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# SOVIET VIEWS ON JAPANESE EXPANSION

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CONTRIBUTORS

**JELENA LEONTJEWA**

PH.D. Economics, Scientific Collaborator of the Institute for International Economy and International Relations of the Soviet Academy of Sciences.

**PAWEL DOLGOROEKOV**

PH.D. Economics, Head of the Department of Scientific Conjecture Research of the Ministry of Foreign Trade of the USSR.

**SERGEI ILJIN**

Journalist, correspondent for the Soviet press Agency "Nowosti" (APN). Has published articles in Japanese magazines.

**PJOTR MOISEJEV**

Professor of Biology. Deputy Director of the National Institute for the Scientific Research of Fishing and Oceanography.

**GEORGI NIKOLIN**

Expert on problems of the International Fishing Industry.

**JOERI LATIN**

Ministry of Foreign Trade of the USSR.

**WLADIMIR LI**

PH.D. History, Senior Scientific Collaborator in the Institute of Orientalology of the Academy of Science of the USSR.

**WALERI GORSKI**

PH.D. Economics, Scientific Collaborator of the Institute for Scientific Conjecture Research of the Ministry of Foreign Trade of the USSR.

**IWAN IWKOV**

Journalist and specialist in Asian problems

**DMITRI PETROV**

Professor of History. Head of the East Asia and Pacific Department of the Institute of Economic and International Relations of the Soviet Academy of Science. 1957 to 1962 Izvestia Correspondent in Japan.

**I. P. SHIRYAEV**

Member of the USSR Foreign Trade Ministry Board, Head of the Department of Trade with East Asia.

HENRI A. VAN OORT  
Ph.D. Chinese Art History. Deputy Director of the East-  
West Institute and Secretary of the Asia Institute, The Hague.

### Introduction

In this rapidly changing world, not only technical, social and political changes are noteworthy; images are also.

In the wake of decolonization internal power-struggles paralyzed most of the now independent cultures. Notwithstanding the great difficulties every country had to face, one cannot escape noticing the general consciousness of renaissance that characterizes the spirit in most Asian countries. This spirit of renaissance is developing at a time when the West is under the spell of cultural pessimism. Rationalism, which once determined the development of modern Western civilisation, especially in the material sense, now questions Western cultural values. An increasingly critical attitude towards the justification of the basis of our civilisation is rapidly eclipsing the pride in material achievement. In Asia the situation is quite different. There are many reasons to assume that in Asia a second centre of world history is coming into being.

The next century, it is said, will be the century of Japan. And this decade will see great developments in that direction. China's provocation of the US and of the USSR, America's failure in Vietnam, Japan's miraculous economic and political growth, these are all signs pointing to the same thing. It is not at all impossible that in view of this development someone in Asia will one day draw the conclusion that though Christianity and democracy have proved their value as a suitable base for civilisation in the West, these concepts are, in reality, not universal ones. Then the challenge of Asia will present itself the day we come to recognize that it is equally possible to build elsewhere a civilisation which works. The shock will be greatest for those rationalists and materialists who underrated the vitality of worn-out Confucianism, superstitious Taoism, vague Hinduism and transcendental Buddhism.

History in Asia is no longer dictated only by the Western powers. Japan is a case in point. There is little doubt that Japan's expansion in Asia is being carefully watched by many.

In Western attention paid to this phenomenon, economic motives play a dominant role. Therefore it was thought useful to try to find out how the communist world would look at it and to discover the underlying motives of that view. In short what is the Soviet view of the expansion of Japan or what image do the Soviets have of it? For purposes of comparison an effort was

made to find out what a number of Japanese themselves think about the image of their country in the USSR. This was done in a number of discussions, and by putting questions to different people in Tokyo in June 1972. No claim will be made that the result is representative of the official view, though it certainly conveys the feelings obtaining amongst a number of intellectuals and white-collar workers. 1)

To discover the Soviet view, a great number of articles directly or indirectly bearing on the subject was read. Initially, it was intended to proceed in the usual way and to produce a paper setting out the contents of this study. However after weighing the pros and cons, a different procedure was followed. Out of the great number of articles and other documentation, a few articles were chosen for reproduction in full. The main reason for this was the consideration that it is very useful to "feel" the atmosphere surrounding this subject on the Soviet side. 2) No words of mine could ever have reproduced the Soviet sentiments better than the following articles. The main ideas prevailing in Moscow can be summarized as follows:

1. In the USSR a growing fear exists of a revival of Japanese militarism.
2. The political and economic expansion of Japan in Asia could become a disturbing factor in international relations in that part of the world.
3. The Soviets would like to see Japan participate in their Asian security plan which aims at containing China and gives the USSR a political role of major importance in Asia after the withdrawal of the USA from Asia.
4. The Soviets prefer Japan's having ties with them to Japan's having very good relations with the People's Republic.
5. The Japan-USSR relationship should be strengthened in order to encourage Japan to loosen its ties with the USA. This loosening of ties with the USA will set an example for other countries to do the same.

- 1) Any assessment of the validity of either the Soviet or the Japanese views has been left out of this study which is only concerned with the image, as such.
- 2) Therefore no changes have been made in the original texts neither as to content nor in the way of expression.

6. It is expected on ideological grounds that the loosening of the ties between the USA and many other countries will result in contradictions if not ultimately an economic war within the Western camp and consequently hasten the final collapse of capitalism.

H. A. van Oort

## LENIN ON JAPANESE IMPERIALISM AND JAPAN TODAY

by E. Leontyeva

It is only one hundred years since Japan took the road of capitalism and was transformed into the capitalist's world second industrial power. This process took a decisive turn after the Second World War, when Japan left far behind all the other advanced capitalist countries in economic growth-rates.

Assessing the balance of forces in the capitalist world on the eve of the First World War, Lenin mentioned Japan as belonging to the new imperialist powers and counted it along with Germany, as one of the young countries making extraordinarily fast progress. 1) However, despite its rapid development, at the beginning of this century, Japan still lagged far behind the "old" capitalist countries in the scale and technical level of industry, in the degree of concentration of production and capital, and the maturity and power of financial groups. For this reason, in his definition of the five principal economic areas of the world, Lenin put Japan in the East Asian division "where capitalism is little developed." 2)

### Transition to a new order

At that time vestiges of feudal relationships still played a distinct role in Japan's economic and political affairs. The young monopoly bourgeoisie shared power with the landowner class. The urban rich were interested in using pre-capitalist forms of exploitation of the working class and hence in preserving the survivals of the feudal system in the villages. The limitations of the domestic market impelled the Japanese monopolies to expand their operations abroad.

Japan's first independent steps as an imperialist power took the form of armed aggression: the Japanese-Chinese war of 1894-1895, participation in quelling the I Ho T'uan uprising in China in 1901, the Russo-Japanese war of 1904-05. But the Japanese monopolies' opportunities to join the economic struggle for seizure and redistribution of markets were limited. Japanese monopoly capital relied for support on the military power of the landowner-bourgeois state and concentrated on a policy of military adventures. Lenin observed the simi-

1) Lenin, Coll. Works, Vol. 22, pp. 259, 274.

2) Ibid., p. 273.

ilarity between Japanese and Russian imperialism, the features in common which make it possible to apply to Japanese imperialism Lenin's definition of the "'bureaucratic' regime" of tsarist Russia "with its vast self-sufficiency and independence" based on a coalition of the new, monopoly bourgeoisie and the moribund but still strong class of landowners. 3) "In Japan and Russia the monopoly of military power... or special facilities for robbing minority nationalities..... partly supplements, partly takes the place of, the monopoly of modern, up-to-date finance capital." 4)

During the First World War, Lenin wrote, Japan "gained a great deal by keeping out of the European-American conflict and by seizing the enormous Asian continent." 5) But in a situation characterized by the domination of the finance capital of a "handful of the richest states", Japan remained in a back seat. The successes of its imperialist policy of conquest (Korea, Taiwan, a part of Manchuria) were facilitated by the remoteness of the Far East from the main centres of world capitalism. Japan's expansion was confined within comparatively narrow bounds. As Lenin commented "though Japan was able to plunder the East, the Asian countries, she cannot constitute an independent financial and military force without support from another country". 6)

In the period between the two world wars growth of a large-scale machine industry and stepped-up concentration of production and capital brought about a major change in the balance of forces within Japan's ruling elite in favour of the monopoly bourgeoisie. The extremely low colonial level of wages of the Japanese workers facilitated the expansion of the Japanese monopolies in foreign trade in the 1920s, enabling them successfully to compete with West European industry. A large part of the accumulation was used, with direct participation of the state, for the export of capital, consolidation of the positions seized in China and Korea, and preparations for new wars of aggression.

3) Lenin, Coll. Works, Vol. 17, p. 390.

4) Lenin, Coll. Works, Vol. 23, p. 116.

5) Lenin, Coll. Works, Vol. 31, p. 217.

6) Lenin, Coll. Works, Vol. 31, p. 226.

After the occupation of Manchuria (1931) and especially after the attack on China (1937) the political system by which the monopoly bourgeoisie and landowners ruled acquired obvious traits of a military fascist dictatorship. The state apparatus was geared to making every effort to mobilize the economy for a major war, which was a particularly ruthless policy in view of the fact that Japan's military and economic potential was far behind that of the United States.

The Second World War, which put a tremendous strain on the strength and material resources of Japan, played havoc with the economy and caused untold suffering to the working people. The capitulation marked the collapse of the entire military-feudal and military-bureaucratic system with which the monopoly bourgeoisie had ruled for three quarters of a century. Japanese imperialism lost its colonial possessions, foreign investments, spheres of influence in Asia, the entire network of external economic contacts. The imperial army was disbanded which removed the ground from under the feet of the ruling military clique. Japan's defeat in the war eliminated its monopoly of military force in the Far East and the "special facilities" it enjoyed for robbing its neighbours, i. e., the conditions which had in some measure compensated for the insufficient productive and financial power of the Japanese monopolies. Tremendously important for the further development of Japanese monopoly capital was the fact that the world balance of forces had changed radically under the impact of the successes of socialism, under the emergence and development of the socialist world system, the growth of the working-class and democratic movements, the collapse of colonialism, the formation of a large family of young national states, and the growing national-liberation movements.

During the military occupation of Japan a number of reforms were carried out. These were put into effect during a situation of economic chaos and political crisis, when the United States changed its policy on Japan's future and decided instead of weakening it to convert it into the principal bastion of anti-communism in the Far East, into a base in the drive for domination in the Pacific. The American occupation authorities and the Japanese rulers regarded it as their direct task to bolster up the tottering foundations of bourgeois society and "normalize" conditions for the functioning of a capitalist economy. Naturally, the Western principles on which capitalist enterprise and

the corresponding socio-political standards are based were used by the occupation authorities as a model. The methods by which the old ruling clique had kept itself in power were so far removed from these standards, and so discredited by the defeat in the war, that the postwar reforms in many respects amounted to a bourgeois-democratic revolution.

The agrarian reform of 1946 undermined land-lordism and led to the emergence of a numerous stratum of peasants property owners who up to now constitute the mass base of the ruling party. With the abolition of privileges, the landlord class dissolved in the bourgeoisie. Thus the social structure of society changed.

The new labour legislation necessitated the substitution of the prevalent pre-capitalist methods of exploitation in industry with methods more suitable to monopoly capitalism. The increased resistance of the working class led to the passing of laws establishing normal working hours. A powerful trade union movement, legalized in 1946-47, became an integral element of the socio-political life of the country. The changed balance in class forces and the need to eliminate the technical lag due to the new conditions of the world market, compelled monopoly capital to embark on massive renovation and expansion of industry. The establishment and renovation of production facilities - a process which developed on a tremendous scale - rapidly expanded the horizons of the domestic market for producer goods. The changes in the structure of society and in the social atmosphere created certain conditions encouraging the growth of internal consumer demand.

The postwar "decartelization" (1947-1948) eliminated the main holding companies of the financial groups (zaibatsu) and placed mergers and cartel agreements under definite state control. These measures hastened the replacement of the old organizational forms of monopoly which did not conform to the demands of modern large-scale industry by a new structure of monopoly capital.

Of tremendous importance for the development of the Japanese economy in the 1950s and 1960s was the fact that the scientific and technological revolution greatly intensified the trend, characteristic of the last stage of capitalism, towards a certain levelling off in the capitalist world, towards the equalization of "the economic and living conditions in different countries....."

as a result of the pressure of large-scale industry, exchange and finance capital". 7) The postwar readjustment brought Japanese imperialism nearer to the classical type, transforming it into a species of the universal model of highly-developed state-monopoly capitalism. Its characteristic features became great flexibility in adapting itself to new conditions in the capitalist world economy and a high degree of consolidation of forces of the monopoly bourgeoisie in economic competition with West European and American imperialism.

#### Special aspects of industrial concentration

Branches with a low organic composition of capital prevailed in the industry of prewar Japan. Large-scale business activity, which comprised, together with trading and banking monopolies, the core of the zaibatsu, had a narrow basis in a limited number of types of production. The preponderance of small-scale commodity production - the consequences of the weakness of Japanese capitalism - determined the peculiarities of the process of concentration in the postwar period as well. This, however, did not prevent this process from developing according to the general pattern of monopoly capitalism. "The facts show," Lenin wrote, "that differences between capitalist countries. . . . only give rise to insignificant variations in the form of monopolies or in the moment of their appearance; and that the rise of monopolies, as the result of the concentration of production, is a general and fundamental law of the present stage of development of capitalism." 8)

Since the beginning of the 1950s industrial output in Japan has risen 9.5-fold and the number of wage workers, 2.5-fold. The structure of industry has come to be characterised by branches based on large-scale machine production, such as general, transport and electrical engineering, metallurgy and the production of chemicals and synthetic fibre and resins. It is a fact that even in 1966 large enterprises with more than 500 employees each, accounted for 40.6% of industrial output and 23.9% of all industrial employees, whereas the respective percentages in the United States (1963) were 50.1 and 42.9.

7) Lenin, Coll. Works, Vol. 22, p. 259.

8) Lenin, Coll. Works, Vol. 22, p. 200.

In Japan 42.7% of employees and 23.8% of output fall to the share of small enterprises with up to 50 workers; in the United States this group employs only 13.3% of industrial workers and turns out 16.4% of total output. 9) Although the number of employees cannot serve as an integral indicator of concentration of production in conditions of growing automation, these figures testify to both the comparatively small scale of productive units of modern machine industry in present-day Japan, and to the considerable role of small and medium-size enterprises.

The postwar development of Japan has been marked by a discrepancy between high growth rates in industry and the slow progress of concentration of production. Another feature is the concealed forms of concentration, which occurs when a small business is drawn into the orbit of large-scale enterprise but still retains its legal independence. This is practised much more widely in Japan than in the other industrial countries. The conversion of small business into a functional element of the operation of monopoly is based in Japan on the colossal gap between the wages in small and large enterprises. Thus conditions arise for the appropriation by monopoly of part of the surplus product created by the labour of the workers of small enterprises, which broadens the possibilities of capitalist accumulation.

Development of large-scale industry is accompanied by the constant growth of small enterprises with a rapidly changing line of goods and it provides new fields which offer small businesses the opportunity to specialize. At the same time, growth of labour productivity in large enterprises puts out of business the weakest and technically most backward of the small business owners. These processes in Japan's economy today are further proof of the inevitable concomitant of the development of capitalism pointed out by Lenin: "millions of small, medium and even some big 'proprietors' are in fact in complete subjection to some hundreds of millionaire financiers." 10)

Until the early 1960s, build-up of manufacturing capacity through new investments was the principal form of concentration of production in the sphere of Big Business. It took the Japanese monopolies fifteen years to catch up with their foreign competitors in the scale of production in such mass production industries as power, oil refining, petrochemicals and

9) Statistical Abstract of the United States, 1968, p. 728.

10) Lenin, Coll. Works, Vol. 22, p. 197.

automobile manufacture and to set their course on reaching the higher levels of modern technology. The oil refineries under construction at the end of the 1960s could process more than 100,000 barrels of oil daily; the aggregate annual capacity of the latest ethylene-synthesizing installations reaches 300,000 tons; each of the new steel industry projects will be turning out 8 to 10 million tons of steel every year. Nevertheless, even now large enterprises in a number of industries, especially in general and electrical engineering, stand out for their wide range of products which are manufactured in small quantities.

Because of the wide technological gap, the range of newly-created industries in postwar Japan was wider than in many other capitalist countries, and the size of enterprises relatively smaller. This, plus the high rate of accumulation, facilitated the movement of capital between industries and the appearance of a large number of new monopolies. The extensive development of big capital and its flow into new spheres of economic activity made the monopoly structure more complex and slowed down for some time the process of concentration of production.

#### Changes in the structure of monopoly capital

The prewar concerns Mitsui, Sumitomo, Mitsubishi, Jasyda, Furukawa and others were based on mutual shareholding ("the share system") and had a closed hierarchical structure headed by a holding company and a bank with investment coordinated centrally. The three biggest concerns (Mitsui, Mitsubishi and Sumitomo) represented a universal, for that time, complexes of industrial, trading and shipping enterprises and credit institutions.

In 1947-1948, simultaneously with the dissolution of the zaibatsu, the biggest industrial and trading monopolies were broken up into two or three parts. Among them were Nippon Seitetsu (iron and steel), Mitsubishi Jukogyo (Engineering), Ojo Saji (pulp and paper), Mitsui Busan and Mitsubishi Shoji (trade). Towards the end of the 1950s there had taken place a certain consolidation of links between concerns formerly belonging to the zaibatsu. It had proceeded not so much through mutual shareholding as through the formation of groups round commercial banks on the basis of preferential credits, and

also the establishment of jointly-owned companies in the petrochemical, electronic, atomic power and other new industries.

As the sectoral structure of the economy developed so did the production base of the Japanese monopolies, with the largest firms in electrical engineering, automobile manufacture, oil processing and petrochemicals developing from companies that had been outside the zaibatsu.

