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*Prime Minister Sato's Position in a Renascent Japan*

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## PRIME MINISTER SATO'S POSITION IN A RENASCENT JAPAN

On 12 November Prime Minister Eisaku Sato begins his second visit to the US. Since his first visit in January 1965, he has consolidated his power base in the ruling Liberal Democratic Party and has successfully led his party through a national election. Sato believes that Japan's emergence as one of the four leading industrial powers of the world has given it the potential to become a major force for stability in the Far East. He interprets the outcome of last January's election as an endorsement of his government's policies of close relations with the US and of a gradual expansion of Japan's economic and political role in Asia. His principal objective in talks with US leaders will probably be to gain some concessions on Okinawa.

### Sato's First Two Years in Office

Eisaku Sato came into office in November 1964--when Prime Minister Hayato Ikeda became seriously ill--with the self-cultivated image of an activist, ready to set out on new paths abroad and uncompromising in dealing with the domestic opposition. Sato had created this image to distinguish himself as a candidate in his unsuccessful attempt earlier that year to unseat Ikeda as head of the ruling Liberal Democratic Party (LDP). He pledged that if elected his would be a "short, fat" tenure compared with Ikeda's "long, thin one."

From the beginning of his administration, however, Sato suffered from a lack of popularity within his own party, and the public was largely apathetic toward him. Moreover, his right-wing identification made him

anathema to the left. Although Sato was a skillful politician in handling party and government affairs behind the scenes, his public performances were on the whole unimpressive.

Although he was responsive to Japanese aspirations for increased international status arising from economic power and a reviving nationalism, Sato's options in domestic and international affairs were limited. Soon after becoming prime minister, he stated that "independent diplomacy in Asia" would be one of the focal points of his administration. But having projected this image of assertiveness, Sato faced the problem of coming up with feasible programs that would capture popular imagination and support.

He was hampered by the lack of a clear popular mandate, and he was dependent on the support of

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party faction leaders who were nearly his equal in power. In the diplomatic field, Sato was handicapped because Japan's maneuverability is circumscribed by its dependence on the US for security and trade. In dealing with Peking, Sato has been faced with the problem of not offending Nationalist China and the US on the one hand, and of not antagonizing those in his own party who advocated closer ties with Peking on the other. Faced with these limitations, Sato was obliged to scale down his goals and settle for policies acceptable to the diverse factions within the ruling party.

Sato's first two years in office brought no major achievements, and his party merely held its own in the Diet upper house elections of July 1965. Moreover, an economic slowdown and series of scandals in 1965 and 1966--involving the Tokyo Metropolitan Assembly, members of Sato's cabinet, and some of his party's Diet members--tarnished the image of both the prime minister and the ruling party. In this grim political climate of late 1966, with a general election mandatory by late the next year, Sato finally decided that delay would only further dim his prospects. He dissolved the lower house in December and called for an election the following month.

#### The Election of January 1967

Despite the bearish political outlook for the conservatives, the LDP retained an effective

majority in the lower house, and Sato won a much-needed popular mandate. The prime minister received a major boost because the LDP held its own in the election despite pessimistic predictions of critics both within and outside his party.

The results of the election pointed up the Japanese political axiom that electoral contests hinge more on local than on national issues such as the charge of corruption in the LDP, which had been played up by the opposition parties and the national media. Diet candidates depend largely on personal reputation, the strength of their local organization, and the benefits they gain for their constituents.

Sato's authority over his own party has improved since the January elections. The intra-party factions supporting Sato gained strength while some of his opponents in the LDP lost their seats, and this tends to deter efforts by rival LDP leaders to unseat him. Most of his opponents in the "new right," who in the past have sniped at the government for failing to improve relations with Peking, have been unusually subdued this year. The turmoil on the Chinese mainland has probably further inhibited the "new right."

