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PROSPECTS FOR JAPAN

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 7 February 1961. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROSPECTS FOR JAPAN

THE PROBLEM

To analyze the political situation in Japan in the light of developments during 1960 and to estimate the general outlines of probable developments over the next year or so.

CONCLUSIONS

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1. Although Japan will almost certainly remain aligned with the US over the next year or so, it will continue slowly to grow more assertive of its own independent interests and more active in world affairs. The conservative elements will almost certainly continue to control Japanese governments for the foreseeable future and Ikeda will probably retain the Premiership for the next year, at least. Japan's economy will probably continue to expand at a rapid rate although it will remain sensitive to adverse actions abroad beyond the control of the Japanese. (Paras. 15-22)

2. Ikeda will almost certainly have his hands full coping with dissension within his party and with an irresponsible and increasingly aggressive opposition in the Diet. Consequently, he will probably exercise extreme caution in dealing with sensitive domestic or foreign policy issues and will emphasize domestic economic measures of popular appeal to the Japanese. He will seek to avoid accusations of highhandedness or subservience to foreign pressures. (Para. 16)

3. Pacifist and neutralist sentiment, born of Japan's [REDACTED] fear of involvement in another war, will almost certainly continue to influence the government's execution of its pro-Western policies. In addition, there will probably be strong domestic pressures for the regularization of Japanese relations with Communist China. However, if the US maintains its opposition to recognition of Communist China, the Ikeda government probably will not take any serious steps in this direction. (Paras. 23-27)

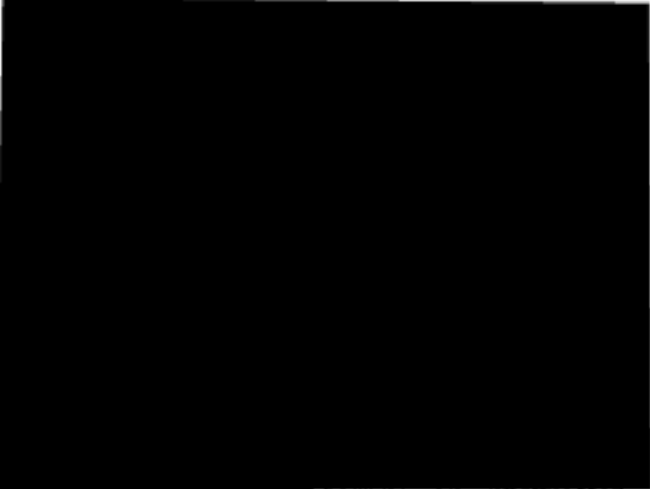
4. The Left will seize any opportunity to agitate the public and to maintain pressure upon the Japanese Government to obstruct effective implementation of the US-Japan security arrangements. In most circumstances, the Ikeda government will probably take fairly vigorous steps to oppose leftist efforts to obstruct operation of the US bases. [REDACTED]

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In addition, the utility of the bases would almost certainly be impaired by leftist mass demonstrations and labor boycotts, and possibly by sabotage.¹ (Para. 28)

¹The Director of Intelligence and Research, Department of State, the Assistant Chief of Staff, Intelligence, USAF, the Director for Intelligence, Joint Staff, and the Assistant to the Secretary of Defense, Special Operations, would substitute the following text for the last four sentences of this paragraph:



barring an unexpected change in Japan's leadership, we believe that the Japanese Government would not stand in the way of US use of Japanese bases for logistical purposes in support of security operations elsewhere in the Far East during the next year or so, although it would expect to be informed in advance of our intentions.

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DISCUSSION

I. INTRODUCTION

5. Japan is passing through profound political and social changes. Although the rulers of Japan had successfully imposed selected Western institutions upon a traditionalist society gradually over a period of nearly a century, the impact of defeat and US occupation shook Japanese society to its foundations. In particular, the psychological atmosphere is still overcast with the memories generated by the only two nuclear weapons ever used in war. Nevertheless, fifteen years after the end of World War II, Japan has emerged as an independent and economically significant Asian and world power. Sharply contending alternatives are being presented to the Japanese people by a radical Left which favors neutralism and closer association with the Sino-Soviet Bloc, and a conservative Right that favors association with the US. Political life in 1960 was dominated by issues relating to Japan's alignment with the US and the West.