Because of great money scarcity, the principal form which centralization of capital took in post-war Japan was in groups of large enterprises centered round commercial banks. As distinct from Western Europe and the United States, where self-financing is the main source of accumulation, in the monopoly structure of Japan this role is played by concentration of funds in credit institutions, including urban commercial banks, which constantly receive renewable credits from the Bank of Japan. 11) As the "anti-monopoly" policy slackens, the new financial groups begin to practise mutual shareholding interlocking directorships and various forms of permanent links. The most powerful financial groups of Japan include Mitsubishi, Sumitomo, Fuji, Daiichi and the group of the Industrial Bank of Japan. A common trend is the establishment of a universal complex of branches, to control complete production cycles with certain stages organized on a mass production basis.

It would be an exaggeration to identify the establishment of new production and financial links and the formation of financial groups under familiar names with a revival of the zaibatsu. On the one hand the groups centred round commercial banks are not nearly so strong as the old zaibatsu; their boundaries are less distinct and their internal links less stable, and they all subject to fierce competition in the rapidly changing sectoral structure of production. On the other hand, as the production units grow in scale, the practice of getting credits primarily from the principal bank of the group proves insufficient for the most powerful monopolies in the iron-and-steel, power and engineering industries, which go over to a freer choice of credit institutions.

11) The share of external sources in financing corporations in Japan is 77.3%, as against 41.2% in the United States. In the aggregate sum of credit of companies belonging to the group of one and the same bank, the share of this bank averages 20%, sometimes ranging from 10 to 60%. (Keizai hakusyo, 1968, Part I, p. 152, data for 1966).

In addition, in 1965-1969 a tendency towards the merge of companies belonging to different financial groups began.

Firms from different monopoly alliances participate in creating powerful conglomerates "at the junction" of industries (for instance, petro-chemical and metallurgical-chemical complexes). With the expansion of the network of their subsidiaries some of the biggest engineering monopolies (Hitachi, Tokyo-Shibaura) tend to set up their own monopoly groups. It seems very likely that the present-day forms of inter-monopoly liaison are of a transitional nature and that the monopoly capital of Japan will undergo a period of intensive centralization and regrouping before its organizational structure acquires relative stability.

Until the beginning of the 1960s the process of centralization of capital in the form of mergers and takeovers developed comparatively slowly. As the Japanese economist K. Etigo put it, "the take over of small enterprises by larger ones was partially replaced by grouping and the merger of the biggest ones, by the establishment of inter-monopoly blocs centred round commercial banks or in the form of combines." The wave of mergers and takeovers was rising little by little, matching the development of integration processes in Western Europe which created new conditions of international competition for the Japanese monopolies. The number of registered mergers grew as follows: 747 in 1951-1960; 812 in 1961-1965; 871 in 1966; 995 in 1967. 12) But a mere 3 to 4% of the mergers fall to the share of companies with a capital of more than Y1,000 million. There is also an increase in the number of bankruptcies: from 1,100-1,700 annually in 1956-1960 to more than 6,000 annually after 1965.

The statistics of mergers and bankruptcies are indicative, for the most part, of processes in the small and medium business sphere. In recent years, however, mergers have been observed at the very top of Japanese private enterprise: those of huge engineering companies, (three Mitsubishi firms), ship builders (Ishikawajima, Harima and Kura) and automobile manufacturers (Nissan, Prince, Isyzy and Fuji). In 1969 the merger of the iron and steel giants Yawata Seitetsu and Fuji Seitetsu was approved. Their combined capacity (65 million

12) Keizai hakusyo, 1968, Part I, p. 144.

tons of steel) will be second only to that of US Steel.

The mergers at the level of the biggest firms, carried out under the slogan of adaptation to the new conditions of competition in the world capitalist market, are changing the balance of forces among the Japanese monopolies and raise them to the level of monopoly giants of international stature. Between 1964 and 1969 the number of Japanese firms reckoned among the 200 biggest companies outside the United States rose from 34 to 45, with the electrical engineering concern Hitachi, placed among the top ten. 13) These mergers take place with the direct participation of the state apparatus and give rise to sharp conflicts between separate units of the government's bureaucratic machine.

#### The monopolies and the state

State intervention in the economy has accompanied the development of Japanese capitalism since the birth of modern industry. But the process of monopoly capitalism entering its state-monopoly stage started in Japan later than in Western Europe. Just as in other countries, the development of capitalism in Japan "has moved forward from capitalism to imperialism, from monopoly to state control". 14) In the period of war economy (1936-1945) there emerged a diversified system of state-monopoly regulation of economic affairs. In the post-war years, state-monopoly capitalism became the principal instrument for the adaptation of the Japanese monopoly bourgeoisie to the new internal and external conditions of existence.

The objectives, forms and methods of state intervention have undergone a series of essential changes. As distinct from a number of West European countries, what was conducted in Japan after the war was not nationalization, but, on the contrary, denationalization of key industries (iron and steel, engineering, power), with the state retaining managerial functions only in the credit, transport and communications spheres and also in the infrastructure. After the abandonment of methods of wartime control, state regulation of the economy was based on a system of preferences and numerous forms of selective encouragement.

13) Fortune, August 1965, August 15, 1969.

14) Lenin, Coll. Works, Vol. 24, p. 240.

Until the beginning the 1960s the general task of long-range regulation was to stimulate accumulation of capital. Precisely this purpose was served by a system of tax reliefs and priority financing, through state credit institutions, of such industries as the power, iron-and-steel, shipbuilding and the merchant marine - all this within the framework of several long-term "rationalization programmes". These measures were supplemented by rigid control over foreign trade (a system of special allocations from a centralized foreign currency budget for most commercial import transactions) and with a no less rigid regime for foreign investors (their participation in the share capital of Japanese companies was limited to 10-15% and required special permission which could be obtained only after a highly involved bureaucratic procedure). The state administration employed this system to balance the privileges of distinct financial groups, which, of course, did not rule out keen rivalry among them for state favours, for influential posts in the administrative apparatus.

The 1950s witnessed the emergence of a new form of direct state intervention in the process of concentration which functions to this day. It is guidance over the establishment of sectoral cartels, which spring up behind the facade of "anti-crisis" measures but are actually used for long-term coordination of the volume of production and capital construction. The several dozen "legal" cartel agreements are supplemented with numerous "clandestine" ones.

In the early 1960 under the combined pressure of the United States and the West European powers, the Japanese government abolished currency regulation of a considerable portion of foreign trade and introduced partial convertibility of the yen. The "liberalization" of foreign trade was conducted in several stages, and its time limits were fiercely fought over by the businessmen concerned who were loath to part with the protectionist regime. However, far from undermining the positions of the Japanese monopolies on the world capitalist market, this "liberalization" showed that the elimination of the "green house" climate accorded with their own striving to reduce production costs. In 1966-1967, also under pressure from without, the Japanese government started lifting, step by step, restrictions on the import of foreign capital.

Formerly the import of capital into Japan was carried out primarily in the form of agreements on the purchase of tech-

nical information, owing to which the Japanese monopolies were able to hasten the closing of the technological gap. Foreign loan capital served as merely an additional source of financing accumulations. Private investments in shares were usually made jointly by several Japanese firms, which thus guaranteed themselves against foreign control.

The prospect of formidable foreign rivals confronting Japanese companies on their own internal market in the near future speeded up the reshaping of the monopoly capital of Japan. In 1967, during the drafting of the programme of "liberalization of foreign investments, Taizo Ishizaka, chairman of the Federation of Economic Organizations, the largest union of Japanese proprietors, stressed that this programme was "not capitulation . . . . but a measure conforming to the task of augmenting the competitive value of Japanese commodities that faces the business world, and a major stimulus to the further development of industry". Accelerated centralization of capital became the top-priority objective of long-range state regulation.

In the sphere of monopoly enterprise the Ministry of Foreign Trade and Industry, the Ministry of Finance and other government institutions act as coordinating centres during mergers, selecting partners and providing mediation in talks between companies. Exercising control over the establishment of jointly-owned enterprises, the Ministry of Foreign Trade and Industry coordinates the programmes of private investments in the fixed capital and in some instances even determines the size of new production units. It also undertakes to conduct long-term coordination (up to 1975) of scientific research, a field in which Japan has yet to catch up with the other countries of advanced capitalism. Besides, acting on the strength of the "Basic Law" on small business adopted in 1963, state agencies encourage compulsory selection of small firms for purposes of "modernization", which accelerates the liquidation of unprofitable enterprises.

The methods, legal norms and extent of state intervention in the process of centralizing capital are objects of unceasing and keen struggle between groups of the monopoly bourgeoisie and between various state economic administrative institutions. The present-day Japanese reality bears out once again Lenin's thesis that monopoly does not remove competition but gives it a more acute and fierce character.

Currently the Ministry of Foreign Trade and Industry heads the campaign for a revision of the old "anti-monopoly" laws, even to the point of restoring holding companies. The Ministry of Finance and the Economic Planning Board fear that these measures would entail a rise in prices of mass-produced goods of large-scale industry (steel, oil products, etc.), which would raise the general level of prices and weaken the position of the Japanese monopolies on the world capitalist market. The attitude of the monopoly bourgeoisie towards increasing state intervention is highly contradictory. A major contributing factor is that, as admitted by experts from the Economic Planning Board, the problem of the "anti-monopoly" legislation in Japan is "an eminently political problem... which in the public eye has the colouring of struggle for the democratization of the economy".

The changed character of the objectives of state intervention affected the content of long-term economic development programmes, the elaboration of which has been going on for twenty years. Prior to 1960 they had been little more than general recommendations regarding tasks connected first with economic rehabilitation and then with reducing the considerable unemployment, stepping up the development of key sectors and balancing external accounts. The general protectionist tenor of state intervention in the economy found expression in the goal of attaining "economic independence". 15) In these programmes the separate aspects of the government's economic policy were not yet interrelated and coordinated.

A comprehensive formulation of long-term tasks of state intervention in the economy was first contained in the "ten-year plan for doubling the national income" (1961-1970) adopted by the Ikeda cabinet at the end of 1960. It envisaged: stimulation of technological progress to enhance the competitive power of the Japanese industry on world markets; acceleration of concentration and specialization of production, centralization of capital, modernization of technically backward small enterprises in town and countryside, elimination of the disproportion between the level of productive facilities and the state of the infrastructure.

The "plan for doubling the national income" was designed

15) The official designation of two programmes (1951 and 1956).

primarily for hastening economic growth; the objective of stabilizing the economic situation was thus relegated to the background. A detailed forecast of basic economic proportions and of the structure of industrial production was worked out. The plan indicated a new range of priority sectors - industrial equipment, electrical engineering, electronics, automobile building, high molecular chemistry - for which mass production and specialization were of particular importance.

The obvious aim of the "plan for doubling the national income", adopted in an atmosphere which has not cooled down since fight against the Japanese-American "mutual security treaty", was to divert the masses from political struggle, to allay the social tension. The proclamation of an economic policy holding out the prospect of full employment and growth of incomes and living standards was to impress the broadest strata of society.

The Ikeda plan was elaborated in a situation marked by struggle between spokesmen of different groups of the monopoly bourgeoisie and government agencies over the extent and limits of state intervention, and adopted at the time of particularly extensive technical renovation and mass construction of new enterprises. The actual rates of economic growth exceeded the planned ones, but disproportions arise between the demand for imported raw materials and the balance of payments, between the rates of development of different industries, between the growth of labour-intensive branches and the supply of labour power, and also between the state of production facilities and the infrastructure. This found concentrated expression in the growth of prices which, as the prominent economist T. Nakamura put it, became this plan's "death warrant".

The fate of the Ikeda plan, which was shelved at the end of 1964, shows the inadequacy of state-monopoly methods of regulating the anarchy of capitalist economy. Thus Japanese reality confirms the Marxist-Leninist proposition that "state-monopoly regulation, exercised in forms and on a scale which meet the interests of monopoly capital and are aimed at preserving its rule, is unable to control the spontaneous forces of the capitalist market." 16)

16) International Meeting of Communist and Workers' Parties, Moscow 1969, Prague, 1969, p. 19.

In explaining these disproportions, both official publications and bourgeois economic literature tend to overstress the influence of economic programming on competition in the monopoly sector. To describe this influence a special term was even devised - "announcement effect". It consists in the following: after the publication of the state programme, worked out with due account of the capital investment, plans of the biggest companies, the sectoral indicators of the programme are regarded by the companies as minimum targets for their actual capital investments. From this the conclusion is drawn on the need for greater state intervention so as to establish a "new order" in the economy and remove "excessive competition" in the investment sphere.

Seeking to surmount the economic difficulties, the Japanese monopolies let themselves in for greater state intervention, which even included instances of government bodies directly influencing the drafting and realization of programmes of investment in fixed capital. In 1964 the law was adopted "on encouraging some sectors" found not to be competitive enough (automobile manufacture, alloy steel and aluminium production, petrochemicals). In these branches all agreements between companies on quantitative limitation of production, standardization of products, coordination of programmes, capital construction time-limits, joint orders and coordinated utilization of capacity are subject to approval by government institutions.

The long-term programmes that succeeded the Ikeda plan - the "intermediate plan" (1964-1968) and the "economic and social development programme" (1967-1971) - are characterized by greater state intervention in the spontaneous processes of concentration and centralization of capital. The stimulation of these processes and the maintenance of monopoly prices, strengthening inflationary trends, run counter to other, more general tasks of programming, such as balanced growth and higher competitive value of Japanese commodities on world markets.

Throughout the past ten years the Japanese leaders have pursued a policy of accelerating economic growth. The goal proclaimed in their long-term economic programmes is to catch up with the main imperialist powers. According to official forecasts, Japan, with a population equalling half that of the

United States, will reach the present-day GNP volume of the United States towards the beginning of the next century and the US per capita level already in 1990. 17) Moreover, there is talk to the effect that if the 19th century was "the century of the British Empire" and the 20th, "the American century" the 21st century will be the "century of Japan". Experts from the Economic Planning Board declare confidently that "Japanese economic strength has sufficient possibilities for achieving the American level."

This assertion, which bourgeois propaganda usually presents as "the goal of the nation", expresses the economic expansion programme of Japanese monopoly capital today. It also has an internal socio-political purpose.

Japan is known the world over as a country where sharp class battles take place. Its multi-million-strong proletariat organized in powerful trade unions constitutes a great force. The trade union movement has rich experience of struggle for higher wages, against capitalist "rationalization". One sign of the success of the working people in the fight for their vital interests is that as a result of their spring strikes alone they win every year wage rises of 9 to 13%. The current consolidation of the monopoly bourgeoisie adds urgency to the task of fighting against the rise of prices, for lightening the tax burden, against the employers' drive to turn the trade unions into obedient partners.

The internal purpose of the "goal of the nation" is to encourage nationalist sentiments among the masses, to create the illusion of a "community of aims" between the antagonistic classes in bourgeois society.

- 17) The official long-term forecasts of economic development proceed from an average annual rate of 8% (the actual rate in 1961-1967 exceeded 10%). Private experts are more optimistic. The Economic Research Centre holds, for instance, that given utilization of "latent possibilities" the Japanese economy can advance at a rate of 11 to 12% and attain the present-day West European level in 1975 and the American one in 1980. (The Nihon Keizai Shimbun, International Weekly Edition, September 16, 1969).

### International positions

As a result of military defeat, Japan lost all its colonial possessions and investments abroad. Although the export of capital was restarted back in the early 1950s, at the end of 1967 Japanese investments in other countries amounted to a mere \$4,000 million, a very modest figure even compared to the export of West German capital, which also started "from scratch" but now totals more than \$13,000 million. Of this \$4,000 million, short-term export credits underwritten by the government make up more than half (about \$2,200 million). Long-term investments now stand at \$1,548 million, with \$655 million in the form of loans and \$893 million as direct investments. A considerable part of the long-term credits and loans is comprised of reparation payments to Burma, Indonesia and other Southeast Asian countries which are officially classified as "economic cooperation".

To present-day Japan the export of capital is an effective means of stimulating the export of goods and the import of raw materials. About 70% of direct investments have been made in the construction of enterprises in developing countries, primarily in the extractive and timber industries. Japan receives much of its oil from concessions in Saudi Arabia and Indonesia, bauxites and timber from the Philippines, iron and copper ore from Malaysia and Australia. In the 1960s Japanese companies began setting up manufacturing enterprises in India, Pakistan and South Korea, where labour power is much cheaper.

Japan is yet to achieve a significant international standing as a creditor, although its participation in the establishment of the Asian Bank for Development (1966) was accompanied by a noisy semi-official campaign to publicize the new role of the country as a creditor equal to the United States and as an assistant of Southeast Asian countries in implementing their economic programmes. In 1957 the Prime Minister, Kishi, came forward with a project for a Far Eastern regional economic bloc based on Japanese technical skill, American capital and local manpower and material resources. In subsequent years the striving of the Japanese ruling circles to play a more independent role in the Far East and South-east Asia further increased. So far, however, the sustained effort to build a regional economic bloc headed by Japan has

not been crowned with success. In addition to the complicated political situation in that part of the world, the realization of Japan's expansionist plans has been impeded by such economic factors as the strained situation on the domestic money market and the limited importance of the yen as an international currency. Evidently, Japan's more active participation in the international capital complex is a matter for the future.

The principal role in the current external economic expansion of Japan is played by export. In 1968 Japan accounted for 6.2% of total export by the capitalist countries and about 10% of the export of finished industrial products. The export quota of Japanese manufacturing industry is about 20%. The possibilities for external commercial expansion of the Japanese monopolies stem primarily from a combination of cheap labour power and a high degree of renovation of production facilities.<sup>17)</sup> The "youthfulness" of the production apparatus is a great advantage for the Japanese monopolies, which are now seriously challenging their American and West European competitors not only in developing countries but even on their own domestic markets. Throughout the postwar period about one-third of Japan's foreign trade has been with the United States. The character of Japanese-American commercial relations has long since ceased conforming to the formula of Japan's "one-sided economic dependence" on the United States. It would be more correct to speak now of a protracted trade war with ever less frequent concessions on the part of Japan. In August 1969 Japan flatly refused to restrict the export of textiles to the United States and postponed the "liberalization" of the import of agricultural goods till 1971.