For its part, the main opposition, the Japan Socialist Party (JSP), not only failed to benefit from the conservatives' vulnerabilities but even lost a few seats. The LDP's good showing in the election apparently also contributed

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to an increase in the government's popularity that has been reflected in public opinion polls throughout this year.

The LDP's showing in the election also bolstered Sato's self-confidence, and his support for the US position in Vietnam became more outspoken. His trip to Taiwan in September and his invitation to Nationalist China's Defense Minister Chiang Ching-kuo to visit Japan later in November were made at the risk of incurring a cutback in trade with Peking and the possible adverse political repercussions at home.

Next year, Sato must decide whether to seek a third term as LDP president in the December 1968 party elections. At present, he has no serious rivals for the party's leadership. Two possible eventual successors, Foreign Minister Takeo Miki and party Secretary General Takeo Fukuda, seem content to bide their time.

#### Sato's Accomplishments

Since he became prime minister, Sato has achieved one major objective long sought by his predecessors and has embarked on several new programs.

His most significant achievement is the normalization of relations with South Korea by means of a treaty he pushed through the Diet in December 1965. Japan's relations with Seoul have improved considerably since the treaty's ratification, and Sato attended President Pak Chong-hui's second inauguration last July.

Tokyo regards South Korea not only as a natural market and area for investment but as a country of strategic importance to Japanese security.

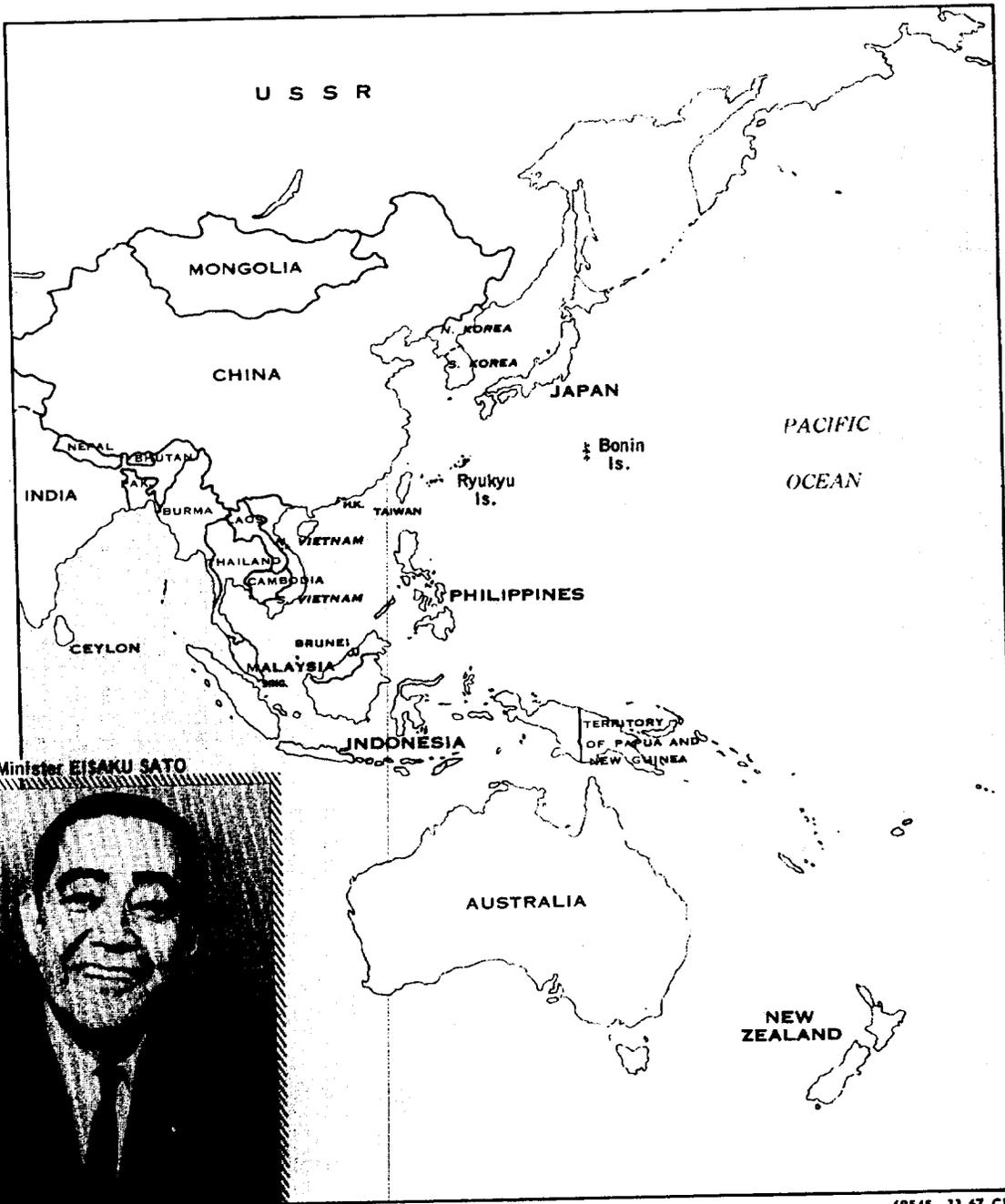
Under Sato, Japan also has taken some tentative steps toward a wider role in Asia, although the groundwork was laid by previous postwar administrations. The Japanese Government is groping for a foreign aid policy consistent with the nation's new status as one of the world's industrial leaders. Until recently, however, official Japanese aid to non-Communist Asia has been largely confined to reparations, which were treated by Japan as obligations to be discharged as expeditiously as possible.