II. THE JAPANESE SITUATION

6. There are many elements of stability and strength in Japan. It is economically vigorous and prosperous. Its gross national prod-

uct (GNP) has increased at an average annual rate of 9 percent over the past decade; GNP rose 18 percent in 1959 and another 11 percent in 1960. Its standard of living is by far the highest in Asia, and per capita GNP in 1959 was 75 percent above the prewar level. The majority of the electorate remains basically conservative; the November Diet elections returned the conservatives to power by 60 percent of the popular vote. Under the ruling Liberal Democratic Party, the Japanese Government continues to look to the US for military and economic security and has publicly rejected neutralism. Despite considerable public reluctance, the government is continuing slowly to improve Japan's military establishment.

7. The events of the past year, however, are reminders of modern Japan's social, political, and psychological dislocations, which were accentuated by World War II and subsequent events. With military defeat, the entire panoply of state authority and order collapsed, hastened on its way by the conscious efforts of the occupation to introduce new, democratic forms. Fifteen years after World War

II Japan is still groping for a national consensus regarding the political and social patterns to replace those swept away in 1945. Although Japanese ingenuity and industry have brought about a remarkable economic recovery, political and social reconstruction has been slow and uncertain. Japan's concept of democracy tolerates an excessive degree of political irresponsibility among the conservatives, the Left, the press, and the intelligentsia.

8. Japanese attitudes towards foreign affairs are ambivalent. A pervading desire for non-involvement, for escape from international political obligation, exists side by side with a desire, on the part of the great majority of the Japanese, for US assurance of Japan's security and economic opportunity. The Japanese people, in the main, admire the US and dislike and mistrust the Bloc. However, there is a latent neutralist sentiment in Japan shared by most elements of the population and particularly strong among the generation that has come of age since the war. The widespread Japanese desire for noninvolvement springs from the experience of war and defeat and an effort to find a new position in a divided world. It springs also from a deep distrust of militarism and authoritarian government, a reluctance to assume the economic burden of rearmament, a horror of nuclear weapons and another major war, and a desire to avoid the unpleasant realities of the cold war while pursuing a better life for the Japanese people.

9. In this setting, there is an increasing tendency for polarization of Japanese political forces between the conservatives and the Left. The Left is largely urban, organized, and militant, and draws strong support from the politically active labor movement. Though it has deep schisms, the Left is often able to work cohesively in its opposition role and wields a disproportionate influence at the national level. On the other hand, conservative strength is based in those elements of the population, particularly in rural areas, which tend to be politically passive and inarticulate. In consequence, the conservatives, although in the majority at the polls,

lack organized means of making their will felt in the national capital in times of political crisis. Moreover, the governing Liberal Democratic Party is a coalition of eight or nine factions, held together by a common policy outlook but divided by personal rivalries for power.

10. The conservatives and the Left are sharply divided on the issue of Japan's basic international orientation and on key domestic issues. The conservatives advocate the continuation of Japan's postwar policy of alignment with the West, the strengthening of Japanese defense potential, and the modification of occupation reforms. The Left espouses the goal of a neutral Japan and advocates abrogation of security ties with the US.

11. The Left feels little obligation to abide by decisions of the parliamentary majority and frequently resorts to extraparliamentary pressures. When such pressures take the form of mass demonstrations and violence, conservative governments, aware of public fear of a reversion to police state methods, have been hesitant to permit the police to exercise more than nominal restraints. On the whole, the stability of conservative governments tends to be precarious in times of political crisis, especially when the Left enjoys broad popular acquiescence in its position and the Prime Minister lacks the full support of his own party.

12. The leftist riots of May-June took place at a time when the underlying concerns described above were greatly intensified by certain immediate events: the U-2 incident, the breakdown of the Paris Summit Conference, the approach of President Eisenhower's visit, and, above all, Prime Minister Kishi's action in pushing ratification of the US-Japan Security Treaty through the Diet. Anti-Kishi demonstrations began as university students took to the streets to protest Kishi's treaty action and his leadership in general. Socialist and labor elements soon joined in and, spearheaded by Communist agitators, the riots took on a distinctly anti-US flavor. Although the demonstrations and riots could not nullify the ratification of the US-Japan Security Treaty, they did cause the collapse of

the Kishi government and damage US prestige, and thereby served the interests of the Bloc. Moreover, the riots demonstrated the potential power of the organized Left to bring pressure upon the Japanese Government to restrict or deny the US use of certain military bases in Japan in future crisis situations.²

13. The November Diet elections reflect both continuity and change in present Japanese politics.³ There has been no major change in the distribution of parliamentary power. The Liberal Democratic Party won 296 of 467 seats, retaining the support of a substantial majority of the Japanese electorate. Many traditional voting patterns continue: the conservatism of rural Japan; the tendency for local issues to have a great bearing on elections, especially outside the major cities; and the strong influence of personal relationships and loyalties on the Japanese voter.