Concurrently with the restoration and consolidation of the power of monopoly capital of Japan its rulers have regained much of their independence and become a strong and sovereign partner in the Japanese-American alliance. In this respect the new balance of power in the Far East bears a certain resemblance to the changes in the balance of forces between Western

<sup>17)</sup> In 1965 the average age of the fixed capital of Japanese monopolies was 5.4 years; equipment more than 15 years old was scrapped. (Kizo Abe, Nihon-no Kokufu The National Wealth of Japan). Tokyo, 1968, p. 57.

Europe and America (with the important difference that Japan is the only imperialist country in that part of the world). At present Japanese monopoly capital sees in the military and political alliance with the United States a means of strengthening its own positions. The contradictions between the two countries exist within the bloc, without undermining its foundations, and this bloc continues to determine Japan's stand on major international issues.

It is a matter of common knowledge that the proclamation of Japan's "neutrality" in the Vietnamese war has not prevented its companies from cashing in on military deliveries. "Linked by many ties with US imperialism, the ruling circles of Japan have virtually turned the country into a US arsenal in the war against the Vietnamese people, and take part in conspiracies against the Korean People." 18) It is indicative, however, that in planning further expansion and build-up of the military potential Japan's rulers are counting on a weakening of the positions of their imperialist rivals.

"Far be it from us to support militarism," assures Fujii, Vice-President of Yawata. "But consider this: America has burned its fingers in Vietnam. Britain, for financial reasons, will begin, after 1971, the pullout of its troops from the east of Suez. And then a kind of vacuum will appear in Southeast Asia. In this case one won't be able to feel secure, not knowing what will happen, when, and where."

In Japan, which has lived through Hiroshima and Nagasaki, the anti-war sentiment is very strong. Despite this, the rulers have far-flung plans for putting the country on a military basis. "After the return of Okinawa," Prime Minister Sato says, "Japan will have to prepare, relying on its economic might, for playing the principal role in Asia, having taken over after the United States. . . . The time has come to create a defence potential commensurate with our national power."

Leaders close to the ruling party are toying with the idea of replacing the "mutual security treaty" with a more equal "treaty of friendship" and refusing American military "aid".

18) International Conference of Communist and Workers' Parties. Moscow 1969, Prague, 1969, p. 17.

It presents no great technical or material difficulty for Japan to start the mass output of the latest weapons, nuclear ones included. Such a step would signify the re-emergence of Japan as an independent military power.

Japan's military and political alliance with the United States is the epitome of the contradictory unity of elements of dependence and independence which is so characteristic of relations between leading imperialist powers. Each partner is interested in the alliance only in as far as it suits its own interests. So far Japan cannot do without the United States which, in turn, would like this military and political alliance to remain one of the pillars of the system of US domination of Southeast Asia and the Pacific. Japanese monopoly capital is growing stronger and it wants a more independent role in world politics and is increasingly resentful of any infringement of its interests.

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## JAPAN: NEW EXPORTER OF CAPITAL

by P. Dolgorukov

Japan's transformation into one of the leading industrial powers of the capitalist world is linked with the high rates of its economic development, strengthening of its positions in the sphere of currency relations, export of capital, etc. Already by the beginning of 1972 it had caught up with the Federal Republic of Germany in industrial output, and in the volume of commodity exports Japan had surpassed Britain and occupied third place after the USA and FRG. Stocks of international liquid assets at the end of 1971 had reached an unprecedented amount -- 15,200 million dollars compared with 12,200 million dollars in the USA. In this indicator Japan is second only to the FRG (18,900 million dollars).

Japan made a considerable leap forward also in the export of capital. In 1970 alone the total sum of export of assets (both in the state and private sectors) increased by more than 44% and amounted to 1,800 million dollars. It goes without saying that compared with traditional exporters of capital the absolute amount of Japan's foreign investments is still small but they are growing at a rapid rate.

### Expansionist Nature

Japan actively participated in the exploitation of the world by means of export of capital already in the period between the two World Wars. In 1938 its long-term foreign investments totalled 1,230 million dollars and were mainly concentrated in the countries of Asia and Oceania, with 86,2% or 1,060 million dollars being invested in China. By their nature prewar capital investments abroad belonged mainly to the category of private direct investments and were concentrated in the branches producing primary mineral and agricultural raw materials and fuel.

The defeat of Japanese militarism in World War II and its subsequent surrender led to the liquidation of all foreign assets and investments. Resumption of economic expansion by Japanese monopolies on the basis of export of capital relates to beginning of the fifties. However, in the first years of that decade export of state or private capital did not play a signi-

ficant role. This is explained by the fact that postwar rehabilitation and development of the economy proceeded at rapid rates and for a prolonged period the country suffered an acute shortage of capital for domestic accumulation. Besides, in conditions of a rapidly expanding market, profit from investment of capital in the country was higher than from foreign investments. However, this situation changed in the mid sixties -- from a country primarily importing capital Japan turned into a country exporting it in large quantities.

Between 1965 and 1970 the total sum of long-term (risk) assets at the disposal of the monopolies and government abroad increased 4.5-fold. Besides, there was a particularly noticeable growth in the volume of yen loans and export credits, i. e. those forms of loan-type investments which stimulate expansion of export of Japanese products to world markets. Attention is drawn to the comparatively small share of direct investments in the overall sum of long-term assets abroad. These assets, two thirds of which are financed by the state, are a quite extensive conglomeration of various in nature capital investments, including also in the form of loans. However, they also stimulate commodity exports practically to the same degree as bilateral state loans and export credits.

This structure of export of capital from Japan predetermines its main distinction: stress on expansion into the economically underdeveloped regions of the world (about 90% of the total sum of growth of long-term assets in 1970). State and private investments, which are described by official statistics as "economic assistance" to the developing countries, are mainly being concentrated in South East Asia and in the Far East. In volume of pure flow of capital into the developing countries Japan in 1969 took fourth place among the main exporter countries (after the USA, FRG and France) and in 1970 it already occupied 2nd place in the capitalist world.

During 1965-1970 the total sum of export of capital from Japan to the developing countries increased more than 6-fold, including, along state lines -- 10-fold and through private capital investments -- 3.8-fold. State investments began to grow at a particularly rapid rate from 1966 when large-scale state export credits and direct investments and also other expenditure from "official resources" were added to "official development aid" (on a bilateral and multilateral basis). The

share of private capital in the general volume of "aid" to developing countries in 1966 sharply dropped to 23%, compared with 50% in 1965 and 72% in 1961. In subsequent years the private monopolies succeeded in somewhat restoring their positions as direct exporters of capital: their share in 1970 rose to 37% of total Japanese "aid".

Inter-governmental long-term credits to developing countries are mainly used to finance the infrastructure (road construction, communications systems, port and power facilities); i. e. those capital investments predominate which are used for creating favourable conditions for the functioning in some or other country of private monopolies. The specifics of the Japanese policy of "aid" attracts attention. The traditional channel, state "aid for development", which is the main one for Western countries, is very little used. In Japan's export of capital this "aid" is only half the average of the countries which are members of the Development Aid Committee --DAC (25% compared with 50%).

In the total sum of exported funds "technical aid" and subsidies are quite negligible (in 1970 respectively 1,2% and 6,6%) notwithstanding even the fact that the amount of subsidies had been considerably increased by inclusion in this category of reparation payments made by Japan to several South East Asian countries for the damage inflicted during World War II.

Bilateral state loans are showing a trend to grow -- in 1970 they increased 7-fold compared with 1964. In all from 1967 to March 1971 the Export-Import Bank and Economic Cooperation Foundation (sometimes with a small share of participation by private Japanese banks) provided 74 yen loans, including 9 loans to India (for a total sum of 471, 8 million dollars) and Pakistan (315 million dollars each, 5 loans to Indonesia (330 million dollars), etc. Inter-state yen loans granted to the governments of many developing countries ensure the reliable chaining of the receiver to the Japanese market, create opportunities for economic and political pressure, facilitate the export of private capital in various forms. Conditions for repayment of Japanese state loans are the most rigid of all capitalist creditor countries. In 1970 their average time of repayment amounted to 21, 6 years with a grace period of 6, 8 years and interest rate of 3, 59 per cent compared with 29, 7 years, 7, 5 years and 2, 7 per cent which are the corresponding average indicators of the DAC member-countries.

Characteristic of Japanese "official development aid" is the "binding" nature of state yen loans. Their conditions are such that the debtor countries are committed to spend the appropriated funds for the purchase of products in the Japanese market often at prices considerably higher than those in the world market. The binding of yen loans to commodity contracts leads to the actual reduction of the sum of financing. L. Pearson's commission was compelled to admit this in an official report prepared on instructions of the World Bank for Reconstruction and Development. It was noted in the report that as a consequence of "binding" conditions of the West's programmes of "state aid" to developing countries their real value drops by at least 20%. With regards to Japanese yen loans this estimate appears to be even an understatement because the inflationary rise in prices in Japan in recent years is proceeding at a faster rate than in other imperialist states.

Japanese "official development aid" is concentrated in South East Asia and the Far East -- 90, 8% in 1965 and 98, 4% in 1970. The main bulk of appropriations in 1966-1970 fell to the share of Indonesia, South Korea, Taiwan, India and Pakistan. Indonesia was granted inter-governmental loans amounting to 323 million dollars and gratis subsidies totalling 115, 8 million, South Korea -- 168, 6 million and 150, 4 million, Taiwan -- 282, 1 million and 2. 2 million, India -- 215, 1 million and 5. 9 million, and Pakistan -- 146 million and 6, 3 million dollars.

Geographical distribution of state investments shows that already today the Japanese Government regards the region of South East Asia as sphere of its special economic and political interests. In this "new sphere of mutual prosperity" special attention is being focused on Indonesia, South Korea and Taiwan. Concerning Japanese imperialism's strategic plans with regards to South East Asia, Prime Minister E. Sato in one of his speeches expressed them quite frankly: when he stated that not the USA, but rather Japan will play the leading role in this region of the world. . . .

There is also a trend towards growth of export of state capital through various international organisations rendering "assistance" on a multilateral basis to the developing countries. The broadening of this channel of export of capital is dictated by the necessity of manoeuvrability and flexibility to disguise expansionist aspirations as collective efforts and

super-national actions. During 1950-1969 Japanese state "aid" through various international organisations totalled 363 million dollars.

"Aid" mainly takes the form of state support and stimulation of extension of the Japanese monopolies' production, marketing and purchasing activities and least of all keeps in mind the interests of the developing countries. The aggregate sum of export credits and direct investments in 1970 amounted to 1,145 million dollars or 63% of the total sum of "aid", compared with 384 million dollars in 1966. Income from foreign investments grows with the volume of "aid" -- 209 million dollars in 1965, 551 million in 1969 and 754 million dollars in 1965, i. e. profits increased 3, 6-fold in six years.

### Flow of Private Investments

Sigeo Horie, a prominent representative of Japan's business circles, quite clearly expressed the main aim pursued by the private monopolies abroad. I believe, he stated, that economic cooperation with the Asian countries will bring richer fruits only through the efforts of private enterprises which are always concerned with considerations of profitability and productivity of labour. Naturally, he noted, excessive infatuation with efficiency of capital or earning profits on the part of private firms may lead to their excessive activity in the respective countries and as a consequence to protests by the local population. However, such anti-Japanese sentiments, in his opinion, to a certain degree are an inevitable evil.

Direct investments are being made both in the industrially developed countries and in the developing countries (57% of these assets fall to the share of the latter). Direct investments in the economy of developed capitalist countries pursue the objective of consolidating Japan's positions in the markets of the USA and Canada, and their share in 1970 was 27% of the total sum of private direct capital investments abroad. Of the 720 million dollars concentrated in these two countries 364 million, or more than half, have been invested in commercial, banking and insurance enterprises. There is a simple explanation to this: the USA is the main consumer of Japanese export commodities and therefore Japan's trade and industrial monopolies are trying to come as close as possible to local consumption.

With regards to capital investments in the processing industry, they are insignificant because Japan is not interested in the creation of its own enterprises due to higher wages of workers in the USA and Canada. Japanese capital is mainly being invested in the timber and pulp industries (125 million dollars), and also in the extraction of coking coals, iron ore, natural gas and oil (123 million) in Alaska and in Canada.

In Western Europe capital investments by Japanese firms in 1970 amounted to 303 million dollars, or 11, 3% of the overall sum of direct private investments. The bulk of this (252 million) was loans to Britain for the import of ships, which, strictly speaking, should be relegated to the category of commodity export on conditions of deferred payment. If this amount is excluded from the overall sum of invested capital, Western Europe in the sum of Japanese private investments will be last in the list following Africa. In Western Europe a considerable part of Japanese capital has been invested in the sphere of commercial, banking and insurance operations (34, 7 million dollars). Many big Japanese commercial monopolies ("Mitsubishi Shoji", "Mitsui Bussan", "Itotyo Shoji" and others) have branches and offices in the majority of the West European countries.

In addition to capital investments in the sphere of commodity and monetary turnover Japanese firms are penetrating also into industrial production. This is the result of rigid restrictions existing in the countries of the European continent, particularly in the Common Market countries, on the import of many commodities, including durable consumer goods, from Japan. The possibility of organising output immediately at promising localities of mass consumption is also explained by the fact that in some branches of radioelectronics and chemistry, transport and precision machine building Japan has surpassed the achievements of corresponding branches of West European industries.

Japanese private capital is actively penetrating into the Australian economy. In 1970 capital investments there amounted to 158 million dollars or 5, 9% of overall investments. The main sphere of the Japanese monopolies' interests is raw materials for the metallurgical and power industries (iron ore, coking coals, gas, oil) and into prospecting for and extraction of which 101 million dollars have been invested. Japanese companies are paying increasing attention also to other branch-

es of the Australian economy -- to ferrous and non-ferrous metallurgy, pulp and paper industry, shipyards and port facilities, automobile assembly and other enterprises into which 41 million dollars have been invested.

Japanese capital investments are distributed throughout the other regions in the following manner: South and South East Asia, including the Far East, -- 604 million dollars (22, 5%), Latin America -- 513 million (19, 1%), Middle and Near East -- 306 million (11, 4%), Africa -- 79 million (2, 9%). In the sum of Japanese investments Indonesia (192 million dollars), Thailand (78 million), Taiwan (60 million) and Malaysia (36 million) occupy a leading position among Asian countries. In Latin America the Japanese monopolies focused special attention on Brazil to which 51% of all investments in that continent are being diverted. Direct investments in Latin America and Asia are concentrated mainly in the processing industry, while in the countries of the Middle and near East, Africa and Oceania they are concentrated in the mining industry.

Differing from direct investments, a considerable part of which are concentrated in the developed capitalist states of America and Europe, export credits by Japanese firms are granted primarily to developing countries. By the end of 1969 these countries' share in the total sum of unpaid export credits amounted to 80%, including Africa -- 38%, Far East -- 32%, Latin America -- 12%, South Asia -- 5%.

The biggest commercial firms are playing a special role in the export of assets, as also, by the way, in the whole process of reproduction of social capital in the country. Increasing the scale of foreign investments by the commercial and industrial monopolies was facilitated by a decision of the government to gradually raise the limit of the automatic permit for each case of direct capital investments issued by the Bank of Japan. For a long time the limit of the automatic permit was only 50 thousand dollars, then, in 1969 it was raised to 300 thousand, from October 1970 -- to 1 million dollars. Finally, as from July 1, 1971 all quantitative restrictions have been lifted on the establishment of new foreign enterprises, on the purchase of stock and real estate. Nevertheless, the size of private investments continues to remain comparatively small -- less than 850 thousand dollars on an average in each separate case.

The specificity of export of direct private investments from Japan affects also the specific organisational forms of manage-

ment of foreign affiliates of national enterprises. If affiliated enterprises or branches of big firms are set up in developed capitalist countries, the organisation of mixed companies attracting local capital or of multinational corporations in which the Japanese presence is disguised by the participation of many national capitals is characteristic for the developing countries. But as a rule, Japan controls the mixed enterprises while local partners in the majority of cases are engaged only in distribution of output.

Japanese investors are striving to consolidate themselves in the market of a country which may introduce or strengthen import restrictions, raise customs duties. True, "market protection" which played an important role at the time of initial penetration, today has lost its significance. In South East Asia, for example, Japanese companies are spearheaded towards the creation and expansion of the production basis. In the USA and Latin America Japanese-controlled enterprises have set themselves the task of seizing markets by penetrating into associated industries or into neighbouring countries, and also through activation of collection of information.

Another variety in organisational forms of Japanese investments is the setting up of enterprises with participation of capital from industrially developed capitalist countries. These international corporations are being created mainly for development of mineral resources which require extensive capital investments. Besides, Japanese monopolies are participating in various privately founded international organisations for investment of capital in the developing countries of Asia.

An example is the international consortium set up by four countries for the extraction of bauxites and construction of an aluminium complex in Australia at a total cost of 295 million dollars. Partners in it are "Sumitomo Kagaku" and "Syowa Denko" (Japan), "Anaconda" (USA), "Vereingte Aluminium Werke" (FRG) and "Holland Aluminium" (Netherlands). One of Japan's biggest commercial monopolies "Mitsui Bussan" together with the French "Bureau de Recherche Geologique et Minier" and the American "Standard Oil of Indiana" and "Leon Templeman and Son" have founded a mixed enterprise for prospecting and development of copper deposits in the provinces South and East Katanga (Republic of Zaire) and plan to invest 150 million dollars.

The Committee for Economic Cooperation in the Pacific and the Private Investments in Asia Corporation may serve as examples of participation by Japanese capital in various international organisations. The former was founded in 1968 by representatives of business circles of five countries (Japan, Australia, New Zealand, USA and Canada). On the Committee's recommendation the Private Investments in Asia Corporation was organised in 1969 for investments and financing of private enterprises there. Its capital consists of assets of several leading world companies. In addition to financing operations the corporation also provides "technical aid" and services in the field of industrial management and marketing. 56 banking, industrial and trading companies of Japan are playing an important role in the corporation (they comprise 50% of the total number of stockholders). The Japanese own one third of the corporation's capital and the post of president of its board is held by Yosidzane Iwasa, President of the "Fudzi" Bank.