Although Japan is the most economically advanced of the Asian countries, efforts by the more progressive elements of the Japanese Government--centered primarily in the Foreign Ministry--to assume active leadership in the development of Asia have been inhibited by three major factors. The first of these is the anxiety in government circles over animosities toward Japan lingering from World War II. The second is the lack of public support for a policy of expanded foreign aid. Strong domestic demand for public investment in Japan, whose standard of living is still relatively low by European standards, has led to top priority for domestic expenditure at the expense of foreign aid.

The third impediment to an expanded Japanese economic role

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in Asia stems from the conflicting perspectives of the three ministries principally involved in formulating aid policy. The Foreign Ministry is normally the advocate of economic assistance to strengthen Japan's diplomatic relations, while the Ministry of Trade and Industry thinks in terms of trade promotion. The Finance Ministry, which reflects the views of the power establishment in business and industrial circles, usually places higher priority on domestic investment.

These divergencies of view have been narrowed by Sato's growing emphasis on the need for a greater Japanese role in regional economic affairs in Asia. Although Sato has a pivotal place in the cabinet, however, he cannot make unilateral decisions. His actions are circumscribed by the necessity, long traditional in the Japanese parliamentary system, for consensus in decision making. In addition, no Japanese prime minister is likely to challenge the finance minister, who represents the position of the power establishment on which the LDP depends for financial support.

#### The Changing Japanese Role in Asia

Despite these difficulties, Tokyo has developed a somewhat more positive approach to foreign aid since 1965, and business and government leaders are increasingly aware of the long-run benefits to Japan of economic development of Asia. In the past two years, Japanese aid policy toward Asia has emphasized multilateral

regional relationships. This trend was clear in Japan's initiative in organizing the Southeast Asian Ministerial Conference, which met in Tokyo in April 1966 and again in Manila last April.

Japan also played a major role in meetings of the Asia and Pacific Council (ASPAC) at Seoul in June 1966 and Bangkok in July 1967, and in the conference on Southeast Asian agricultural development held in Tokyo last December. The Sato administration has given strong support to the Asian Development Bank--including a \$200-million contribution, matching that of the US, and a \$100-million pledge to the special fund for agricultural development. Japan is also a major participant in international efforts to rebuild Indonesia's international financial position.