14. The Democratic Socialist Party, which was formed in 1960 by a moderate faction of the Japan Socialist Party, dropped from 40 to 17 seats, while the Japan Socialist Party in-

²The Director of Intelligence and Research, Department of State, the Assistant Chief of Staff, Intelligence, USAF, and the Assistant to the Secretary of Defense, Special Operations, consider that this paragraph yields a misleading impression of the significance of the events under review. In their opinion, the demonstrations and riots reached the proportions they did because of a unique combination of international and domestic circumstances. The paragraph should state clearly that public tolerance or support of the demonstrations was attributable far more to antagonism against Kishi personally than to neutralist and antitreaty sentiment. It should point out that the Communists failed in their effort to turn the demonstrations into a broad anti-American movement and that Communist-instigated violence at the end provoked an adverse public and press reaction against such extremism. Finally, it should point out that the power of the organized Left to bring pressure on the Japanese Government applies to the whole gamut of governmental policies (for example, in the 1958 Police Duties Bill fiasco), not just to the US use of military bases, but that the capability of the Left to mount operations of scope and effectiveness of May-June 1960 depends largely on the evolution of foreign and domestic circumstances exceptionally favorable to leftist objectives.

³See table in Political Annex for results of Japanese lower house elections since 1952.

creased its strength from 122 to 145 seats. Although the Japan Communist Party received only 2.9 percent of the popular vote, it increased its representation in the Lower House from 1 to 3 seats and received 144,000 more votes than in 1958. The combined Socialist, Democratic Socialist, and Communist popular vote increased from 35.5 percent (1958 elections) to 39.3 percent. The Sohyo labor federation, closely allied with the Japan Socialist Party, has been greatly strengthened by the elections, while its rival, the moderate Zenro federation, which supported the Democratic Socialists, has been weakened. The more radical elements have increased their dominant position in the Japan Socialist Party, which has retained its position as the only significant opposition party. Furthermore, it appears that a substantial majority of young Japanese reaching voting age have cast their ballots for the Japan Socialist Party.

III. THE OUTLOOK

A. Internal Political Outlook⁴

15. The conservative elements will almost certainly continue to control Japanese governments for the foreseeable future and Ikeda will probably retain the Premiership for the next year, at least. By Japanese standards his government is a competent but not an outstanding one.

16. Ikeda will almost certainly have his hands full coping with dissension within his party and with an irresponsible and increasingly aggressive opposition in the Diet. His administration, at least during its first year, will probably endeavor to consolidate its position and to avoid undue exposure to the opposition's line of fire. Consequently, Ikeda will probably exercise extreme caution in dealing with sensitive domestic or foreign policy issues and will emphasize domestic economic measures of popular appeal to the Japanese. In so doing, he will seek to avoid accusations of highhandedness or subservience to foreign pressures.

⁴See the Political Annex for details concerning the political parties.

17. Seeking to expand its popular base, the Japan Socialist Party will portray itself as the champion of Japan's independent interests and will sharpen its campaign to exploit problems in US-Japan relations and the widespread interest in closer relations with Communist China. It will be especially alert for political opportunities offered by even routine problems arising over the Ryukyus and in connection with US-Japan security arrangements. Because of its minority position in parliament, the Japan Socialist Party will almost certainly continue to resort to mass demonstrations and other extraparliamentary pressures in order to augment its influence on key issues. This tendency will be encouraged by the proved effectiveness of such tactics during 1960 and by the probable increasing dominance of radical elements, particularly the leadership of the Sohyo labor movement, within the party. The more moderate party leaders will seek to restrain this tendency, but, in a crisis situation, they are unlikely to be able to control extremists within the party or the course of mass demonstrations once they have been launched. Opposition attacks on the government will almost certainly focus upon a number of foreign policy issues, particularly the normalization of Japanese relations with mainland China, which we believe will become a major issue in Japan this year. The opposition's attacks upon the Ikeda government will be buttressed by the attraction of neutralism and a strong current of discontent with Japan's foreign policy among the intellectuals, college students, and white collar workers.

