

Fukuda Sets Up Austerity Government in Japan

Former Japanese Deputy Prime Minister Takeo Fukuda was elected Dec. 24 to succeed Takeo Miki as Japan's Prime Minister, and moved quickly to form a Cabinet stacked with close political associates. The Fukuda election marks the culmination of an intense two year factional brawl within Japan's ruling Liberal Democratic Party between forces committed to an independent foreign and economic policy and those led by Fukuda, well-known as Japan's most fervent supporter of the U.S. dollar. In his drive for power Fukuda was instrumental in bringing down the governments of Prime Ministers Kakuei Tanaka and Takeo Miki, and has set up a government similar to that of U.S. President-elect Jimmy Carter which is willing to pursue policies in defense of the wobbling dollar-based International Monetary Fund.

In his first press conference as Prime Minister, Dec. 24, Fukuda stressed that an "economic diplomacy" to deal with the present international crisis will be a major goal of his government. In this regard he said he hoped leaders of the industrially advanced countries would hold a summit meeting "at the earliest possible time" to discuss "common strategies," and emphasized that cooperation between Japan, the United States and West Germany would be key. This is the policy first developed by the Washington-based Brookings Institution. "Economic instability can trigger various confusions," he warned. Fukuda also said that he hoped for a very early meeting with President-elect Carter.

Fukuda added that the future for Japan will necessitate severe reductions in national economic growth. "We face an era of limited resources similar to the 1930s," he concluded.

Fukuda's election was very much in doubt until the last minute, as open anti-Fukuda sentiment was expressed throughout the LDP. Former Prime Minister Miki, who resigned as LDP President following heavy losses by the party in recent Diet elections, was leading the mobilization to stop Fukuda. But Fukuda was elected Party President on Dec. 23 with the at-least passive support of all of the major LDP factions. The following day Fukuda was elected Prime Minister by the Diet, where the LDP holds a slim majority. Although there was wide speculation that Miki might lead his faction out of the LDP and vote against Fukuda, this did not occur; however, an unprecedented 10 blank ballots were cast in the election and were believed to be a clear protest by anti-Fukuda elements within the LDP. In choosing his Cabinet, Fukuda filled the top posts with his cronies and gave appointments of far lesser significance to representatives of other party factions. To head the

Finance Ministry, Fukuda named Hideo Bo, a close friend of the new Prime Minister and a member of the Fukuda faction in the LDP. The Foreign Ministry post went to Ichiro Hatoyama, reputed confidant of Fukuda who served as a top official in the long-time Fukuda controlled Finance Ministry, although the son of a former Prime Minister who was known for his deep hostility toward the Fukuda wing of the LDP. The new Minister of International Trade and Industry, the bureaucratic base of Japan's powerful industrialist "Zaikai," is Tatsuo Tanaka. The appointment of Tanaka, who is also a member of the Fukuda faction and is relatively unknown politically, was particularly surprising to the Japanese political world because it so clearly showed Fukuda's brazen drive to impose his policies on the whole of the country.

The rightwing tint of the new Cabinet was highlighted with the appointments of Shintaro Ishihara as Environmental Protection head and Michio Watanabe as Health and Welfare Minister. Both are members of the fanatical right-wing Diet grouping Serenkai, which, like Fukuda, once advocated rearmament of Japan — including nuclear weapons, revision of the Japanese Constitution, and a revival of pre-World War Two Japanese "spiritual ethics." Ishihara, who was a founding member of Serenkai and is credited with giving the group its name, is an open follower of Japanese fascist novelist Yukio Mishima.

It is significant that neither Takeo Miki nor LDP faction leader Nakasone personally hold positions in the new Cabinet (their factions are represented). It is usually the LDP "custom" that as a price for support from party factions, a new Prime Minister will name to posts in his Cabinet the leaders of the party's factions. It is widely believed that Miki and Nakasone, who formed an alliance against Fukuda during much of the new Premier's drive for power, deliberately stayed out of the Cabinet to give themselves greater ability to buck Fukuda's policies. Many informed political circles believe that the widespread unpopularity of Fukuda among both the electorate and his own LDP could force an early dissolution of his government, particularly following the scheduled July elections for the Upper House of the Diet where the LDP currently holds a bare one-seat majority.