Japanese leaders view cooperation by all Asian-Pacific countries as an essential factor in developing regional stability. They have, therefore, successfully persuaded participants to avoid giving the regional conferences an anti-Communist coloration in the hope of attracting other Asian non-Communist but neutralist countries.

Prime Minister Sato's official visits during the past two months to eight countries in Southeast Asia, including South Vietnam as well as Australia and New Zealand, have stressed the continued Japanese interest in the area. Although some of the countries had been visited during

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the past ten years by his predecessors, Ikeda and Kishi-Kishi, Sato's tour was the most wide-ranging diplomatic reconnaissance by a Japanese statesman since World War II.

His avowed aims during the tour were to gain personal impressions of the area, to explain Japan's post - World War II policies, to exchange views on Communist China and Vietnam, and to review bilateral questions, largely of an economic nature. Sato also undoubtedly believed that a fresh, firsthand view of Southeast Asia would better prepare him for discussions in Washington this month.

The generally favorable attitude of the Japanese public toward this venture in regional diplomacy reflects some growing maturity on their part toward accepting Japan's role in international relations.

#### Defense Policy

Sato has long favored a stronger defense posture for his country. In late 1965, following Peking's first nuclear explosions, he began publicly supporting an expansion of Japan's defense establishment as a prerequisite to a greater international role; the first serious public debate on Japanese security ensued. In the face of leftist opposition, Sato firmly supported the Mutual Security Treaty with the US, and ignored traditional taboos against mentioning the need for nuclear protection.

He considers that the election result of last January constitutes an endorsement of his support for mutual defense arrangements with the US. Peking's progress in nuclear weapons and the negative reaction in Japan to China's internal struggle over the past year and a half have created a more favorable atmosphere for discussing defense matters.

The Japanese Defense Agency in late August announced its proposed budget for the next fiscal year, which calls for a 15.6-percent increase over 1967. It remains to be seen, however, to what extent Sato's efforts to instill a heightened defense consciousness can be translated into a more favorable attitude in the Finance Ministry, which has always taken a parsimonious view of defense budgetary requests in the postwar period.

#### Okinawa

Prime Minister Sato plans to devote major attention to the problem of Okinawa during his forthcoming trip to Washington. The reversion issue has drawn increasing attention in Japan since August 1965 when, during a visit to Okinawa, Sato declared in effect that the World War II era would not be completely over until the Ryukyu Islands were returned. Since then, he has been constantly reminded of the statement and domestic pressure for an early return of Okinawa has sharply increased during the past few months. Growing national pride has fanned resentment that

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nearly one million ethnic Japanese in the Ryukyus have remained under alien control for over 20 years. The opposition parties and public media all have been urging a program for reversion that could narrow Sato's freedom for maneuver, both in domestic politics and during his talks in Washington.

All Japanese opposition parties now are pressing the government to request at least the immediate reversion of administrative rights, a ban on nuclear weapons, and limitations on use of the island as a base for US combat operations. The main opposition, JSP, is maintaining its past hard position of immediate reversion and removal of US bases.

On Okinawa as well, reversion has been a dominant political issue for the past few years. Recent evidence suggests, however, that a majority of the Okinawan population, motivated to a great extent by the realization of the island's economic dependence on US-related activity, is now prepared to accept an arrangement allowing the US to maintain control of its bases after reversion.

Sato reportedly believes that domestic pressure in Japan will oblige him to make a formal request for the full return of the Ryukyus. Although he undoubtedly realizes that the US could not accede to such a request at this time, he reportedly considers it politically vital that his Washington trip result in some positive progress toward meeting Japanese desires. Therefore, he will

probably seek a fundamental understanding with the US regarding reversion of the island to Japan as well as some preliminary measures to prepare for the restoration of full administrative rights. Furthermore, Sato may press hard for an immediate return of the Bonin Islands, which the Japanese do not consider of strategic value to the US, although he will be amenable to US retention of its installations. At any rate, the domestic political climate will make it difficult for him to devise an arrangement governing US bases on Okinawa that would both meet US requirements for maintaining security in the region and also be acceptable to the Japanese public.