B. Defense Establishment ⁵

18. Development of the Japanese military establishment has been hindered by postwar antimilitary sentiment, but its public acceptance has gradually increased. Despite constitutional restrictions and political opposition, measures for strengthening and modernizing the Self-Defense Forces will continue

⁵ The principal judgments respecting the Japanese Self-Defense Forces found in NIE 41-60, "Probable Developments in Japan," dated 9 February 1960, remain generally valid.

during 1961. Although proposed defense legislation will probably remain controversial, completion of the currently approved reorganization will represent a significant gain in military effectiveness. The Self-Defense Forces are capable of maintaining internal security, but the government will remain most reluctant to employ military forces for this purpose. Over the period of this estimate, Japan will continue to depend almost entirely upon US deterrent strength for its defense.

C. Economic Outlook ⁶

19. Barring adverse developments in international trade, the economy will probably continue for some time to expand at a rapid rate, propelled by high rates of increase in industrial production (22 percent in 1960) and investment (20 percent). Although the rate of population increase has dropped to .8 percent, the labor force is still growing at a faster rate and an industrial labor surplus will probably persist. Moreover, there is an increasing public demand for rising living standards. Any significant slowdown in the economy would have immediate political repercussions adverse to the Ikeda government and probably to the entire conservative position.

20. Because the Japanese economy is so dependent on foreign trade, the increase in GNP necessary to provide expanding employment and rising living standards will require considerably expanded markets and imports. Therefore Japan will remain extremely sensitive to foreign market conditions and the actions of foreign governments, especially the US, as about one-third of Japan's total trade is with the US. The US directives of November 1960 calling for a cutback in dollar expenditures abroad have had a considerable psychological impact in Japan. The implementation of these directives, the settlement of Japan's obligations for occupation-era support, and developments in US trade policy are likely to raise political issues in Japan which the conservatives would find embarrassing and the opposition could exploit.

⁶ See the Economic Annex for details on Japan's economy.

21. The Japanese hope to increase their trade with the US, but their most immediate concern is to hold their present share of the US market. To strike a better balance in its foreign economic relations Japan will step up its efforts to improve its trade with other Free World areas, particularly Western Europe, and will seek US good offices to this end. The longstanding interest of many Japanese businessmen in increased trade with the Communist Bloc, and especially Communist China, will also persist and will be intensified if Free World countries should take actions adverse to Japan's trade interests.

D. International Orientation

22. Japan will almost certainly remain aligned with the US over the next year or so. In line with trends of the past few years, however, Japan will continue slowly to grow more assertive of its own independent interests and more active in world affairs. These developments will in large degree be the result of US efforts to assist Japan to become a strong and independent nation, and will hold promise of a more natural relationship between two great nations working independently toward mutually beneficial world goals. By and large, this will be the concept of US-Japanese relations held by Prime Minister Ikeda, most of the Liberal Democratic Party, and a substantial portion of conservative Japanese opinion.

23. Neutralist sentiment will almost certainly continue to influence Japanese politics during the next year or so. However, the degree to which it is translated into an active political force resulting either in increased support of the Left or modification of government policies will be determined by several factors: the course of Japan's international economic fortunes; Japanese assessments of developments in US world strength; the policies of the Bloc, and especially Communist China toward Japan; and the effects on Japan of major international developments. The US overall military position in the world no longer appears to many Japanese to be as secure and commanding as it did before the USSR's dramatic advances in weaponry and Commu-

nist China's rapid growth in strength on the nearby mainland of Asia. The Japanese will continue to be sensitive to any developments which they might construe as presaging a change in basic power relationships in the Far East or as invalidating existing Japanese foreign policy positions.

24. Unless, as is unlikely, Bloc policies become much tougher than they already are toward Japan, the combination of pervasive neutralist sentiments, political pressures exerted by the Japanese Left, and the growing independent spirit will almost certainly cause the Japanese to become more active in seeking ways of improving relations with the USSR and Communist China. Trade with the USSR will probably continue to increase. However, there is strong suspicion and hostility toward Russia in Japan, and the issues of Soviet occupation of the South Kuriles and restrictions on Japanese fishing are formidable, although not insurmountable, obstacles to a closer rapprochement, let alone a formal peace treaty. Concessions on these matters would not be very costly to the USSR, and the Soviets might make them at any time that they believed such a move could affect Japan's alignment with the US. During the next year or so, however, we believe that Japan's posture toward the USSR is not likely to be greatly altered.

25. In contrast to their attitudes toward Russia, the Japanese have a sense of historic and cultural affinity with China. In addition, many Japanese businessmen continue to regard the China mainland market as a natural and profitable outlet for Japanese goods, despite evidence to the contrary. For these reasons, and because of political pressures from the Japan Socialist Party and Sohyo, there will be a growing tendency in Japan, even among the conservatives, to seek ways and means of regularizing trade and diplomatic relations with the China mainland. Ikeda will almost certainly oppose any rapid movement toward establishing full diplomatic relations with Peiping, but at the same time he will almost certainly sanction some increase in private trade, cultural relations, and low-level technical agreements. If Peiping

were to modify its present strict conditions and hard-nosed attitudes, domestic pressures would probably force Ikeda to move rapidly to expand trade and other relations.