#### Main Objectives

The objectives being pursued by Japanese investors are primarily linked with the necessity of providing the country with stable and cheap sources of raw materials and fuel, solving the manpower problem, improving the industrial structure, maintenance of high export growth-rates, etc.

a. Supplying industry with raw materials. For Japan, which is poor in natural resources, stable deliveries of raw materials and fuel are of paramount significance. Raw material imports are limited mainly to unprocessed materials from small number of countries on the basis of customary commercial deals or long-term (for 10-15 and more years) import contracts. On the other hand, Japanese capital is directly participating in the development and exploitation of mineral deposits and other natural resources abroad with the aim of exporting them to Japan. Participation in the exploitation of raw material deposits is realized by means of the creation of purely Japanese or mixed enterprises and the provision of loans to already existing enterprises. By the end of March 1970, 1,092 million dollars, or 40,7% of the total sum of private direct investments, fell to the share namely of this form of capital investments.

Notwithstanding the rapid flow of capital into the sphere of

extraction of raw materials and fuels, the processing industry's requirements have set new tasks for Japan. Thus, by estimate of the Ministry of Foreign Trade and Industry it is necessary in the next five years to invest in the development and exploitation of iron ore and coal deposits abroad about 5,000 million dollars and in the subsequent ten years -- another approximately 15,000 million in order to supply ferrous metallurgy with basic raw materials. In 1970 the government, concerned with the problem of supplying the country with the necessary resources, advanced the slogan "selfsufficiency" and "selfdevelopment". Its essence is to ensure during the seventies the supply of approximately 30% of the key raw materials (oil and non-ferrous metal ores) from "personal" sources abroad and simultaneously to diversify these sources of supply.

Implementation of this policy requires enormous capital investments which are not available to private capital. Therefore, the Japanese Government has decided to considerably increase financial assistance to private enterprises engaged in the exploitation of oil and ore deposits abroad. For this purpose a special fund of 1,000 million dollars was established in the government Export-Import Bank and from it private firms will be granted loans on favourable terms (5,5% annual interest) for a ten year term.

Attempts are being made to combine the efforts of individual firms which from the viewpoint of international scale are small and inefficient. For example, a company has been founded to exploit oil deposits---"Japan Sekiyu Kaihatsu" uniting all the main oil refining enterprises, biggest coal mining firms, power, metallurgical and commercial companies of Japan. Finally, mobilization of capital should promote the establishment of production and financial ties with the leading foreign companies producing raw materials, including also the creation of mixed enterprises.

In the opinion of government and business circles the seventies will become an era of redistribution of world raw material resources and the task is to see that Japan is not "deprived" of its share. Direct investments, which according to some estimates will by the end of 1980 amount to 15,000 million dollars, or 55% of the total sum of private capital investments, will be the monopolies' main weapon in the struggle for redivision of raw material sources.

b. The manpower problem and improvement of the industrial

structure. Official and business circles are striving to extensively exploit the cheap manpower resources of the developing countries. They plan to move to those countries enterprises for primary processing of raw materials and certain other labour consuming and material consuming types of production and to export parts, units, semi-finished and finished articles to Japan or to third countries. Therefore, considerable investments are being directed into South East Asia (in the last four years they increased 4-fold). In the future considerable funds will be invested for this purpose in the Near East countries and in Latin America.

As a result of the introduction of the "new system of international division of labour" the government hopes to substantially reduce production costs by use of the developing countries' cheap manpower and raw materials; to improve the balance of trade with neighbouring Asian states which are suffering a chronic deficit in their trade with Japan; to gain an opportunity to enjoy preferential custom tariff treatment in deliveries to the industrial powers of goods produced at Japanese enterprises in the developing countries. On the other hand, investments directed for the creation of the "new system of international division of labour" are regarded as an important means for "strengthening friendly relations between the developing countries and Japan.

c. High growth-rate of commodity export. The considerable share of export credits and yen loans in the export of state and private capital is intended to stimulate expansion of sales of Japanese products. All other forms of foreign capital investments also serve the same objective. An explanation may be found in the fact that foreign trade, efforts to expand export are one of the cardinal factors of the rapid development of the Japanese economy. It is not by chance, therefore, that export trade is designated a special place in all economic programmes. According to the latest semi-official prognosis drawn up in the Research Institute of the Economic Planning Department, the real growth-rate of the gross national product of Japan up to 1985 should be 11,4%. To ensure this growth rate it is planned to annually increase export by approximately 16% (in 1975 --40,000 million dollars, in 1980--86,000 million and in 1985 --176,000 million dollars).

It is known that this high growth-rate policy has led not only to the appearance of numerous disproportions in the country,

but also to an open clash with the interests of Japan's main trade partners, primarily with the USA and the result of which was the compulsory revaluation of the yen and "voluntary" limitation of exports of certain Japanese commodities to the American and West European markets. Growth of protectionist trends are also characteristic of some developing countries. Government and business circles see a way out of this situation in the activation of private and state investment operations.

However, such investments are insufficient for the development of export. Acute trade conflicts, enhanced requirements for diversification of sales markets, necessity of a more flexible economic strategy as applied to changing conditions of competition in the world market --all this persistently requires not simply improvement of marketing, but also the transfer of export production to the immediate vicinity of mass consumption. This leads to the necessity of increasing investment of capital for the organisation of industrial affiliates and mixed industrial enterprises both in developing and in developed capitalist countries.

#### 4. Prospects of Investment Policy

In the absolute amount of long-term investments abroad Japan lags considerably behind some big exporters of capital, primarily the USA and Britain. But in the rate of increasing capital investments it is far ahead of all other competitors, including the FRG. If this trend is maintained, and as yet there are no signs that it will stop, Japan has a chance already in the current decade of approaching the British level of investments or even surpassing it.

The report of the Industrial Structure Council, an influential agency attached to the Japanese Ministry of Foreign Trade and Industry, presented in May 1971, mentions very high rates of average annual growth of direct investments -- 27% up to the 1975/76 and 22% up to the 1980/81 fiscal years. If these rates are maintained, the balance sum of direct investments will increase to 11,500 million dollars in the 1975/76 fiscal year and up to 26,000 million in the 1980/81 fiscal year, compared with 2,700 million dollars in the 1969/70 fiscal year. If the planned volume is attained, capital investments may increase by 1980 to approximately 7% of the overall balance of foreign investments of the main exporter countries (compared with 2,3% at present).

In addition to direct investments it is also planned to expand

"state aid" -- which by the 1975/76 fiscal year should increase to 1% of the GNP, and which, according to prognosis, will exceed 394,000 million dollars. The achievement of this volume of "aid" was officially proclaimed from the rostrum of the Ministers' Conference of the OECD countries in May 1970 as the objective of the national aid programme for the next six years. By this means, by the 1975/76 fiscal year export of state and private capital from Japan should amount to about 4,000-million dollars of which approximately half of the funds will be received along the line of "state aid" on a bilateral and multilateral basis.

Quantitative estimates of key indicators, including growth-rates of foreign economic ties, suffer from the absence of any real account being taken of opposing trends, growth of imperialist contradictions. Nevertheless, the possibility of expansion of Japanese capital during the seventies cannot but be taken into account and should not be underestimated. The fact that the Japanese monopolies are preparing for an active offensive against the positions of their main competitors is shown by the proposal to create a special Ministry for Development of Economic Cooperation with Foreign Territories put forward in September 1971 by the Council for Foreign Economic Cooperation (a consultative agency attached to the Prime Minister). The new Ministry should elaborate a clear programme, facilitate improvement or organisational forms and coordination of the state's and private monopolies' efforts in the field of export of capital.

All this is proof that the sphere of foreign economic relations is acquiring primary importance. Augmentation of the role of foreign ties, including those which are developing on the basis of export of capital, is in accordance with the plans of the ruling circles to ensure Japan a place in the international arena in conformity with its economic potential. The penetration of Japanese investments and affirmation of that country as a new financial centre of the capitalist world is seriously aggravating inter-imperialist conflicts.

Though Japan is striving to capture, simultaneously with the USA, a leading role in the capitalist world and to utilize the smallest opportunity to "get a foothold" in any corner of the world, South East Asia remains the main object of its foreign economic expansion. Rich natural resources, promising sales markets and abundance of manpower are attracting the monopolies' attention. Enhanced interest in this region is also explained by its important strategic situation. But in order to

attain hegemony Japan must overcome strong resistance on the part of the Western powers.

The USA continues to preserve its leading position in Asia in the general scale of financial "aid". Japan, which holds second place in the volume of state "aid", today is already the main creditor of Taiwan, Philippines and Burma. In addition to Taiwan, the zone of its "special interests" includes South Korea and Indonesia. Japanese state loans amounting to 250 million dollars have been granted to the countries of South Asia. Naturally, the flow of state capital alone, besides in such a short period, cannot provide a full picture of the balance of the main competing forces in Asia. However, taking account of private investments, the balance is being substantially changed in favour of Japanese imperialism.

The developing countries to which the main mass of Japanese private investments and state "aid" is being directed cannot be regarded only as a passive object of imperialist exploitation. Quite contradictory and complicated relations with the capitalist powers, including Japan, are developing on the basis of export of capital. At first export of capital may bring certain positive results for the developing countries' economies. It supplements financial resources, promotes the application of advanced technical and technological experience, new forms or organisation of production, rationalization of the economy, utilization of additional manpower. But in long-term prospects the flow of foreign funds threatens to exert negative influence on the countries importing capital, to deprive them of the opportunity of independent development.

Japanese investments are a serious danger to the developing countries not only from the viewpoint of the real threat of establishment of control over their economies, but also as an effective tool to influence their policy. In the opinion of experts in the future they may seriously aggravate Japan's relations with certain Asian countries.

At the same time Japan's attempts to affirm itself as one of leading and guiding forces in the world capitalist system, its activities in the neocolonialist field, inevitably lead to an open clash with other competing powers, primarily in the "third world". In the future Japanese capital's foreign expansion is fraught with growth of a whole range of socio-economic and political antagonisms. The foreign policy out-

lined by Japan's official and business circles for the seventies is therefore turning into a factor of further extension and aggravation of the general crisis of capitalism.

World Economy and International Relations, No. 5, 1972

Table No. 1

BALANCE OF FOREIGN ASSETS AND COMMITMENTS

(at the end of the year, million dollars)

Assets	1965	1968	1969	1970	1971
Long-term assets (risk assets) including Direct investments *)	2503	5180	6688	8745	11200
Direct investments *)	639	1085	1291	1647	2050
Export credits	1315	2784	3458	4270	5300
Yen Loans	287	893	1229	1859	2450
Fees to international organisations	117	235	319	371	700
Other (including loans to international organizations)	146	183	391	598	700
Long-term commitments	3720	4535	5888	6326	7540
Balance of long-term turnover of capital	-1217	645	800	2419	3660

\*) Japanese official statistics include in the category of direct investments not only the organisation of Japanese or mixed enterprises abroad, purchase of real estate, opening of affiliates and branches of Japanese firms, but also loans for a term of over 5 years and purchase of a "substantial minority" share -- not less than 10% of issued capital, i.e. in essence, portfolio investments. Therefore, evidently, it would be correct to qualify all Japanese private investments, with the exception of commodity exports on conditions of deferred payment, as direct investments. This is already frequently being done by many Japanese statistical surveys.

Table No. 2

STRUCTURE OF EXPORT OF CAPITAL TODEVELOPING COUNTRIES

("pure" export per year, in million dollars)\*)

Forms of export of capital	1964	1965	1966	1967	1968	1969	1970	1971
							mln. dol.	%
State capital including "Official aid for development"	116	244	516	645	678	811	1152	63.1
"Bilateral aid"	116	244	285	385	356	436	458	25.1
Subsidies	106	226	235	341	307	340	372	20.4
Reparations	69	82	105	138	117	123	121	6.6
Technical aid	58	63	56	82	46	41	18	1.0
Direct loans	6	6	8	11	14	19	22	1.2
Fees to intern. organisations	37	144	130	202	190	216	250	13.7
Other "official resources"	10	18	51	45	49	96	87	4.7
Export credits			231	259	322	376	694	38.0
Direct investments and loans			202	224	290	310	350	19.2
Credits to intern. organisations			29	36	32	56	143	7.8
Private capital	-	-	-	-	-	10	201	11.0
Export credits	175	242	153	211	371	452	672	36.9
Direct investments	136	155	85	162	280	300	387	21.2
Loans to international organisations	39	87	68	49	91	144	262	14.3
Grants to private commercial organisations	-	-	-	-	-	-	8	21
Total	-	-	-	-	-	-	3	0.2
Total	291	486	669	885	1049	1263	1824	100.0

\*) "Pure" export--export of capital after subtraction of repayment of previously provided funds.

Table No. 3

STRUCTURE OF PRIVATE INVESTMENTS

(million dollars)

Financial Year	Total sum	including		
		Portfolio investments	Loans	Direct investments
1951/52-1959/60	199.5	91.7	76.0	31.8
1960/61-1964/65	599.8	251.1	153.0	195.7
1965/66-1969/70	1883.5	692.3	1052.9	138.3
<b>Total</b>	<b>2682.8</b>	<b>1035.1</b>	<b>1281.9</b>	<b>365.8</b>

Table No. 4

DISTRIBUTION OF PRIVATE INVESTMENTS BY REGION AND INDUSTRY (at the end of March 1970, thousand dollars)

Industry	North America	Central and South America	South East Asia	West Europe	Middle and Near East
Processing	160 153	248 910	232 684	15 441	2 768
including					
Food	1 817	6 441	27 195	5 514	-
Textile	3 000	50 106	70 602	895	-
Timber and pulp	125 287	22	5 662	-	-
Chemical	9 890	5 605	15 085	1 444	-
Ferrous and non-ferrous metallurgy	870	63 758	31 468	16	-
General engineering	2 678	37 423	8 843	2 208	-
Electrical engineering	339	13 580	29 933	566	1 373
Transport engineering	15 000	67 453	12 373	3 200	1 000
Other	1 273	4 521	31 521	1 593	395
Agriculture and forestry	3 841	5 600	34 971	494	-
Fishing	1 990	7 645	4 302	115	143
Mining	123 347	82 605	226 537	366	301 901
Building	4 570	26 465	1 767	-	-
Commerce	226 304	13 994	11 309	22 961	465
Finance and insurance	89 641	64 472	64 479	8 945	934
Other	62 995	62 131	12 995	251 875	-
Branches of Japanese firms	7 581	727	14 910	2 761	111
<b>Total</b>	<b>720 424</b>	<b>512 554</b>	<b>604 019</b>	<b>302 895</b>	<b>306 323</b>
% of total	26.9	19.1	22.5	11.3	11.4

Africa	Australia and Oceania	Total 1000 dol.	%
20 456	41 092	721 506	26.9
1 734	2 350	45 052	1.7
14 443	853	139 899	5.2
-	2 568	133 539	5.0
1 419	720	34 163	1.3
2 206	30 500	128 818	4.8
-	454	51 606	1.9
652	2 561	49 005	1.8
-	656	99 682	3.7
-	430	39 738	1.3
-	3 220	48 127	1.8
1 310	3 259	18 764	0.7
55 921	101 109	891 786	33.2
-	-	32 801	1.2
141	7 490	322 662	12.0
201	1 120	229 791	8.6
182	656	390 834	14.6
358	123	26 571	1.0
78 570	158 070	2682 854	100.0
2.9	5.9	100.0	

Table No. 5

INVESTMENTS IN EXPLOITATION OF NATURAL RESOURCES

(thousand dollars)

Fiscal Years

Raw Material	1967/68	1968/69	1969/70	1970/71	Total for 1967/ 68-1970/ 71.
Oil	296 778	58 611	88 917	100 111	544 417
Copper	73 250	30 722	43 194	143 611	290 777
Lead and zinc	9 167	566	1 250	7 194	18 167
Nickel	1 750	56	1 333	2 611	5 750
Bauxite	-	83	228	200	511
Iron ore	34 008	11 543	7 388	25 113	78 052
Coking coal	5 010	250	4 853	20 333	30 447
Uranium	667	1 028	1 583	2 194	5 472
Total	420 630	102 859	148 746	301 367	973 593

Table No. 6

**BALANCE OF DIRECT FOREIGN INVESTMENTS OF THE  
MAIN EXPORTER COUNTRIES**

(at the end of 1969)

Country	' 000 mln. dollars	% of total	% of GNP	Average annual growth-rate for 1966-1969 (%)
USA	70,8	60,8	7,5	9,0
Britain	18,7	16,1	20,0	5,2
France	4,8	4,1	3,7	6,1
FRG	4,8	4,1	2,9	24,4
Canada	3,8	3,3	5,2	5,5
Japan	2,7	2,3	1,6	31,4
Total for DAC countries	116,2	100,0	6,3	9,1

Table No. 7

**STATE LOANS AND SUBSIDIES GRANTED TO ASIAN COUN-  
TRIES AND TERRITORIES IN 1968-1970**

(million dollars)

Countries and territories	USA	Japan	Britain	FRG	France
Burma	9.0	37.1	1.5	8.3	-
South Vietnam	1302.0	0.4	2.6	14.3	5.7
India	1494.0	131.3	199.6	179.2	19.5
Indonesia	463.0	265.4	14.5	63.4	53.5
Cambodia	-	9.2	1.0	2.3	18.9
South Korea	590.0	234.2	0.2	8.1	-
Laos	148.0	12.0	5.9	5.3	14.7
Malaysia	27.0	16.1	23.8	5.2	-
Pakistan	637.0	104.5	62.1	92.7	4.4
Singapore	37.0	6.5	32.8	8.5	-
Thailand	130.0	36.7	3.2	17.7	-
Taiwan	29.0	46.7	-	1.8	-
Philippines	83.0	96.2	0.8	10.8	-
Ceylon	48.0	11.5	29.1	17.2	-
Total	8997.0	1007.0	377.1	434.8	116.7

ONE THOUSAND MILLION IS NOT THE LIMIT

At present Japan leads the way in the Soviet Union's trade with the developed capitalist countries. The rapid growth of economic cooperation between the USSR and Japan arouses heightened interest among the business circles of many countries. An APN correspondent, S. Ilyin, has interviewed representatives of several Japanese firms accredited in Moscow. He asked them the following questions:

- How do you assess the trade between your firm and the Soviet trade organisations?
- What is your firm selling to the Soviet Union?
- What are your firm's plans and prospects for the future?