Whatever difficulties Fukuda faces from his own party will be compounded by the opposition from the newly emerged New Liberal Club. Comprised of young LDP dissidents, the NLC voted against Fukuda for Prime Minister, carrying out an earlier pledge to oppose the LDP if Fukuda was named its leader. The NLC won 19

seats in the recent election — its first. These seats are crucial for the LDP to fully control the management of the Diet and its key committees.

Fukuda will also face opposition from the industrialist Zaikai when he attempts to implement his austerity programs. Although they have apparently accepted Fukuda's success, the Zaikai know that expanded trade, especially with the Soviet Union and the Third World, is necessary for the revival of Japan's export-based economy. The first setting for this potential fight to break out will be early next year, when Soviet Foreign Trade Minister Nikolai Patolichev will visit Japan to renew offers for Japanese participation in the industrial development of the Siberian region of the Soviet Union — an action which the Zaikai support. In the past Fukuda has been a key opponent of such cooperation, following directly the policy of U.S. Secretary of State Henry Kissinger.

Moreover, the Fukuda government may fall victim to the same process that brought him to power — the Lockheed scandal and the "expose" institution that

scandal established in the Japanese political world. There are rumors in the Japanese press and elsewhere of a far bigger scandal looming in Japan, of which Fukuda is one of the central targets. Known thus far as the "Japan-ROK (Republic of Korea) connection," the scandal involves the extensive ties of corruption and political influence-buying between the Park dictatorship in South Korea and right-wing politicians in Japan who make up the ROK lobby. The leading figures in this lobby are Fukuda and the Class A war criminal, former Prime Minister N. Kishi. The Soviet news agency TASS reported an article appearing in the Japanese Communist Party paper Akahata last week detailing election campaign funds passed to right-wing Japanese politicians through South Korean conduits.

It is ironic that the initiation of the Korean bribery scandal in the United States which is sparking the same expose in Japan, has as one of its major purposes the withdrawal of U.S. troops from Korea — to be replaced by a remilitarized Japan. Pro-rearmament Fukuda may not last long enough to implement the plan.

China To Purge Maoist Faction, Begin Reindustrialization

Dec. 29 — On successive days between Dec. 24-26, the Chinese Communist Party leadership delivered two major speeches before a 5,000 person Conference on Agriculture, and released a previously secret speech of Mao Tse-tung originally given on April 25, 1956. Taken together, the three speeches lay out the policy of the anti-Maoist ruling group: to rapidly purge from the Communist Party all former supporters of the Maoist faction and to develop the economy by mechanizing and upgrading agriculture, shifting more investment into long neglected heavy industry. The Chinese leadership will use the words of the "early Mao" of the 1950s to justify reversing most of the policies pushed by Mao in the 1960s and 1970s.

Below are excerpts from the speeches of Party Chairman Hua Kuo-feng on Dec. 25 and Politburo member Chen Yung-kuei Dec. 24. The selections from Hua's speech focus on his presentation of the damage done to the economy by the "gang of four" leading Maoists whom he purged on Oct. 7, and the destruction of the party and his proposed measures to rebuild it. The excerpts from Chen's speech, blacked out in the West, amplify the damage done to the economy by the Maoists, issues guidelines for cadre education, and discusses how agriculture is to be rapidly developed, centering on the question of farm mechanization. Excerpts from Mao Tse-tung's speech are appended which reveal how the speech is likely to be used to swing the pendulum of China's economy back toward heavy industry and centralization, despite Mao's original intent to the contrary.

Western press coverage of the speeches has been uniformly insipid, calling Mao's speech "an attack on the Soviet Union" and characterizing it as a call for leniency for the Maoist faction, when in fact he calls for a thorough overhaul of the party apparatus to weed out all Maoists. Together, the three speeches will unquestionably be read as a call to return China to the path of development it was on in 1956-57, before Mao intervened in the "Great Leap Forward" and the "Cultural Revolution" to derail the economy and party functioning.

'On the Ten Major Relationships'

Dec. 30 — The following are the key excerpts from the 1956 Mao Tse-tung speech which is currently serving as the keynote for the anti-Maoist factional struggle.

The problem now facing us is that of continuing to adjust properly the ratio between investment in heavy industry on the one hand and in agriculture and light industry on the other in order to bring about a greater development of the latter. Does this mean that heavy industry is no longer primary? It still is, it still claims the emphasis in our investment. But the proportion for