26. The Japanese will be especially sensitive to any indications of change in US policies toward Communist China or in the international standing of the Republic of China. Any relaxation in the US attitude toward Peiping would stimulate existing pressures for regularizing Sino-Japanese relations. Even if the US position remains unchanged, there will be strong Japanese sentiment for dropping support for the US-sponsored moratorium when the issue of Chinese representation comes up again in the UN this fall. However, in view of the important Japanese economic and security interests in Taiwan, the Japanese Government would probably prefer to see some kind of "two Chinas" solution to the questions of UN representation and the maintenance of diplomatic relations, although it recognizes that such a solution is equally abhorrent to Peiping and Taipei.

27. If, over the next year, the US maintains its opposition to recognition of Communist China, the Ikeda government probably will not take any serious steps in this direction. If Communist China were admitted to the UN without provision for Taiwan representation, Japan would probably continue to refuse to extend diplomatic recognition. However, if in the unlikely event that some accommodation respecting Taiwan were arrived at in admitting Communist China, the Japanese Government would probably soon extend recognition to Peiping whatever the US attitude.

28. The Left will seize any opportunity to agitate the public and to maintain pressure upon the Japanese Government to obstruct effective implementation of the US-Japan security arrangements. In most circumstances, the Ikeda government will probably take fairly

vigorous steps to oppose leftist efforts to obstruct operation of the US bases.

In addition, the utility of the bases would almost certainly be impaired by leftist mass demonstrations and labor boycotts, and possibly by sabotage.⁷

⁷The Director of Intelligence and Research, Department of State, the Assistant Chief of Staff, Intelligence, USAF, the Director for Intelligence, Joint Staff, and the Assistant to the Secretary of Defense, Special Operations, would substitute the following text for the last four sentences of this paragraph:

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ANNEX A

POLITICAL

1. *The Ikeda Cabinet.* In selecting his new cabinet following the November 1960 elections, Ikeda put the emphasis upon continuity and stability, avoiding for the time being any factional fight that a sweeping cabinet reshuffle might cause. Nine of the Ministers are holdovers from Ikeda's pre-election cabinet, including those in such key posts as foreign affairs, finance, and labor. Furthermore, the new cabinet, while including representation from all major factions of the Liberal Democratic Party, continues to be based primarily upon the three predominant factions of Ikeda, ex-Premier Kishi, and Kishi's brother, Eisaku Sato. These three factions hold 12 of the 19 ministries, including most of the key cabinet positions. Ikeda is generally expected to undertake a cabinet reshuffle after the end of the regular Diet session, probably in July, at which time he will probably attempt to form a stronger cabinet with broadened party responsibility by including factional leaders themselves.

2. *Factionalism in the Liberal Democratic Party.* The November election caused little shift in the relative distribution of factional strength within the party. Although factional strengths are difficult to ascertain with certainty, they appear to line up as follows. The present Ikeda-Kishi-Sato coalition has about 150 seats in the Lower House. Ikeda has 53 followers while Kishi and Sato each have 48. After a striking decline in prestige last summer, Kishi has regrouped his faction; Ikeda has made slight gains; and Sato has gained considerably. Ichiro Kono, a bitter opponent of Ikeda, remains with about 35 followers. Takeo Miki has retained his immediate following of about 30 and is trying to consolidate his leadership of several minor factions having a common interest in opposing Ikeda. Altogether the anti-Ikeda forces in the Liberal Democratic Party have a combined strength of about 115 members. Former Foreign Minister Fujiyama, who is favorably disposed toward Ikeda, heads the remain-

ing faction and has about 30 followers. At present, the major contenders to succeed Ikeda as Prime Minister are Takeo Miki and Eisaku Sato.

3. Sporadic factional in-fighting will continue to mark the activities of the Liberal Democratic Party. Certain personal antagonisms, such as between Kono and Ikeda, account for much of the factionalism. More importantly, the conservative leadership apparently does not regard the Socialist and Communist gains in the elections as serious enough to require a closing of the ranks. As they see it, the Liberal Democratic Party emerged from the elections with added strength. The party won 296 seats in comparison with 287 in the May 1958 elections. When four persons elected as independents chose to join it, the Liberal Democratic Party obtained the largest Diet representation of any postoccupation party.