Masaki Hayashi, the chief representative of "Nissho Iwai":

My firm's trade turnover with Soviet trade organisations amounted to 61 million dollars in 1971. We buy in the USSR pig-iron, coal, secondary aluminium, spongy titanium, timber, etc. We sell to the Soviet Union sectional steel, groove, zinc-plated sheet, rope, tungsten wire, copper tubes and packing ribbon.

The firm's plans for the future are to brisk up its trade with "Promsryeiimport" and to increase the volume of reciprocal equipment deliveries. We could deliver to the USSR equipment for the chemical, iron and steel and tractor plants and to buy Soviet machines and machine-tools.

As to the prospects, we look forward to cooperation in building an oil pipeline from Nakhodka to supply Japan with the Tyumen oil, in mining and exporting to Japan coking coal; and cooperation in prospecting the Sakhalin shelf for gas and oil. The realisation of even one of these projects would increase the Soviet-Japanese turnover up to one thousand million roubles already in 1972. Then our dream of a trade turnover amounting to one and a half to two thousand million roubles a year would come nearer to its realisation. Together with other Japanese firms "Nissho Iwai" is one of the initiators of the project of delivering the Tyumen oil to Japan. Should this project be accepted, the cost of tubes alone to be delivered to the USSR will amount to 400 million dollars. "Nissho Iwai" representing the biggest iron and steel firms of Japan-Shinnippon seitetsu, Nippon kokan and others -- hope to take an active part in joint deliveries.

The USSR is the most reliable trade partner among our

neighbours and no one in Japan doubts this now. Nothing hinders the development of our relations with your country. We hope that political leaders and businessmen in our countries will establish even firmer contacts which would benefit our peoples."

Akio Nakashima, the chief representative of "Mitsubishi Shoji":

"In dealing with the subject of trade with Soviet foreign trade organisations I would like to say, first of all, that we are not satisfied with its volume. We have all opportunities to have a much bigger turnover. Among the factors restraining the development of Soviet-Japanese trade relations one should mention conservatism of a certain section of the financial and industrial circles in Japan which until now have not been active enough and have not displayed proper interest in trading with the Soviet Union. At present there is a certain liveness in the activity, particularly in the sphere of exchange of scientific and technical information. First contacts in this sphere were established in the autumn of 1971. In March, 1972, leading officials and specialists from eight industrial firms of the Mitsubishi group visited the USSR at the invitation of the State Committee for Science and Technology. I think expansion of trade between Soviet foreign trade organisations and the Mitsubishi could be expected in 1972. As to the future, I believe that the volume of Soviet-Japanese trade would not stop at one thousand million dollars.

"Mitsubishi Shoji" buys in the USSR timber, raw cotton, chemicals, scrap iron, precious metals, oil and oil products, unique forging equipment and machine-tools. Special mention should be made of the quality and competitive ability of Soviet equipment. We used to buy similar equipment in the United States but it was more expensive and not superior to the Soviet equipment. We deliver to the Soviet Union machinery, in the main, because the Mitsubishi group is specialising in the heavy industry. We also deliver rolled steel of varied assortment, transformer steel, fabrics, chemicals, artificial leather and raw material for the consumer goods industry.

The visit by the Soviet Foreign Minister, A.A. Gromyko, to Japan in January, 1972, promoted the establishment of a favourable political atmosphere. Now it is up to the Japanese political leaders and representatives of the business and finance circles.

In view of acute competition, I would not like to specify on trade with the USSR planned by our firm. The Mitsubishi is

prepared to take part in any project requiring joint participation of Japanese firms, as for instance, building an oil pipeline, exploitation of coal deposits, and so on.

Our firm has taken an active part in all major projects the way for which had been paved by the previous joint economic conferences. Under an agreement on the development of local resources of the Far East we delivered bulldozers; we also delivered cranes and container-carriers for the port of Wrangel, now under construction, and machines for producing technological chips. "Mitsubishi" is taking an active part in preparations for the fifth joint economic meeting. In conclusion I would like to stress that our firm is willing to develop rapidly scientific and technical cooperation with the USSR."

Shigeru Moriyama, the chief representative of "Ataka" firm:

"First of all, I would like to speak of our Soviet colleagues on the staff of foreign trade organisations with whom we meet daily. Contacts with them give us a pleasure. They are experts in their own fields, well-informed about the world situation and, above all, about the situation in their spheres. They are first class specialists whose advice we never ignore.

Beginning with 1954, when "Ataka" for the first time bought in the Soviet Union timber, 50 thousand dollars worth, our trade was steadily increasing. This is testified by the following table:

	Total sum of trade turnover between Japan and the USSR (in mln. dollars)	For "Ataka" (in mln. dollars)
1968	642.5	41.7
1969	729.8	48.6
1970	822.0	59.6
1971	873.3	81.5

The "Ataka" has traditional ties with the engineering firms of Japan. That is why an important part in our trade turnover is played by machinery, timber, raw material and chemicals.

In 1971, "Ataka" signed contracts with 22 Soviet trade organisations. However, the best relations were established with Stankoimport. Last year, for example, we delivered to Japan a unique vertical lathe which was superior to its American

and West German rivals, both in price and in quality. In 1971, there was a certain slump in Japan's economy which led to lower demand in Soviet goods. We hope that is a temporary phenomenon and are prepared to the forthcoming upsurge."

Yoshiro Neo, the chief representative of "Sumitomo Shoji":

"Although I am not a politician but a dealer, I would like to note, first of all, the importance of the visit to Japan made by the Soviet Foreign Minister A.A. Gromyko in January, 1972. The results of this visit will undoubtedly affect the development of the economic relations between the USSR and Japan.

For us, trade firms, of a great importance is an agreement on trade and payments for 1971-1975, signed in Japan at the end of 1971 by N. Patolichev, the Soviet Minister for Foreign Trade. Under this agreement, the trade turnover is to reach 5,250 million dollars in the five years. This cannot but raise our hopes for the good. Contracts for 1972 have already been signed. They are a little lower as compared with 1971, but the reason is not the reluctance to expand trade but the crisis of the dollar and the slump in business activity in Japan's economy accompanying it.

The volume of trade between "Sumitomo" and Soviet organisations amounted to 120 million dollars in 1971. We had a balanced export and import: machinery, chemicals, fabrics, etc. from Japan; and timber, oil and metals from the USSR.

A good example of a successful deal was the sale to Japan of Soviet equipment for continuous pipe casting, which has proved to be so good that its purchase was renewed. As to the future, mention should be made of our wish to establish friendly exchange of scientific and technical information with the Soviet Union. More than 10 industrial firms of the Sumitomo group have handed over to the State Committee for Science and technology of the USSR Council of Ministers their suggestions on scientific and technical cooperation in the fields of electronics, chemistry, computers, etc."

Shigeru Tsuda, the chief representative of "Mitsui":

"I am sorry, but the fact is that the volume of trade between "Mitsui" and its Soviet partners decreased from 230 million dollars in 1970, to 100 million dollars in 1971. The high 1970 level is explained by the fact that "Mitsui" sold the Soviet Union an ammonia fertilizer plant for 120 million dollars.

That was the biggest ever deal in the history of Soviet-Japanese trade relations. Provisions were made for selling a big consignment for 1971, too, but they could not materialize because of the dollar crisis and the slump in Japan's economy. This year negotiations are to be continued to discuss the delivery to the USSR of equipment 200 million dollars worth.

The "Mitsui" has the closest ties with Stankoimport, Mashpriborintorg, Machinoexport and Energomasheexport. The very names of these Soviet foreign trade organisations speak of what kind of goods we trade in. Out of five million dollars the Soviet Union received last year for machine-tools, one million came from "Mitsui".

We support the project on the delivery of the Tyumen oil to Japan. This will be a qualitatively new project which can be realized only on a country-wide scale. We shall take part in it but at the same time we believe that it is expedient to seek more projects which could be fulfilled by individual firms. In conclusion, allow me to say a few words about conditions of our work in the USSR. Novices coming from Japan on short-term missions, failing to understand the essence of their business, often complain that they have to wait for a long time at Soviet organisations and cannot sell their goods at once. People who pay attention to these trifles should be reminded of the common truth that the main thing in trade is not to sign contracts but to get money. In this respect there is no more reliable partner than the USSR. It can be said that it enjoys the absolute vote of confidence. As for waiting at Soviet foreign trade organisations, this is made up for by high competence of Soviet officials and also by the fact that they can decide upon any most complicated questions on a nation-wide scale. That is why the "productivity of labour", so to say, per each representative of a foreign firm in the USSR is much higher than at missions in other countries. This should not be forgotten."

(APN)

## SOVIET-JAPANESE TRADE AND ITS PROSPECTS

by I. P. Shiryaev

In the past decade the Soviet-Japanese trade turnover has reached its all-time highest figure, for which a number of factors are responsible.

The Soviet economy has been rapidly growing. Between 1965 and 1970 the USSR's national income went up by 41 per cent, and total industrial production grew by 54 per cent, with the engineering and metal-working output increasing by 74 per cent and the chemical and petrochemical production growing by 78 per cent. The fuel and power-consuming industries have also been rapidly expanding. West Siberia's fuel and gas output has increased and the economy of the Far East has made good headway. This progress has stimulated a rapid expansion of the Soviet foreign trade, from 14,600 million roubles in 1965 to 23,600 million roubles in 1971. The 24th CPSU Congress has put forward an even more extensive programme of Soviet economic development for 1971-1975. By 1975 the Soviet Union is to produce 496 million tons of oil, 695 million tons of coal, 146 million tons of steel, 320,000 million cu. m. of natural gas, 146,000 million roubles' worth of the engineering and metal-working output, 6,300 million roubles' worth of instruments, automation means and spare parts for them. Soviet trade with the CMEA countries will grow by 50 per cent as against the average figure for the past five years. The Soviet Union will continue to expand its economic co-operation with the other countries provided they are prepared to co-operate on the basis of equality and mutual benefit. In his report at the Third Session of the USSR Supreme Soviet, Eighth Convocation (November 24, 1971) "On the State Economic Development Plan of the USSR for 1971-75 and the State Economic Development Plan of the USSR for 1972" A. N. Kosygin, Chairman of the USSR Council of Ministers, said:

"With the going over to the practice of long-term agreements, ensuring stable orders for industry, new possibilities are opening up in our relations with Western countries. This may imply mutually beneficial co-operation with foreign firms and banks in the elaboration of a number of major economic problems relating to the utilization of the natural resources of the

Soviet Union, the building of industrial enterprises, the search for new technical solutions. We are convinced that it is possible to find various forms of this co-operation conforming to the interests of all the participants."

In the past few years some leading Japanese trade and manufacturing companies have been showing a growing interest in expanding trade with the USSR. This realistic attitude to trade relations between two neighbouring countries stems from economic progress of the Soviet Union and Japan. Between 1961 and 1966 Japan's annual growth rate of national income was the highest in the capitalist world and her national product today is the second biggest among the capitalist countries. Japan's economic growth makes for her broader foreign economic relations, above all trade, which is illustrated by the following figures (in million dollars):

Years	1965	1966	1968	1970	1971
Turnover	16,621	19,299	29,959	38,236	43,780
Export	8,452	9,776	12,972	19,363	24,085
Import	8,169	9,523	12,987	18,873	19,695

Seventy two per cent of Japan's export are finished products of the heavy industry and chemistry, namely, steel, 14.6 per cent; cars, 7.5 per cent; ships, 7.4 per cent; transistors, 3.5 per cent; and light industry output, 28 per cent. These are all expensive products, with a ton of exports costing about 395 dollars.

Japan imports mainly raw material for industry, which run at 68 per cent of all imports, including oil, 12.3 per cent; timber, 8.4 per cent; iron ore, 6.5 per cent; coal, 5.7 per cent; cotton 2.6 per cent; machinery and equipment, 12 per cent; and miscellaneous goods, 6 per cent. The country has to import all its cotton, wool, bauxites, phosphates, rubber, nickel and platinum; 98 per cent of oil, 95 per cent of iron ore, 55 per cent of coking coal, and 72 per cent of copper ore. It is important to note that the price of a ton of imports averages 43 dollars.

Japan's industries depend for their supplies each on two or three foreign sources. Thus, coal is imported from the US

and Australia, oil from the Persian Gulf countries and Indonesia, iron ore from Australia, India, Chile and Peru. The Soviet share in Japan's imports is still insignificant, despite the fact that the Soviet Union is Japan's next-door neighbour.

Japan's businessmen have plans to expand their economy in the next ten years, which means that imports of raw material must continue to grow rapidly. They realise, however, that the current sources of imports are limited and have recently been trying hard to win new markets in Africa, Latin America and Asia, negotiating more long-term agreements on the import of iron ore, oil and other materials.

Japan imports from the US coal, ore, timber, cotton and some types of machinery and equipment, and exports industrial products: transistors, TV-sets, cars, instruments, rolled ferrous metals and textiles. A big share of the US in Japan's foreign trade, largely different patterns of reciprocal deliveries and steep fluctuations of their trade balance -- all these have served to aggravate differences between the two countries, with the US trying to make Japan shoulder some of its financial burden in the current dollar crisis.

Japanese businessmen do not want to put all their eggs in one basket and are looking for new suppliers of raw material. They come to examine more closely the possibilities of expanding trade with the Soviet Union.

The USSR in 1966-1970 conducted trade on a permanent basis with over 100 countries, with Japan ranking first among such traditional Soviet trade partners as Britain, Finland, France, Italy and others. The Soviet-Japanese trade does not have a long history behind it: though it dates back to 1925, it was until recently on a small scale and very much unstable.

A period of extensive economic relations between the two countries set in after the signing on October 19, 1956 of the Joint Declaration normalising their diplomatic relations and the conclusion on December 6, 1957 of the Trade Agreement, providing for long-term trade agreements. This form of trade has fully justified itself, which is evidenced by the following results of the Soviet-Japanese trade over ten years (in million roubles):

Years	1960	1965	1966	1970	1971
Turnover	124	326	417	653	733
Export to Japan	69	166	215	341	377
Import to the USSR	55	160	202	312	356

In 1972 the trade turnover may amount to 1,000 million roubles.

As a result of this rapid expansion of trade between the two countries the Soviet Union today is the Japan's ninth biggest trade partner.

Soviet export to Japan consists mainly of raw and other materials of Siberia and the Far East. In 1969 Japan received from the Soviet Union 17 per cent of all its imports, including 8 per cent of its coking coal, 15 per cent of potash salt, 50 per cent of nickel, 15 per cent of pig iron, 12 per cent of aluminium. The USSR also exports to Japan on a big scale cotton, oil, asbestos and other materials. In the last couple of years the Soviet Union has noticeably stepped up its export of machines and equipment bringing it to the sum of 5 million roubles in 1971, as against 2 million roubles in 1968. Realising that this sum is infinitely small as compared with Japan's total imports in this category of trade, the Soviet foreign trade organisations are taking steps to increase Soviet exports of machines and equipment to Japan. They also hope that their Japanese trade partners will show more interest in buying Soviet machinery.

Half of Soviet imports in 1961-1966 were machines, equipment and ships. In later years their share was reduced to 40 per cent. The Soviet Union has imported mainly complete plant with modern production processes for the output of ethylene oxide, vinyl chloride and polyvinyl chloride, sodium cyanide, compressors for household freezers, ammonia, and other products, essential for the Soviet economy, especially its chemical industry.

A substantial portion of Soviet imports is made up by metal products, primaries for the production of chemical and synthetic fibres, raw materials and semi-finished products for textile industry.

Every year the Soviet foreign trade organisations buy in Japan knitted wear, clothes, footwear and other consumption

goods that are in constant demand in the Soviet Union.

The Soviet Union is known in the world as a big and stable buyer of machine and equipment and an exporter of up-to-the-minute machinery to many countries. This two-way trade is a result of continuous and big-scale expansion of the Soviet economy, efficient use of the international division of labour and the practice of stable economic relations on a long-term basis. The Soviet Union is a trade partner with practical and ever growing possibilities for expanding nearly all groups of its exports and imports. Such universality is rarely seen today.

In the past decade trade predominated in Soviet-Japanese economic relations and has made big headway. At the same time first steps have been taken towards scientific and technical cooperation, credit relations, coastal trade, and business contacts between government and private organisations and firms, etc.

The Soviet and Japanese sides have been looking for new forms of cooperation, above all, on the long-term basis. One instance of this is the General Agreement on the construction of a sea port in the bay of Vranghel, which will be the most modern port in the Far East, handling timber, coal, containers and general cargos, with a freight turnover nearly as big as that of the other Soviet Far Eastern ports. Besides, the port will open container traffic, including transit, which may become a promising form of the Soviet-Japanese economic cooperation. Japan has extended a loan of 80 million US dollars for the purchase of construction and installation equipment and materials.

Another long-term General Agreement for delivery from Japan to the USSR of machines, equipment and materials to the sum of 130 million US dollars in credit aims at stepping up timber felling.

The two agreements are being successfully carried into effect. No doubt, they will be followed by more similar agreements that are to become the basic form of Soviet-Japanese economic relations.

Soviet and Japanese companies have negotiated and signed a General Agreement for delivery to Japan of industrial wood chips and long-logs of leaf trees. This long-term agreement provides for increased export of timber to Japan.

The Japanese press has repeatedly emphasized the desirability of closer cooperation between Japan and the Soviet Union

in the development of oil, coking coal, natural gas and copper in the Far East and Siberia, on the basis of long-range General Agreements on the export of these materials to Japan. The Soviet Union is developing rich mineral deposits of Siberia and the Far East for its own needs in accordance with national economic development plans, so that any increase in the export of minerals calls for additional capital investments. To solve this problem, the USSR and Japan are trying to work out new forms of long-term and mutually advantageous cooperation. Very helpful in this respect is the work of the Soviet-Japanese and Japanese-Soviet committees on economic cooperation, which have held five joint meetings to date.

At the latest fifth meeting the sides started negotiations on delivery of natural gas from southern Yakutia to Japan and on prospecting for oil and gas deposits in the Sakhalin shelf. Look at a map of the area and you will see what a stupendous task it is to extract gas and transport it to the Pacific coast and farther on to Japan. The project is only worth its effort, if gas is delivered in large quantities and over a long period. This problem is now being negotiated by the two sides.