Sato deplores the "excessive optimism" in Japan concerning the possibility of an early reversion of Okinawa. He and some other Liberal Democratic Party members have attempted to reduce popular expectations by outlining the complexities of the issue in terms of Japan's security in a nuclear-armed world. There are signs that this educational effort is bearing fruit. For the first time since their defeat in World War II, the Japanese are beginning publicly to consider defense problems more realistically. At the moment, however, reversionist sentiment still takes precedence over a growing awareness of defense requirements.

A considerable divergence of views on reversion also remains within the ruling LDP itself. This centers, however, less on the importance of Okinawa to Japan's

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security than on how strong a line the party can hold against the mounting domestic pressure. For his part, Sato is aware that any mishandling of the issue would be exploited by possible rivals for his post of party president.

#### Vietnam

The Sato government has been sympathetic to US objectives in Vietnam although strong adverse public opinion, particularly in 1965 when the US greatly increased its military commitment, prevented Tokyo from voicing forthright public approval. US peace efforts, however, especially the bombing pause in late 1965 and the fact that the Chinese Communists have not been drawn into the war, have permitted the government to give more open support to both the US and South Vietnam.

The Japanese news media's predictions of defeat for Saigon and its attacks against US involvement in Vietnam, which were rife in early 1965, have steadily declined in the past year. Public interest in Vietnam has receded and understanding of US policy has increased. Furthermore, South Vietnam's constituent assembly elections of September 1966 and the recent presidential elections elicited a reluctant admission from the Japanese media that South Vietnam was moving toward constitutional government. There are also increasing signs of a popular realization that Vietnam cannot be viewed apart from the problem

of over-all peace and security in the Far East.

This change in Japanese opinion encouraged both Sato and Foreign Minister Miki last month to voice support of US policies in Vietnam. Both men stated--Miki in Tokyo on 5 October and Sato in Canberra on the 12th--that a US suspension of bombing should be reciprocated by some meaningful action by Hanoi. Sato also visited Saigon on 21 October in the face of strident attacks from Japanese Socialists who played upon the public's belief that Japanese neutrality toward the war would enable Tokyo to play some role in a settlement.

#### Communist China

Sato is also intent on exploring current US thinking on China. The excesses of the Cultural Revolution have prompted an increasing Japanese disillusionment and have alienated a sizable segment of the population that was formerly sympathetic to Peking. Japanese apologists for China are at least temporarily subdued, and many non-Communist intellectuals and publishers have been disabused of their idealized view of Sino-Japanese cultural kinship. Although Japanese interest in trade continues, the economic disruption of the Cultural Revolution has contributed to a sharp drop in Sino-Japanese trade this year.

The Chinese nuclear and missile programs have already deeply

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disturbed many Japanese. Furthermore, Peking's uncompromisingly hard line on Vietnam and its harassment of foreign embassies in Peking have strengthened the impression of an unpredictable and belligerent China. Chinese provocation of Asian countries--notably Burma, which is regarded in Japan as the epitome of inoffensive neutrality--has also had adverse repercussions.

Political relations between the two countries continue to be minimal. Contacts have been confined to LDP members' visits to the mainland and to the quasiofficial trade offices set up in the two capitals under the Liao-Takasaki trade agreement of 1962. In

direct personal contact with important Japanese visitors, however, the Chinese have indicated they are prepared to coexist with Japan.

Future trends in Sino-Japanese relations will be greatly affected by developments on the mainland. A Chinese shift toward greater moderation could reverse the present trend and increase pressures in Japan for expanding relations with Peking. So long as a tough line dominates Peking's policy, however, those Japanese favoring a political accommodation with the mainland will be discouraged from pressing their views on the government. (SECRET NO FOREIGN DISSEM)

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