4. *The Japan Socialist Party.* With the election, the Socialists advanced from 122 seats to 145. The elections strengthened the majority position of the party's left wing. About 50 of the party's members of the Lower House are Sohyo labor leaders. By contrast, moderate elements led by Jotaro Kawakami remained in the distinct minority with only about 30 seats. The Socialists hope to stimulate the disintegration of the centrist Democratic Socialist Party and to attract its elements back into the Japan Socialist Party. This objective lies behind the agreement among Socialist leaders to elect aging, ineffectual right-wing leader Kawakami to the post of Party Chairman. Buoyed up by their success at the polls and the decline in the competing Democratic Socialist Party, the Socialists have recovered from their low ebb in 1959 and view the prospect of further gains against the Liberal Democratic Party with some confidence. An important factor in Socialist optimism is the demonstrated success of the party in attracting the support of the students and young urban groups, who are believed to have voted

overwhelmingly for the Japan Socialist Party in November.

5. *The Democratic Socialist Party.* When this party was formed in early 1960 from dissident rightwing members of the Japan Socialist Party, under the leadership of Suehiro Nishio, it initially included 54 Diet members and had the full support of Zenro, Japan's second largest trade union organization. The party went into its first test at the polls in November, strenuously campaigning to pin a pro-Communist and anti-US label on the Japan Socialist Party. It sought to maintain a central position between the two major parties by advocating an independent foreign policy—neither pro-Communist nor unduly reliant on the US—which included recognition of Communist China and the gradual modification of existing US-Japan security arrangements. It stressed adherence to parliamentary practices and a moderate trade unionism. Many Japanese believed this program to have considerable appeal for the Japanese voter and the failure of the Democratic Socialist Party at the polls came as a surprise. The party elected only 17 members. The major effect of the party's defeat is to remove for the time being even the prospect of a moderate and responsible opposition party to which governmental power could be transferred without radical changes in Japan's political and economic structure and international orientation.

6. *The Japan Communist Party.* In the November elections, the Communists increased their strength in the Lower House from one to three seats and received 2.9 percent (1,156,000) of the popular vote, an increase of 14 percent over 1958 and the highest vote since 1949 when the Communists received 9.6 percent (2,985,000) of the vote. Party membership is now believed to be approaching 90,000, a sharp increase of about 20,000 after several years of near stagnation. More significant however is the party's emergence over the past year from isolation on the Japanese political scene. Through its united front tactics, the Japan Communist Party has become an acceptable partner in joint action with many leftwing groups. The capability of the Communists for covert action has prob-

ably increased and they will probably continue, with some success, to attempt to penetrate the Japan Socialist Party and Sohyo in order to bolster the influence of their leftwing elements.

7. *The Rightist Element.* Various events, most notably the boldly public assassination of Japan Socialist Party Chairman Inejiro Asanuma in the midst of the election campaign, have served to show that rightist elements have recently become more inclined toward direct and violent action in Japanese politics than at any time since the end of World War II. Their ability to influence political developments, except through isolated violence, is very small. The rightists have limited financial support and no backing from Japanese military elements. In the face of the highly organized labor unions and socialist parties, the rightist groups are fragmented and distrusted by the general public.

8. *Student and Teachers Groups.* Most Japanese university students identify themselves with the political Left and support the Japan Socialist Party. This results in part from the postwar rebellion by the young against the customs of their conservative elders, and in part from the pacifist idealism and new democratic freedoms promoted by the postwar constitution. The main student organization is *Zengakuren*—the All-Japan Federation of Student Self-Government Associations—which represents about half of Japan's 600,000 university students. The leadership of *Zengakuren* has been largely captured by the Communists, who are, however, split between competing factions, some of them even more radical than their mentors in the Japan Communist Party prefer. The leading teacher's union—*Nikkyoso*—is leftist in orientation and heavily infiltrated by Communists. Most secondary school teachers and a great many university teachers are pacifist, Marxist, and neutralist. Most university students seem to lose much of their radicalism after they graduate and begin their careers, but a considerable number of them are unable to find suitable employment and join the swelling ranks of frustrated, embittered, unemployed intellectuals.