The past few years have seen a rapid progress of scientific and technical cooperation with more and more Japanese leading industrial companies. Well-known trade firms, such as Mitsui, Mitsubishi, Sumitomo, Marubeni, Nissho Iwai, Kanematsu and Itoty, not only trade with the Soviet Union, but also cooperate in science and technology and conclude long-term agreements.

The Soviet Union and Japan are on the threshold of extensive and long-range cooperation in the interests of peace, progress and good neighbourhood.

Significant in this respect is the assessment of Soviet Japanese economic relations given by the Soviet and Japanese Foreign Ministers in their joint communique of January 27, 1972:

"The Sides expressed satisfaction with the development of trade and economic relations between the two countries. Highly assessing the activity of the Soviet-Japanese committee for business cooperation and expressing satisfaction with coordination and implementation of the economic projects, the Sides agreed to continue their efforts towards the development of economic cooperation between the USSR and Japan with the prospects for many years ahead."

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## SOVIET-JAPANESE COOPERATION IN FISHING

by G. Nikol'in

The Soviet Union and Japan are leading fishing countries, holding third and second place in the world, respectively, in the volume of catch. According to the UN Food and Agriculture Organisation, the Soviet catch in 1970 came to 7.3 million tons and the Japanese to 9.3 million tons. Together, this accounts for about 25 per cent of the world total catch (not counting whales).

The requirements in marine products grow from year to year. The Soviet Ninth Five-Year Plan provides for a 47 per cent increase in fish products. A large part of the increase will be obtained through expansion of fishing both as regards the exploitation of the unsurveyed or inadequately surveyed resources of the world oceans and through the rational utilisation and artificial reproduction of species already caught.

Japan plans to increase its total catch of marine products in the next 10-15 years to 11 million tons, chiefly through a more intensive exploitation of the fishing waters it is now using.

In this connection it should be borne in mind that of Japan's catch in the Pacific (which incidentally accounts for the bulk of her total catch) 80 per cent comes from the north-western part of it, i. e., from regions in the immediate vicinity of our Far East coast. Like Soviet fishermen, the Japanese catch bass, plaice, cod, coalfish, shrimps, mollusks, sea kale and other marine products. Intensive fishing with today's equipment and without proper consideration for preservation of resources, may lead to the speedy and complete exhaustion of the fishing grounds. It is therefore extremely important for all states to take proper measures for the rational utilisation and reproduction of resources of the seas and oceans. It was only due to the Soviet government's far-sighted policy that the most valuable species of Far Eastern salmon were saved from extermination. The convention on fishing in the open seas in the North-west Pacific, signed by the Soviet Union and Japan in 1956 (and still in force) made it possible to prevent the reserves of this valuable fish from being utterly exhausted by the Japanese fishing industry.

The Soviet Union has declared its readiness to develop cooperation with Japan in all other aspects of exploitation of the resources of the adjoining seas. That is why Foreign

Minister Andrei Gromyko's discussions with Japanese leaders during his official visit to Tokyo in January of this year also dealt with fishing problems. The joint Soviet-Japanese communique published after this visit stated both countries had agreed on the "usefulness of constant cooperation between the two states in the sphere of fishing" and expressed the belief that the success of this year's Soviet-Japanese fishing talks would be in the interest of both countries.

These talks were held in Moscow in March and April and covered a wide range of questions relating to regulating fishing and preserving the reserves of fish, crabs, edible mollusks, sea kale and other marine products. Agreement was reached on the appraisal of the fish resources of the two countries. Commenting on the success of the talks, the Japanese press particularly noted the Soviet Union's flexible and constructive position during negotiations.

Japan and the Soviet Union have already concluded agreements and conventions on many of these problems. As stipulated by the convention on salmon and herring fishing in the open seas, all questions are to be settled at the annual sessions of the Soviet-Japanese commission alternately held in Moscow and Tokyo. The decisions agreed upon are binding on both countries.

Investigations into the biological reserves compelled the commission to reduce the Japanese quota of salmon catch from 120,000 tons in 1963 to 87,000 tons in 1972. Salmon fishing has been forbidden in the Sea of Okhotsk and some parts of the Sea of Japan, and temporary out-of-bounds zones have been established in various parts of the waters covered by the convention. These off-limit zones protect the salmon's migration to the spawning grounds in Soviet Far Eastern rivers and coastal waters.

For the past years the Japanese fished for herring in the spawning period (herring roe is a delicacy in Japan, the prize New Year dish). Herring fishing at spawning time, however, has an adverse effect. A decision based upon Soviet scientific data was adopted in 1971, temporarily prohibiting herring fishing in the spawning period throughout the Sea of Okhotsk and off the east coast of Kamchatka.

The Japanese, however, do not always abide by the provisions of the convention insofar as fishing in the North-west Pacific is concerned. From time to time they dispute the estimates of reserves of Soviet scientists and deny their viola-

tions of convention provisions and failure to observe agreements on catch quotas. All this leads to undesirable complications.

Certain quarters in Japan take advantage of these complications to persuade Japanese public opinion that the Soviet Union wants to push Japan out of the main fishing areas in the North Pacific, they conceal the fact that in trying to preserve the fishing resources in this region the Soviet Union is guided not only by its own interests but by the interests of Japanese fishermen and all mankind.

This was recently admitted by the influential Japanese newspaper Yomiuri. "Both in Japan and in other countries," it wrote candidly, "it is held that Japanese fishing (Japan is a fishing power) is rapacious in character. Japanese-style fishing means that if one species of fish has been depleted in any one place, attention is turned to another species, that if the resources of one particular fishing area have been exhausted, another area is found and drained of all fish. Instead of seeking to preserve the resources, the Japanese fishing authorities are only concerned about the interests of the country's fishing companies. We wish that in the current fishing talks with the Soviet Union Japan will not only uphold the interests of the fishing companies but will seek to preserve fishing resources so that fish can be caught as long as possible. The situation in the world calls for international control of fishing in the open seas."

In the course of the Moscow talks the Soviet Union displayed its readiness for cooperation and the businesslike solution of all problems relating to the rational utilisation of the food resources in the seas and oceans washing the shores of the Soviet Union and Japan. Such an approach fully accords with the Soviet policy of promoting closer cooperation with our neighbours in trade, scientific, technical and cultural relations.

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## ROLLING MILLS FOR JAPAN

by Y. Latin

The high standards achieved by Soviet metallurgical engineering have helped the All-Union Association Machinoexport to promote rolling equipment exports. Soviet cold-rolling tube mills are now running in the German Democratic Republic, Poland, Rumania, Sweden, Norway, Japan, France, the Federal Republic of Germany and the United States. The tubes manufactured by these mills answer the most exacting demands.

Japan, a leading tube manufacturing country in the capitalist world, is a major customer for Soviet rolling mills. The Japanese companies have bought our highly efficient KhPRT-12-25 cold-rolling tube mills, an entirely new design for rolling high-ribbed tubes of non-ferrous metals and alloys, the unique KhPTR mills for rolling thin-walled and precision tubes of almost any high resistance metal or alloy. KhPTR and KhPRT rolling mills have been developed by the All-Union Research Institute of Metallurgical Engineering (VNIMETMASH), well known both in the USSR and abroad.

The KhPT rolling mill is an elaborate highly mechanised unit, and weighs between 92 and 126 tons, depending on the type and size, but can be operated by one man.

These mills are designed to work cold or pre-heated tube blanks of non-ferrous metals and alloys, carbon and alloy steels. Three KhPT mills are available for export: KhPT-32, KhPT-55 and KhPT-90. They are for the manufacture of finished or semi-finished cold-rolled tubes with a diameter of 16 to 90 mm. and walls 0.4 to 18 mm. thick of blanks 22 to 102 mm. in diameter, 1.35 to 200 mm. thick.

Machinoexport delivered the first KhPT (KhPT-55-3-8) mill to Ekowo Seisakusho in August 1968. During the negotiations for the sale of the mill, Ekowo Seisakusho formulated very exacting specifications for their tubes and for the design capacity of the KhPT-55-3-8 mill. Their requirements have been met. The Japanese company was given a guarantee by the manufacturing works and by Machinoexport.

Soviet experts installed the mill within the time stipulated in the contract at the company's works in Tomwoka, and in June 1969, the mill began to manufacture tubes of the required quality. In May 1970, the mill was already working at design capacity.

In May 1969, Nippon Kokan, a major Japanese firm, bought another KhPT-55-3-8 mill for rolling tubes from stainless steel blanks. The mill was acquired for the new cold-rolled tube department, which the company was building. The company took its time over deciding to buy such a big unit as the KhPT mill from the Soviet Union. It had been operating tube rolling mills made in other countries for a long time. However, after a careful study of the operation of the KhPT mill at one of the tube manufacturing works of the USSR, the Japanese specialists saw the advantages of the Soviet mill. They were particularly impressed by the pneumatic system for balancing the roll stand on the mill. It offers several advantages over the mechanical balancing system: higher rolling speeds, much lower dynamic loads on the main drive chain, a longer service life for the roll stand and driving unit and a much smaller oil basement. All these features made for far lower operational costs. The Japanese engineers were particularly interested in the special new pre-heating device which has been built into the line of the Soviet mill before the roll stand, and in the original production process for the preparation of tube blanks before the warm rolling procedure. The warm rolling process helps to cut down the rolling time for stainless tubes by 50 to 100 per cent, to cut down the number of cycles required to work the tubes, to save metal, increase the life of the passes by 100 to 200 per cent and labour productivity by 50 per cent. The Japanese specialists saw all this for themselves when they got acquainted with the production of the mill at a Soviet plant.

Late in 1970, the KhPT-55-3 mill, with extra equipment for warm rolling, was installed at the works of the Nippon Kokan company with the assistance of Soviet specialists.

In 1971, Machinoexport signed another contract for the delivery of another KhPT-55-3-8 mill with warm rolling equipment to Nippon Kokan.

In 1971, a KhPT-55-3-8 mill with warm rolling equipment was installed at the works of yet another Japanese firm, Tokyo Seimitsu-Kan. Two KhPT-32-3-8 mills were delivered by Machinoexport the same year and installed at the Thosei Kokan and Ichihara Shoten companies' works in Japan.

The KhPRT-12-25 manufactures all-rolled ribbed tubes characterised by high geometric precision and clean surface. These tubes have many advantages over the ribbed tubes produced by other methods (soldering, for instance):

monolithic structure of tubes and absence of thermal resistance at the joining of the ribs with the tube;

the most rational geometric shape of the ribs and minimum aerodynamic resistance, which ensures minimum power losses when the tubes are used in heat exchangers;

high mechanical strength and heat resistance;

low cost, a result of the high productivity of the mill -- 120 metres of tubes per hour -- and of the efficiency of the production process.

Ribbed tubes are made of smooth aluminium, copper or alloy tubes which serve as the initial blank. The diameter of the blank ranges from 15 to 32 mm. and the thickness of the walls from 3 to 7 mm.

The first KhPRT-12-25 mill was sold by Machinoexport to Kanematsu Goshu of Japan in 1969 and installed at the Kyori Kogyo company's works in 1970. This mill produces high ribbed aluminium tubes distinguished for their quality. The dimensions of the finished tubes put out by the company are: length -- 5 m., diameter -- 12 mm., height of rib -- 8 mm., pitch of rib -- 2.5 mm. The rolling mill is capable of producing nearly 120 metres of tubes per hour.

Having signed an agent agreement with Machinoexport for monopoly sales of KhPRT-12-25 mills in Japan, Kanematsu Goshu purchased five more mills of this type in 1970.

Thin-walled and precision tubes are required in several sectors of modern engineering. These tubes must be reliable under conditions of prolonged operation. The requirements are not only high with regard to the mechanical properties of the metal, but also to precision and clean surface. The methods used at present for the manufacture of tubes -- drawing and cold rolling on roll mills - are unable to match these requirements owing to their specific features under normal conditions of operation.

The so-called "roller" method invented in the USSR for the cold rolling of tubes is free from the disadvantages inherent in drawing and roll rolling of thin-walled and extra thin-walled tubes.

In the new "roller" mills the blank is reduced on a cylindrical mandrel with the help of three small diameter rollers set in a separator. The pass of the roller is characterised by a constant section. The pins of the rollers rest on guides.

The working surfaces of the guides have a special profile.

Thanks to this the blank is reduced according to a pre-set programme, which varies with the initial size of the blank and the finished tube, the material the tube is made of, and the rolling speeds.

The VNITMASH Institute has developed several KhPTR roller mills of different types and sizes. The KhPTR-8-15 and KhPTR-15-30 mills are the most widespread in the Tube and pipe manufacturing industry.

Their main characteristics are:

Standard size	KhPTR-8-15	KhPTR-15-30
Finished diameter of tubes, mm.	8-15	15-30
Maximum diameter of blank, mm.	17	35
Wall thickness of finished tube, mm.	0.08-1.5	0.1-2.5
Length of blank, mm.	1,000-4,000	2,500-5,000
Squeezing value in one pass, per cent	50-80	50-80
Speed of roll stand, runs per min.	70-140	65-130
Length fed in one pass, mm.	1-9	2-12
Electric drive rating, kw.	7	28
Weight of mill, tons	5.5	14

The advantages of the KhPTR mills are that they make it possible to produce thin-walled and extra thin-walled high precision tubes of a wall thickness not exceeding  $\pm 0.04$  mm. The rolling speed does not vary more than  $\pm 0.02$  mm. These advantages have long attracted the attention of Japanese engineers specialising in tube production.

The first KhPTR-8-15 mill was put into operation in Japan in 1968 by Mitsubishi Metal.

At present, there are 8 KhPTR-8-15 and KhPTR-15-30 mills running in Japan, as well as the one run by Mitsubishi Metal. Two are operated by Sumitomo Metal, two by Kobe Steel and four by Tokyo Seimitsu-Kan.

It is expected that in the near future Machinoexport will sign several contracts for the delivery of KhPTR tube rolling mills to Japanese companies in 1972.

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COMPETITIVE STRUGGLE BETWEEN THE TWO "ALLIES"

by E. Leontyeva

Review of a book published recently in the Soviet Union: A. M. Sharkov, Japan and the USA (Analysis of the Present Economic Relations). Mysl Publishing House, Moscow, 1971, 408 pp.

The evolution of economic and political relations between the USA and Japan graphically shows the diminishing international role of US imperialism and Japan's becoming an independent imperialist center.

Japan and the USA are for each other most important trade partners. Japan for the USA is one of the main markets for the sale of farm produce, mineral raw materials as well as of the latest equipment (including electronic computers, aircraft and military equipment). The USA for Japan is a most important market for the sale of ferrous metals, textile articles and products of radioelectronic industry. At the same time trade relations between the two countries are in the nature of an unabating trade war, with the Japanese firms accused of dumping and of the attempts to break or circumvent protection barriers on the rival's home market.

In this book A. Sharkov examines a number of new elements in the development of Japanese-American contradictions. By the beginning of the 1960's the front of conflicts between the two countries by far surpassed the bounds of a trade war, involving such spheres as foreign investments regime, the sphere of currency and financial relations, etc.

The revaluation of the yen in December 1971 on a scale that surpassed the most pessimistic Japanese forecasts has done a serious damage to the Japanese goods' competitive advantages not only over American but also over West-European goods. The author makes a substantial survey of all the major aspects of development of relations of rivalry and interdependence of the two countries.

A. Sharkov's work is an attempt at not only a comparative study of the conditions of production and exchange in the two most developed states of monopolistic capitalism but also an attempt at an international comparison of concrete methods of state regulation. Comparative analysis of the forms of state interference is so far such a little explored field that the vast material collected by the author is valuable in itself.

even apart from the problems of Japanese-American relations. As is shown in the book, the changing of methods of state regulation of Japan's economy in the field of foreign accounts in the 1960's and the 1970's was, on the whole, in the nature of "liberalization of the regime of foreign trade and foreign investments justly examined by the author in close connection with the adaptation of Japanese monopolistic capital to the new conditions of competition on the world market.

The rejection of the formerly used open protectionism, of the protection of the home market by direct administrative regulation of all currency accounts has been compensated by accelerated technical renovation and increased scale of production. "The continued concentration in the USA, the establishment by US-West-European capital of biggest industrial complexes in the metallurgical, chemical and motor-car industries in Europe are regarded in Japan as a direct threat to the interests of national enterprise. The Japanese understand that these are not isolated facts, that such is the general tendency in the capitalist world. And the only method they can use against the rivals here is the creation of similar complexes in their own country" (P. 190). Competitive struggle on the world market compels Japan to speed up the alteration of the economic pattern, accelerating the processes of concentration and centralization of capital and production.

Comparing the process of penetration of US capital into the economies of Japan and of the West-European countries (as exemplified by the FRG), the author shows that although outwardly the conditions are approximately the same, the entire system of Japanese-American economic ties has proved different than the system of relations between US and West-European monopolistic capital. Although without US support the Japanese monopolies could not in the post-war period have retained and consolidated their domination, Japan is at present considerably better protected from foreign interference and its market is by far less open to the US monopolies. This circumstance serves as one of the factors of deterioration of Japanese-American economic relations in the conditions of general weakening of the United States' positions in the capitalist system of economy.

Among the reasons of the relative "inaccessibility" of Japan's home market (despite the measures to "liberalize" currency regulation and foreign investments regime) the author mentions, not ungroundedly, such a factor as "the profound Japanese na-

tionalism, including 'economic nationalism', mistrust and suspicion of everything foreign. These features have been cultivated during the centuries of Japanese history and they have not, of course, disappeared in the period of post-war development, however rapid it might be... All this has made itself felt to some or other degree in Japanese-American relations, the more so that the Japanese 'economic nationalism' is to a considerable extent spearheaded against American enterprise, whose efforts to press the Japanese in their own country deeply hurt the 'national feelings' of the business and political circles of Japan" (p. 244).

