U.S. criticism of exports of Japan-made semiconductors in the recent period led the Japanese Government to make publicly available all super-LSI technology. While Japan's current-accounts balance has begun showing a large deficit, it is feared exports of automobiles and semiconductors will generate a major trade dispute between Japan and the United States.

Japanese semiconductors make up only 4 or 5 percent of the U.S. market. But speaking of the 16-kilo-bit LSI alone, which is considered frontier technology in semiconductors, the share last year was approximately 40 percent, and this figure is expected to grow further and surpass the 50-percent level this year. This frontier technology involves what Japan has achieved in its research and development of super-LSI, and this is why Texas Instruments and other U.S. firms have been demanding that Japan make its super-LSI technology completely public.

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SCIENCE AND TECHNOLOGY

JAPAN'S KYOTO UNIVERSITY TO COMPLETE N-FUSION DEVICE IN JANUARY

OW060211 Tokyo THE JAPAN TIMES in English 4 Jan 80 p 2 OW

[Text] Kyoto (KYODO)--An experimental facility to contain high temperature plasma, or ionized gas, is scheduled to be completed this month at Kyoto University's heliotron nuclear fusion research center.

The center is planning to carry out experiments on the containment and control of high temperature plasma beginning in May.

The facility has been under construction since 1976 at an estimated cost of 9.1 billion yen. The facility, named Heliotron E, is designed to increase the temperature and density of plasma to a level directly below that needed for nuclear fusion.

The facility has been developed with Kyoto University's own technology.

Heliotron E is a doughnut-shaped vacuum tube with a spiral coil wound around it. A generator with an output capacity of 330,000 kw built next to it runs electric current through the coil. A powerful magnetic field is developed inside the coil in order to control the plasma "envelope."

The ionized gas is further heated by radiating it with neutral particles. Relatively high-density, high-temperature plasma is confined within the magnetic field for 0.02 to 0.1 second, according to researchers at the center.

Nuclear fusion, the same reaction which keeps the sun ablaze, is considered a new energy source for the 21st century.

To control thermonuclear fusion on the earth, it is necessary to confine plasmas of about 100 million C at a very high density for about 1 to 2 seconds.

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