RESULTS OF JAPANESE LOWER HOUSE ELECTIONS SINCE 1952

Election year	1952	1953	1955	1958	1960
Party					
Conservatives (LDP)					
Popular Vote	23,367,671 ^a	22,717,348 ^b	23,377,432 ^c	22,976,830	22,740,265
Popular Vote (percent)	67.2	65.7	63.2	57.8	57.6
Diet Seats	325	310	297	287	296 [*]
Socialists (JSP and DSP)					
Popular Vote	7,768,061 ^d	9,553,321 ^d	11,193,154 ^d	13,093,984	14,351,284 [*]
Popular Vote (percent)	21.9	27.5	30.2	32.9	36.4
Diet Seats	115	143	160	166	162
Communist (JCP)					
Popular Vote	896,765	655,970	774,158	1,012,036	1,156,723
Popular Vote (percent)	2.6	1.9	2.0	2.6	2.9
Diet Seats	0	1	2	1	3
Independents and Minor Parties					
Popular Vote	3,304,208	1,675,786	1,661,685	2,688,786	1,260,849
Popular Vote (percent)	8.8	4.9	4.0	6.7	3.2
Diet Seats	26	12	8	13	6

^a Includes Liberal Party and Progressive Party.

^b Includes Liberal Party, Japan Liberal Party, and Progressive Party.

^c Includes Liberal Party and Democratic Party.

^d Includes Right Socialist Party, Left Socialist Party, and Labor Farmer Party.

^{*} Includes Japan Socialist Party and Democratic Socialist Party. Latter party, formed in early 1960 by former Right Socialists, polled 3,464,147 votes or 8.8 percent of the popular vote but won only 17 Diet seats.

^{*} Since the elections in November the LDP has increased its Diet strength to 301 seats. Four of the five additional seats came from the accession of Independents to LDP ranks; one was gained because the postelection death of a Socialist candidate gave the seat to an LDP runner up.

ANNEX B

ECONOMIC

1. A broken and defeated country only fifteen years ago, Japan today is more prosperous than it has ever been before and the economy is expanding at a high rate. Since 1955, the rate of increase in Japan's gross national product (GNP) has only once fallen below 9 percent. In real terms, GNP in 1959 was 17 percent over 1958 and is expected to have increased by 11 percent in 1960. This rapid economic growth was caused partly by favorable conditions in the international trading community. But to a large extent, it has resulted from the energy and ability of the Japanese people themselves. Through their efficiency, labor, and investment, abetted by US investment and aid, they have returned Japan to its position as one of the Free World's four major industrial complexes. Japan now produces two-thirds of the cement, most of the steel and electric power, and virtually all the finished capital goods made in non-Communist Asia. In addition Japan leads the world in the production of steel ships and rayon textiles, and in the import of iron ore and raw cotton.

2. The fact remains, however, that the Japanese economy rests on a precarious foundation: it must import virtually all the raw materials its industry consumes, and it must export enough to pay for its imports. Moreover, a continued substantial increase in national production is required if Japan is to maintain high employment and the steady rise in living standards which the Japanese people have come to expect. Prime Minister Ikeda has called for doubling the national income in the next ten years, bringing per capita income to present Western European levels. Ikeda's program would imply an average annual increase of about 7 percent in GNP, a realizable

goal given no abrupt adverse changes in economic conditions abroad.

3. As of October 1960, Japan's population was about 93.4 million, fifth largest in the world. The population is expected to exceed 100 million by 1970. Within the growing labor force, the percentage of industrial workers is increasing due to the steady migration of farm workers to urban areas. Thus, despite the rapid growth of the economy, an industrial labor surplus persists.

4. Because the economy depends so heavily on foreign trade, an increase in GNP in the degree projected by Ikeda will require greater imports and expanded markets abroad. At present, Japan's trade is predominantly with the Free World, particularly North America and Asia. The US is Japan's best customer, taking almost one-third of its exports estimated at \$1 billion in 1960. In turn, the US is expected to supply 35 percent of Japan's imports valued at \$1.5 billion in 1960 (making Japan third after Canada and the UK as a customer for US exports). Trade with the Sino-Soviet Bloc is very slight, although the volume of imports from the USSR has been increasing at a substantial rate over the past few years.

5. Special dollar earnings, derived from US offshore procurement and other military spending in Japan, have been an important part of Japan's exports to the US. These earnings have averaged over \$530 million a year for the last five years and, since 1952, have made the difference between deficit and surplus in Japan's balance of payments. In 1960, special earnings probably equalled Japan's estimated \$600 million increase in foreign exchange reserves.