The analysis of the present economic relations between Japan and the USA is concluded by a comparison of the ability of the two countries' goods to compete internationally. Widely discussing this problem, the author makes a comparative analysis of the production and distribution costs, comparing the wage and labour productivity levels, the role of the raw materials in forming the costs and also touches upon the problem of quality of the products and the methods of market competition, "the ability to sell". A. Sharkov comes to the conclusion that by retaining the achieved rate of growth of labour productivity and the considerable superiority over the USA in this field, Japan will continue also the present scale of its foreign economic expansion. "If that happens, the imperialist powers, the USA first of all, will have to engage with Japan in an economic combat of such force and scope as are now even hard to imagine. That combat will make itself felt, of course, also in political relations between the two countries" (p. 371).

The book is not free from some shortcomings. Thus examining the correlation between the tariff, quantitative and currency methods of regulating foreign trade, the author does not make them directly connected with other methods of selective encouragement of export branches and branches unable to compete. Such connection, however, does exist, because protectionism is but one of the instruments of the complicated mechanism of state regulation of the economy.

A. Sharkov's book to a large degree fills the gap in the study of inter-imperialist contradictions in the Pacific region and shows the dialectics of development of economic and political relations between the two biggest capitalist states.

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JAPAN-USA: DEEPENING OF CONTRADICTIONS

by Vl. Lee, D.Sc. (History)

The ever mounting competition struggle between the two biggest industrial powers of the capitalist world -- USA and Japan stands out prominently in the international economic relations of the post-war period. The monograph by A. M. Sharkov, D.Sc. (Economics)\* is devoted to the comprehensive discussion of this problem.

One of the main sections of the book is the chapter of the competition of the two countries in the sphere of scientific and technical progress. A. M. Sharkov stresses that in the international competition of capitalist states those countries emerge victorious which most extensively, fruitfully and effectively organise and conduct scientific and technical investigations, which assess correctly and introduce the achievements of scientific and technical revolution and develop in advance branches with a long-range perspective of struggle. "Precisely such countries, the author writes in conclusion, will outstrip the others in national productivity of labour".

Of great interest is the urge of the author of this monograph to analyse the significance of "International capital" in inter-imperialist competition struggle, since the capable, scientific and engineering technical personnel, full of initiative, highly-skilled workers and employees constitute in present-day conditions a more essential material wealth than material values of the form of machines, equipment and other components of industrial production. In 1968 there were 358 specialists of the basic research personnel for every 100,000 inhabitants in the United States; in Britain--294, in Japan--195, in the FRG --180, in France--179.

In order to consolidate to the maximum their monopoly positions in science and engineering of the capitalist world, the United States, in addition to intensive training of its own personnel, carries out an active state policy aimed at wide-scale "import of brains". From 1956 to 1966 it "imported" about 100,000 foreign scientists and engineers. In the topmost scientific centre of the United States--the National Academy

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\* A. M. Sharkov. Japan and USA. An Analysis of Modern Economic Relations. Moscow "Mysl" publishers, 1971, 408 pages.

of Sciences, almost 21 per cent, i. e. more than 130 out of 630 top-class scientists, are immigrants, and about 18 per cent are graduates from colleges abroad. In other words, there are 40 specialists of foreign origin out of every 100 top class scientists. "Especially readily are used the specialists," writes the author, "who were trained for research work in foreign institutes engaged in fundamental and theoretical research".

Since the cost of training a scientist inside the country is 50,000 dollars on an average, the United States has "saved" more than 5,000 million dollars owing to "importing brains". A huge economic effect, which yet cannot be estimated correctly, was produced by the utilisation of scientific and technological discoveries and inventions of immigrant-scientists. At the same time the "brain drain" causes great damage to the socio-economic progress of other, particularly developing countries.

As the author points out, this "new form of exploitation of other nations by US imperialism in the period of scientific and technical revolution" gives rise to deep anxiety of the monopoly circles of Japan, aggravates the inter-imperialist competition struggle. The Japanese state and private organisations make intensive efforts to weaken the monopoly positions of the United States in science and engineering. According to certain data, in the expenditures on scientific research and experimental design work in Japan the share of the State reaches 60 per cent. Japan strives to increase the appropriations for fundamental theoretical researches, improve the quality of training scientific personnel, enhance the role of the State in ensuring centralized scientific and technical progress, to perfect the system of acquiring international patents. "The economic rivalry between these countries", writes A. M. Sharkov, "is assuming ever more the form of struggle for scientific and technical progress and for its rates. Scientific ideas, discoveries, new technology and, consequently, scientific and engineering personnel are becoming, like never before, the object of bitter inter-imperialist competition."

Dwelling upon the strategy of Japanese economic expansion, A. M. Sharkov points out that towards mid-seventies Japan intends to increase the volume of export of goods and services up to 42,000 million dollars, to bring the favourable balance in trade to 12,000 million dollars which will enable it to seize

approximately 10 per cent of the world market. In case this programme is materialized the United States will be inundated with Japanese goods to a total sum of 14, 000 million dollars. The bitterness of this ever mounting inter-imperialist struggle is felt already today. According to Philip Trezise, Assistant US Secretary of State for Economic Affairs, as a trade partner, the US pictures Japan not merely as a bad country, but a horrible one, he says.

Unfortunately, the book gives a pretty cursory idea of some important problems, such as Japanese-US competition on the markets of developing countries, the influence of militarisation on the competition struggle. The author gives a rather economic analysis of the situation rather than a social one.

Despite this, the book of A. M. Sharkov, devoted to one of the most vital problems of modern international economic relations, will be doubtlessly welcomed with great interest by Soviet and foreign readers.

(Azia i Afrika Segodnya No. 5, 1972)

## EEC--JAPAN: GROWING RIVALRY

by V. Gorsky

The intensive aggravation of inter-imperialist contradictions at the close of the 1960s and the beginning of the 1970s is markedly affecting the entire system of economic relations between the capitalist states. The main fronts of the increasingly bitter trade and economic war today run between the USA and the Common Market countries and also between the USA and Japan. This is also affecting, in a most direct manner, the relations between the third pair of the triangle of rivals, namely, the EEC and Japan. While taking drastic steps to limit the American market to Japanese and EEC goods, the USA is trying to channel the expansion of Japanese trade and industrial capital into Western Europe. Hence the pressure Washington is bringing to bear on the EEC countries to lift their restrictions on the imports of goods from Japan.

For a number of years, there was no direct collision between the interests of the Six and Japan, for during this period the West European countries and Japan were concerned most of all with rebuilding their war-devastated economy and regaining their former positions in their "traditional" spheres of influence. The Six concentrated their efforts on consolidating their trade and economic positions in Africa and the Mediterranean, while Japanese expansion was confined to Southeast Asia, Australia and Oceania. Trade between the Six and Japan did not go beyond modest proportions.

However, the situation changed appreciably at the close of the 1960s and the beginning of the 1970s. A high rate of economic development has brought Japan to second place in the capitalist world, enabling the Japanese business organizations to start a broad offensive in the world markets. Last year Japan ousted Britain to become the third largest exporter in the capitalist world.

Not resting content with the "traditional" orientation of their expansion, Japanese firms are now pushing their way into new markets with ever increasing vigour. This drive to expand the geographical sphere the Japanese export was stepped up during the past two or three years when Japanese exporters began to encounter increasing difficulties in the US market, which till then had been absorbing upwards of 30 per cent of the exports from Japan. The protectionist measures instituted in the USA,

wrote the well-informed London journal *European Trends*, "underlined Japan's need to find alternative markets and find them as fast as possible". 1)

In this light one can appreciate why the Japanese industrialists are showing a heightened interest in the West European markets. The Japanese feel, the same journal pointed out, that in importance and volume only the integrated West European market is comparable with the US market.

However, note must be made of the fact that there are other reasons for the attention Japanese business is according to the integrational processes in Western Europe. All the indications are that Japan hopes to find in the EEC some support for her efforts to loosen the bonds of her onerous economic dependence on the USA. As *European Trends* put it, "Japan needs a major ally in its struggle to establish itself as a really independent economic power free from over-dependence on the US".

Foreign observers note, in particular, that cooperation with West European companies would permit Japanese entrepreneurs to undertake large technical projects for which the Japanese home market is not big enough. Moreover, Japan is counting on using her links with the Common Market and with Britain, which is joining that group, to penetrate developing countries that are still within the "sphere of influence" of the former colonial powers. On this point *European Trends* notes: "France could help (Japan--V.G.) in Africa, the Dutch in parts of Southeast-Asia, the British in both. Through its preferential agreements with the Mediterranean countries, the European Community could help Japan to achieve access in that area as well." Lastly, by pooling their efforts the Common Market and Japan could make some gains in the competition with the US economic influence in Latin America.

For their part, the EEC countries have not the least objection to regarding Japan as a possible ally against US protectionism and economic pressure. On many counts, they link cooperation with Japan with the prospect of reducing the present "technological gap" between them and the USA.

However, in view of the economic instability, the confusion in the sphere of currencies and finances and the exacerbation of inter-imperialist contradictions, the Common Market

1) *European Trends*, No. 25, November 1970.

members have every reason to fear competition from the Japanese whose pressure in the world markets and notably in the Common Market zone is becoming increasingly perceptible.

Although the Common Market gets less than 7 per cent of Japanese exports, the rate of its growth is extraordinarily rapid: whereas in 1958 Japanese exports to that area totalled \$ 117 million, in 1970 they added up to \$ 1,230 million. 2) Last year Japanese exports to the EEC increased by another 25.6 per cent: by 50 per cent to France and by 20 per cent to the FRG, which is Japan's principal trade partner in Western Europe.

As regards exports to Japan from all the six member of the EEC, including such major exporters as the FRG, France and Italy, they increased by 570 per cent in the period from 1958 to 1970 (from \$ 139 to \$ 936 million), while last year they showed a growth of only 1.9 per cent.

Japan's share of the EEC's trade currently amounts to about two per cent, but in some commodities the share of the exports from Japan is much higher than the average indices of the EEC's total imports, for instance, in rolled steel, electrical appliances, radio receivers and cameras. Japan already has the lion's share in some major sectors of West European industry: for instance, 50 per cent of the portable TV sets sold in the Common Market countries, 20 per cent of the radio receivers in West Germany and 60 per cent of the office computers used in France bear a Japanese trade-mark. 3)

The swift growth of Japanese exports to the EEC of machines, equipment and some other items is strikingly borne out by the following figures published by the journal *Vision* 4) in April. In 1971, exports of Japanese machines and equipment, as compared with the previous year, increased by 36 per cent; of radio apparatus by 35 per cent; of overland means of transport by 87 per cent; of ships by 98 per cent; of steel by 33 per cent, etc.

The reason for the Common Market's disadvantage in trade with Japan is, on the one hand, the high competitiveness of Japanese goods due to intensive automation and a relatively

2) See *Commission des Communautés Européennes, Note d'information*, Brussels, October 1971, pp. 9, 10.

3) See *Enterprise*, April 6-12, 1972

4) See *Vision*, April 15, 1972.

low wage level (although the significance of this factor is gradually diminishing). On the other hand, the growth of EEC exports to Japan is held up by protectionist barriers, which make the Japanese market difficult of access for foreign goods. Until very recently, there has been also a strict limitation on the influx of foreign investments in the Japanese economy.

"Does Japan have to be feared?"

It is not surprising, therefore, that Common Market business circles are apprehensively watching the growing activity of Japanese businessmen. The EEC press writes of the "Japanese challenge" with undisguised alarm. Japanese exporters are slowly but surely ousting from the market West European manufacturers of consumer and other goods; Japanese steel trusts, writes Der Spiegel of the FRG, have invaded the internal market of the FRG's iron and steel industry; the engineering companies are also crowding out their European rivals. In view of the flood of Japanese goods expected in 1980 (this has been forecast with foreboding by experts of the AEG concern), Der Spiegel noted that "manufacturers of electronic appliances -- TV sets, tape-recorders, record players and radio receivers -- should be apprehensive about the existence of their enterprises already today". The head of the AEG concern, Hans Groebe, speaks openly of "the menacing stranglehold of the Japanese competitors" 5) in this area.

Japanese firms have also become noticeably active in the sphere of investments in various branches of the West European economy. They are penetrating the Common Market by forming mixed companies and enterprises, thereby making it possible for them to circumvent the EEC tariff and other external barriers.

Bluntly asking, "Does Japan have to be feared?" the Paris weekly Jeune Afrique recently wrote that Japanese capital has set up joint enterprises with European partners. According to this journal, Pentel manufactures felt-tipped pencils in France, and Honda has been manufacturing motorcycles in Belgium since 1962, and very successfully indeed. Canon is opening an assembly plant in the Netherlands. The Japanese are manufacturing sewing machines and typewriters in Ireland, zip fasteners in Britain and pharmaceutical goods in Italy. It is said

5) Der Spiegel, Dec. 20, 1971.

that they are showing an interest in the iron and steel works at Fos, a town near Marseilles. 6)

Since 1962, at least 30 Japanese firms have followed the example set by Honda and have set up a number of industrial enterprises in EEC countries. The number of Japanese commercial firms with a foothold in these countries has been growing faster, particularly during the past few years. Over 120 Japanese firms have branches in Düsseldorf alone, which has become the headquarters of the "Japanese presence" in Western Europe and is called the "European Tokyo". 7)

"Europe, above all the Europe of the Common Market, must become Japan's cardinal objective in the 1970s. Large investments will enable her to break through the European defence." Apprehensions of this kind, articulated by Jeune Afrique, are substantiated by the swift growth of Japanese overseas investments, which have currently reached the sum of \$3,500 million. Also noteworthy is the fact that half of this sum was invested only last year. The weekly Enterprise, mouthpiece of French business circles, estimates that by 1975 Japanese overseas investments may total \$10,000 million.

Moreover, the Japanese are energetically pushing into the EEC's "exclusive preserve" -- the African states associated with the Common Market. "Japan has elbowed her way into many markets that are traditionally regarded as the preserve of West European countries. This has been particularly noticeable in East Africa since 1969. In Kenya, Uganda and Tanzania (countries associated with the EEC -- V.G.) the Japanese have already ousted a number of German goods, for example, cameras, binoculars, radio apparatus and, to some extent, cars", writes the West German newspaper Frankfurter Rundschau. 8)

With their eye on Africa as an important source of raw materials for their industry, Japanese businessmen are granting the African countries loans and credits and are negotiating terms for building factories, for mineral survey licences and so forth. "Japan," the same newspaper wrote worriedly, "is becoming a privileged trade partner of the Africans, especially as a purchaser of raw materials."

6) See Jeune Afrique, Jan. 29, and Febr. 5, 1972

7) See Enterprise, April 6-12, 1972

8) Frankfurter Rundschau, March 8, 1972.

The EEC members are watching the Japanese penetration of the "Third World" with jealous suspicion. An example of this is the extremely sceptical assessment made recently by the Paris Le Figaro of Japan's aid to the developing countries. Citing criticism of Japan by representatives of developing countries, the newspaper's Tokyo correspondent Robert de Suzannet in effect questioned the character and terms of Japanese aid to young Asian and African countries. He noted that about three quarters of this aid comes from "private channels" (in other words, that it is financed by "big business") and its object is, above all, to promote Japanese expansion. The share of state participation in the total volume of this aid is small, while the terms on which it is granted are extremely unfavourable to the developing countries (a high rate of interest, quick settlement, and so on). Some time ago, de Suzannet observed, this aid was obviously shifting to the oil-rich countries of the Middle East and also to Black Africa. Le Figaro believes this aid pursues the aim of giving Japan a larger measure of control over the raw materials and markets in these areas.

With the obvious purpose of warning the African countries, Le Figaro quoted the Malaysian Prime Minister, who had recently been on a visit to Tokyo, as saying that in Southeast Asia there was "growing irritation" with Japanese policies. "With one hand Japan takes twice as much as she gives with the other," 9) the Prime Minister said.

Relations with Japan have been repeatedly debated in the leading bodies of the EEC, where no pains were taken to hide resentment and fear of mounting Japanese expansion. In the debate of this issue in the European Parliament in Strasbourg, the Dutch representative, for instance, said: "... We are witnessing a fairly aggressive penetration by that country (Japan --V.G.) into other areas, notably Europe. In all fairness we must say that for her part Japan is not very willingly opening her doors to European enterprise. Insofar as our doors are open much wider, we could demand more reciprocity in that sphere." 10)

9) Le Figaro, April 17, 1972.

10) Journal officiel des Communautés Européennes, No. 132, January 1971; Débats du Parlement Européen, p. 13

### The EEC erects a "Defensive Wall"

Of course, it would be naive to imagine that the EEC countries are doing nothing to protect their economic interests. Although Japan is a member of international organisations (OECD, GATT), within whose framework many import restrictions have been lifted, all the Common Market members still enforce a quota or, in some cases, a ban on the import of a number of Japanese manufactured goods. "Japan's partners have at their disposal the entire classical arsenal of unilateral trade measures for their protection (import bans, quotas, controls, and so forth)," observes the Bulletin des Communautés Européennes. Italy, for example, has for years maintained a ban on the import of cars from Japan and only recently permitted imports within a purely symbolic quota -- 1,000 cars a year.

The quotas on imports from Japan are laid down in the bilateral agreements signed by the EEC members with Japan as far back as the early 1960s. In addition to these agreements, France and the Benelux Union signed with Japan protocols (both in 1963) on a so-called protective reservation. These protocols provide for import quotas in case the "market is disorganised" by increased imports of some commodities and it is impossible to arrive at a common compromise. The Federal Republic of Germany and Italy do not have such reservations, but Italy has more restrictions on Japanese imports than any other member of the EEC.

However, efforts of this kind do not by any means always achieve their purpose. Although the Six have set up a customs union and removed all customs barriers and import quotas within the Common Market, they have not unified the regime for imports from Japan, and quotas for Japanese goods do not coincide. There are import quotas for only a limited number of Japanese goods in all EEC countries (for instance, certain textiles and garments). For that reason, by gaining a foothold in one EEC country, Japanese goods can move freely to others even over and above the fixed quota.

In such cases the Six usually plead "market disorganisation" to press the EEC agencies to halt the "free circulation" of some Japanese goods within the customs union. For example, in 1971 France obtained such a decision from the Common Market leadership with respect to Japanese radio receivers and radio equipment, and Italy -- with respect to transistor receivers, bearings, film and electric batteries. In this way the

countries enforcing quantity restrictions on various goods have erected barriers to indirect exports from Japan through EEC countries that have not placed restrictions on the import of these goods.