Table 1. SELECTED INDEX OF JAPAN'S ECONOMIC GROWTH
(Current Prices)

(Calendar years)	1952	1953	1954	1955	1956	1957	1958	1959
Gross national product	100	117	125	135	153	170	174	199
Gross national product per capita	100	115	122	133	145	160	159	183
Industrial production	100	122	132	142	174	206	207	256
Exports (f.o.b.)	100	100	128	158	196	223	225	272
Imports (c.i.f.)	100	119	118	122	160	211	150	177
Percentage increase over previous year of:								
GNP		16	8	10	10	11	11	17
Industrial activity*		20	8	8	23	16	1	24
Industrial production		22	8	8	22	18	0	24
Exports		0	28	23	24	14	1	20
Imports		19	0	3	31	32	-29	19
Personal consumption as a percent of GNP ..	59.7	61.5	63.3	61.2	60.0	58.3	61.2	56.5
Gross private investment as a percent of GNP ..	19.4	19.5	16.9	17.0	21.1	27.2	16.2	24.0

* Includes public utilities.

Source: Japanese Government.

Table 2. BALANCE OF PAYMENTS, 1955-1959 AND JANUARY-JUNE 1960
(Calendar years; values in millions of US dollars)

	1955	1956	1957	1958	1959	January- June 1960
Exports (f.o.b.)	2,006	2,482	2,854	2,871	3,413	1,832
Imports (f.o.b.)	-2,061	-2,613	-3,256	-2,501	-3,052	-1,878
Trade balance	-54	-131	-402	369	361	-46
Transportation and insurance (net)	-157	-316	-519	-176	-194	-150
Government net*	510	505	466	403	365	175
Other (net)	-94	-117	-135	-137	-148	-93
Balance goods and services	205	-59	-590	460	384	-114
Capital transactions						
Nongovernment	31	33	35	39	47	25
Government (reparations, short-term borrowing, etc.)	-9	-8	-65	-234	-70	-26
Balance	22	25	-30	-195	-23	-1
Net total all current transactions	227	-34	-620	264	361	-115

Figures may not add to totals because of rounding.

* Mainly special dollar receipts.

Source: Bank of Japan.

**Table 3. FOREIGN TRADE BY GEOGRAPHIC AREAS, CALENDAR YEARS
1936, 1955-1959, AND JANUARY-JUNE 1960**

	1936	1955	1956	1957	1958	1959	January- June 1960
Exports (billions of US dollars)	0.9	2.0	2.5	2.9	2.9	3.5	1.8
Imports (billions of US dollars)	1.0	2.5	3.2	4.3	3.0	3.6	2.2
Exports (percent of total):							
Asia	64	42	41	40	37	34	35
Europe	8	10	10	12	11	11	12
North and Central America	18	27	28	26	29	36	35
(United States)	(16)	(22)	(22)	(21)	(24)	(30)	(29)
South America	2	7	5	3	4	4	5
Africa	5	10	16	17	14	12	9
Australia and Oceania	3	4	2	2	3	3	4
Imports (percent of total):							
Asia	53	37	33	29	32	32	32
Europe	9	7	7	9	9	10	10
North and Central America	26	41	44	46	45	41	42
(United States)	(25)	(31)	(33)	(38)	(35)	(31)	(35)
South America	3	4	4	4	3	3	3
Africa	3	3	3	2	3	4	4
Australia and Oceania	6	7	9	10	9	10	9

Includes trade with Sino-Soviet Bloc.

Figures may not add to totals because of rounding.

Source: Japanese Government.

**Table 4. JAPAN'S TRADE WITH THE SINO-SOVIET BLOC, CALENDAR YEARS
1954-1959 AND JANUARY-JUNE 1960**
(In millions of US dollars)

	1954	1955	1956	1957	1958	1959	January- June 1960
Exports (f.o.b.):							
Communist China	19.1	28.5	67.3	60.5	50.8	3.6	1.6
USSR	insig	2.1	0.8	9.3	18.1	23.0	16.2
Other	4.9	8.8	5.2	6.8	6.3	20.8	8.0
Total	24.0	39.4	73.3	76.6	75.0	47.4	25.8
Percent of Japan's World Total	1.5	2.0	2.9	2.7	2.6	1.4	1.4
Imports (c.i.f.):							
Communist China	40.8	80.8	83.7	80.5	54.4	18.8	11.8
USSR	2.3	3.1	2.9	12.3	22.2	39.4	33.5
Other	5.3	5.2	15.9	17.6	9.6	16.2	11.6
Total	48.4	89.1	102.5	110.4	86.2	74.4	56.9
Percent of Japan's World Total	2.0	3.6	3.2	2.6	2.8	2.1	2.5

Source: Japanese Government.