But inasmuch as measures of this kind hinder the normal functioning of the customs union, the EEC Commission in 1969 suggested unifying the import regime for those Japanese goods for which quotas have not yet been lifted. However, this suggestion got no support from the EEC countries, who felt that the establishment of an import regime for Japanese goods unilaterally, not by agreement, would weaken their position and make it more difficult for them to obtain reciprocal concessions from Japan. Moreover, in view of the non-coincidence of interests among the Common Market members (for example, France and Italy), they are determined to preserve their independence in the use of a key lever of trade negotiations such as import quotas and trade liberalisation. This was strikingly demonstrated early in 1970, when France and Italy conducted bilateral talks with Japan and mutually lifted the restrictions on a number of goods.

Despite the contradictions between them, at the close of 1969 the EEC members reached agreement among themselves to negotiate a general trade compact with Japan. Evidently underlying this decision was the striving of the Common Market members to act in concert in pulling down the protectionist barriers to EEC exports to Japan and, at the same time, to protect their own markets against Japanese economic expansion. They have apparently agreed that singly they can no longer oppose Japan.

The EEC Commission was charged to conduct negotiations on behalf of the Six. The Commission's instructions were to secure the inclusion in the general agreement with Japan of provisions effectively protecting the Common Market against Japanese competition. This meant it had to insist on a protective reservation of the type contained in the agreements that had been signed with Japan by France and the Benelux Union. Both rounds of the talks between the EEC and Japan (in September 1970 and in July 1971) made it plain that these terms of the Common Market were the principal barrier to an adjustment of the relations between them.

Although the protective reservation was in actual fact applied only once by France and once by the Benelux countries,

Japan firmly refused to give it to two other members of the Common Market -- the Federal Republic of Germany and Italy. She suggested applying the protective procedure envisaged in the rules of the General Agreement on Tariffs and Trade. However, the EEC said this procedure was complicated and inflexible. Moreover, these rules restrict the import of a given commodity to all third countries without exception, whereas the Six are out to obtain a means of influencing precisely imports from Japan.

At the second stage of the talks in July 1971, Japan agreed to some concessions, notably to the restricted enforcement of the protective reservation with regard to goods whose import quota would be liberalised by the agreement. Moreover, the operation of this reservation would be limited to a certain period. But even this concession seemed too small to the EEC members, who are determined to erect a reliable barrier to all Japanese goods. Besides, on these terms it would be impossible to unify the regime for imports to the Common Market.

Another important point in the negotiations with Japan is the liberalisation of imports by both sides. The EEC proposal, made on the basis of the agreement on a protective reservation, boils down to lifting 75 per cent of the quota restrictions in existence on January 1, 1970. 11) Liberalisation would be put into force in the course of three years. On January 1, 1970, the import quota restrictions in all the EEC countries concerned 220 items. In Japan, on the same date, the list contained quota restrictions on 127 items. The difficulty lies not only in balancing the reciprocal concessions between the EEC and Japan, but in distributing these concessions within the Common Market itself. The negotiations also touched on problems such as the removal or relaxation of non-tariff barriers and the setting up of a commission consisting of representatives of the EEC and Japan to supervise the fulfilment of the agreements between them.

However, due to disagreement over the main issue -- the protective reservation -- the negotiations came to a deadlock and were postponed indefinitely. In face of the further intensification of Japanese competition in the West European markets, one can hardly expect the EEC to waive its principal

11) See Communauté Européenne, Informations, Dec.15, 1971

demand on which, in fact, the outcome of the talks with Japan depends. Most observers believe that in the end Japan will evidently have to yield on this point, especially as the understanding on the entry into the Common Market of Britain, which likewise has a protective reservation in her agreement with Japan, strengthens the EEC's position.

#### The Japanese Economic Manoeuvre

Pressured by the USA and the West European countries, Japan has lately had to make substantial concessions. She has lifted many quota restrictions, as a result of which by October 1, 1971 there were restrictions only on 40 items. Moreover, she reduced the import duty on some items from the Common Market. According to GATT statistics, early this year the customs dues on manufactured goods in Japan averaged 9.7 per cent as against 6 per cent in the EEC countries. There was a partial liberalisation of the regime for foreign investments; henceforth, in a number of cases, up to 50 per cent foreign capital participation is permitted, although with certain restrictions. 12)

Parallel with this the Japanese monopolies are taking steps in trade with Western Europe to avoid the "psychological error" that was committed by Japan with regard to the USA. Therefore, in the interests of the Japanese themselves, the rate of growth of Japanese exports to Western Europe should not in future reach the "frightening" proportions that recently prompted Washington to enforce severe restrictions. It is considered reasonable to increase Japanese exports by not more than 15 per cent (!). The Minister of International Trade and Industry, Tanaka, has declared that in order to avoid trade conflicts with West European countries, his Ministry had begun to limit the export to that area of certain types of computers, cars, black-and-white TV sets, tape-recorders, bearings, and a number of other items. 13)

Faced with the threat of harsher retaliatory measures, Japan had to consent to an agreement with the EEC to regulate trade in textiles and rolled steel with some restriction on the export of these items to the Common Market.

12) See Bulletin des Communautés Européennes, No. 1, 1972.

13) See SECOFI, April 21, 1972.

Last February, the EEC and Japan signed an agreement on cotton textiles to cover a two-year period from October 1971 to September 1973. As distinct from past years, when bilateral agreements signed by the EEC members with Japan (in February 1969 on the basis of a uniform text) were in force, this time the agreement was signed by the Council of Ministers of the European Communities on behalf of the Six.

One of the provisions is that in 1972 and 1973 Japan will herself limit exports to 12,745 tons of cotton fabrics a year (fabrics, garments, and so on). For its part, the EEC will temporarily lift the quota restrictions on textiles for the term in which the agreement is in force and will not impose new restrictions, provided Japan abides strictly by the provisions of the agreement. A system of control on the observance of the fixed export quotas has also been introduced. In effect, this EEC-Japan agreement does not remove the quotas on textile imports into the Common Market; all it does is to give them the character of an agreement.

There was long and hard bargaining at the negotiations on trade in rolled steel. In these negotiations, the Six were reinforced by Britain. At the close of last year, these countries had noted the swift growth of Japanese exports of rolled ferrous metals and demanded that she "voluntarily limit" these exports. Indeed, in the period from 1968 to 1970 alone, Japanese rolled stock exports to the EEC countries increased by more than 300 per cent, with the result that Japan now accounts for one-sixth of the Common Market's imports of rolled steel. 14) Ultimately Japan had to agree to limit her rolled stock exports to the EEC countries and Britain for three years, beginning in 1972. This year the Japanese export of rolled stock to that area is to be limited to 1,250,000 tons, while in the next two years the limit is to be established by additional agreements.

Why has Japan had to make all these concessions which seriously hit her economic interests? One of the main reasons for this tractability is evidently that the Japanese monopolies are looking for allies in their fight against US economic pressure and protectionist actions. However, there is no doubt whatever that this compelled "peaceableness" in issues of such vital importance to Japanese business in its drive for

14) See Europe, July 15, 1971.

markets can only be temporary. That is why the question posed by the London journal *European Trends*, "Europe-Japan: Partners or Rivals?", invites one answer: above all, rivals.

This is strikingly indicated by the negotiations that were conducted last May in Tokyo by a Common Market emissary, R. Dahrendorf, member of the EEC Commission. It has been reported in the press that at the May talks the EEC representative adopted a fairly tough line. *Le Monde* reported that on behalf of the EEC Dahrendorf had cautioned the Japanese in no uncertain terms. The extraordinarily swift growth of Japanese exports, he said, not only looked suspicious to the EEC but was hitting Japan's own interests insofar as this was evoking increasing dissatisfaction with her policies. "A trade agreement," he declared, "that would be the first agreement between Japan and (Western) Europe, was the only way to calm the latter and avert a crisis". 15) Dahrendorf reaffirmed the EEC's intention of securing in the agreement with Japan an explicit protective reservation after the "French model".

Japan, the Common Market representative stressed, had to settle her relations with the EEC before 1973, when major trade and political talks are to be held between Western Europe, the USA and Japan within the GATT framework. "If no agreement is signed by that time," R. Dahrendorf commented, "Japan risks facing two adversaries in the talks with the USA instead of having (Western) Europe on her side."

In spite of all efforts, nothing practical was achieved at the negotiations in Tokyo. Dahrendorf left Japan on May 12 after he had found, as *Le Monde* reported, that the "Japanese attitude had not become more conciliatory". This time Japan showed that her tractability had its limits.

All the facts thus indicate that the bitter rivalry between Western Europe and Japan is inexorably mounting. A point to be noted is that in this competition the Common Market's position will be strengthened to some extent by the admission to the EEC of Britain, Denmark, Norway and Ireland. This will give the EEC a larger economic potential, increase its share of world trade, and bring more developing countries into its orbit.

But Japan can hardly be expected to leave the battlefield to her West European rivals. She obviously regards the EEC's

15) *Le Monde*, May 17, 1972

enlargement as a signal to step up her economic offensive in Western Europe. For instance, Sadao Oba, Assistant Director-General of the London branch of Mutsui and Co., has been quoted as saying that the Common Market's enlargement would automatically lead to a further activation of Japanese companies. Japanese industrialists are so firmly entrenched in the British and West German markets that in future they can easily cater for an enlarged community of 10 countries. Sadao Oba further stressed that Japan hoped to obtain an additional advantage from the establishment of Japanese enterprises in the small countries bordering on the EEC. 16)

Besides the competition in the markets of the industrially developed countries, including the USA, where the interests of West European and Japanese companies (in particular, automobile companies) have already come into collision, a sharp fight for the markets of the developing countries will unquestionably rage in the immediate future.

Alongside the unremitting clashes between the Common Market countries and Japan over the intensive Japanese invasion of the EEC's "traditional" spheres of influence, it must be expected that after Britain joins the Common Market, other areas, including Southeast Asia and Oceania, will be drawn into the trade battles between these rival power centres of imperialism. The general consensus among foreign observers is that the outcome of these battles between the Japanese and West European business organizations will in all probability be decided not only in the markets of the European continent, but in the world market as a whole.

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16) See *Vision*, April 15, 1972

## THE COMMUNIST PARTY OF JAPAN -- 50 YEARS

by I. Ivkov

Founded 50 years ago, the Communist Party of Japan has passed through the grim trials of a long struggle against imperialism and reaction. From a handful of revolutionaries, initiators of the communist movement, the Communist Party of Japan has turned into a large party with a membership of about 300,000.

The Communist Party of Japan came into being under the direct influence of the Great October Socialist Revolution. In 1918 a mighty wave of popular demonstrations swept over the whole of Japan, in which more than 10 million workers took part. In those years Marxist circles began to emerge. They aimed at popularising socialist ideas, working for the country's democratisation and supporting the Soviet Republic. A pressing task that faced the Japanese revolutionary movement consisted in linking the working-class movement with scientific socialism, which could be solved only by way of forming a Marxist party.

A great role in founding such a party was played by Sen Katayama, who with support from the Communist International did a lot to rally together the Marxist and socialist groups existing in Japan. A constituent congress was held in Tokyo on July 15, 1922, which proclaimed the formation of the Communist Party of Japan. The working class thus received the leader which indicated to the Japanese working people a path to the struggle for building new, socialist society. At the 4th Congress the Communist Party of Japan was admitted as a member of the Communist International.

Having overcome with the assistance of the Communist International the Right- and "Left"-wing deviations which manifested themselves in the Party in the early years of its existence, the Communist Party of Japan waged a continuous struggle for the overthrow of Japanese monarchy, for political freedoms, defended the interests of the Japanese working people, fought courageously against the aggressive wars of Japanese imperialism, invariably came out in defence of the Soviet Union, justly regarding it the main bulwark of the forces of socialism and the international revolutionary movement. The ruling circles of Japan throughout pre-war history viewed the Communist Party of Japan as their dangerous enemy and kept on victimizing Communists. Tens of thousands of prominent leaders of

the Communist party of Japan were thrown into prison. A heavy blow upon the Communist Party of Japan was dealt by the Japanese police authorities in 1935. Practically from that moment till the surrender of militarist Japan no nation-wide leadership of the Communist Party of Japan existed.

After the defeat of Japanese imperialism in 1945 the Communist Party of Japan for the first time received the right to legal existence. In December 1945 the 4th Congress of the Communist Party of Japan was held, at which the programme of action and the Party Rules were drawn and a new Central Committee was elected. K. Tokuda, a prominent figure of the communist movement of Japan, became the General Secretary of the Party. The publishing of the communist newspaper Akahata was resumed.

Under the conditions of the revived working-class, peasant and general democratic movements mass organisations of working people began to be formed, and they actively joined in the struggle for a democratic road of the country's development. The strength of the Communist Party increased from a few hundred in 1945 to 200,000 in 1949. During the elections to the House of Representatives held at that time the Communist Party of Japan received about 3 million votes. For the first time in Japan's history 35 Communists were elected to Parliament.

The American occupation authorities and Japanese reaction embarked on the path of suppressing the Communist Party of Japan and the entire democratic movement in Japan. On the eve of unleashing a war against the Korean people MacArthur's headquarters prohibited members of the Central Committee of the Communist Party of Japan from taking part in political activities and issued an order suspending the publication of the newspaper Akahata.

In that complex situation the Party faced the task of defining a correct strategic course and working out the tactics of struggle in line with the new conditions. The leadership of the Communist Party of Japan of that time, however, made a number of erroneous assessments of the character of the occupation regime and of the role of American troops. A theory of the possibility of accomplishing a peaceful revolution under the conditions of American occupation gained a considerable currency in the Party in that period.

Parallel with the Right-wing deviation, "Left"-wing oppor-

tunist vacillations manifested themselves in the Communist Party of Japan on a number of important questions of strategy and tactics. An analysis of the documents of the 4th and 5th national Party conferences held in 1951 shows that, as the leadership of the Communist Party of Japan regards now, "a line of extreme left-wing opportunism was pursued" in them. A grim atmosphere shaped up in the Party, which actually led to a split. Its membership dwindled to a few tens of thousands. In 1952 the Party lost all its seats in Parliament and almost forfeited its influence within the trade union movement.

The 6th national conference and particularly the 7th Congress of the Communist Party of Japan censured the tactics of Left-wing adventurism, restored the unity of the Party and charted the political course of the Communist Party of Japan, orientating Party members to the struggle against two enemies -- American imperialism and Japanese monopolistic capital. The 8th Congress of the Communist Party of Japan adopted a Party programme which specified that the forthcoming revolution in Japan would be carried out in two stages -- from an anti-imperialist, anti-monopolistic, democratic revolution to a socialist revolution.

The Communist Party of Japan together with the Socialist party of Japan and other democratic forces fought in this period a number of major political battles against American imperialism and Japanese monopolistic capital. Particularly stubborn was the struggle against the "security treaty" which the Japanese and American governments were preparing to sign. The Communist Party of Japan, the Socialist Party of Japan and other progressive organisations have carried out more than 20 united-action campaigns. The country's democratic forces set up the National Council for struggle against the "security treaty", consisting of 230 political and public organisations.

After the ruling circles managed to achieve the approval of the "security treaty" by the Parliament, the Communist Party of Japan mobilised the masses for the struggle for the annulment of this treaty, for the return of Okinawa, for the dismantlement of US war bases on the territory of Japan, and against the revival of Japanese militarism and the use of the country as US imperialism's base in the aggressive war against the peoples of Indochina. The Communist Party of Japan comes out for the working people's higher living standards and wages, and against the growth of prices, etc.

The documents of the Communist Party of Japan contain many indications to the necessity of strengthening international contacts between the Communist Party of Japan and the world communist movement, and a fair appraisal of the role of the Communist Party of the Soviet Union and the Soviet Union in the struggle against imperialism and reaction. For instance, the resolution of the 5th Plenary Meeting of the Central Committee of the Communist Party of Japan (March 1963) stressed: "Led by the great Lenin, the Communist Party of the Soviet Union and the Soviet people not only triumphantly accomplished the Great October Socialist Revolution, established the world's first socialist state and opened up a brilliant perspective in human history, but also built socialism in extremely difficult conditions of capitalist encirclement, defeated in the second world war the fascist troops of Germany, Italy and Japan, helped the peoples of East Europe to liberate their countries, have been helping them to build socialism and are themselves marching forward towards communism. The Communist Party of the Soviet Union has been playing the role of the generally-recognised vanguard of the international communist movement. The Communist Party of the Soviet Union and the Soviet Union have been consistently supporting the struggle of the peoples of the whole world for national independence, peace, democracy and socialism."

A course towards independence and sovereignty and the slogan of struggle on the two fronts were advanced by the 9th Congress of the Communist Party of Japan in 1964. Modern dogmatism and sectarianism were criticised at the congress. The Central Committee report to the congress points to the mistakes of those unilaterally advocating an "anti-American patriotic struggle" while practically evading the struggle against Japanese monopolistic capital.

The transition of the Communist Party of Japan to the position of independence, to the stepping up of the struggle against Japanese monopolistic capital caused irritation among the Maoist leadership. Calls started to resound from Peking "for overthrowing the Miyamoto revisionist clique, which is allegedly pushing the Party onto the road of cooperation with American imperialism. The Chinese splitters began rudely to interfere in the internal affairs of the Communist Party of Japan, and set up a number of subversive organisations and even the so-called Left-wing Communist Party of Japan. An exhaustive

characteristic of the pro-Peking elements in Japan was given by the 10th Congress of the Communist Party of Japan, which adopted a comprehensive programme of struggle against "anti-Party dogmatists".

The leadership of the Communist Party of Japan pays great attention to the increase of Party membership, considering this a most important indication of the strength and influence of the Party among the masses. Already at the 7th Congress of the Communist Party of Japan the task was advanced to create a mass party, a vanguard capable of heading the Japanese working people and leading them to the struggle for the accomplishment of a people's democratic revolution and, later on, a socialist revolution.

The line of the Communist Party of Japan aimed at a fundamental revision of the foreign and domestic policies of the government of the Liberal-Democratic Party, meets with support among the broad sections of the working people. For instance, nearly 5 million people voted for the candidates of the Communist Party of Japan in the elections to the House of Councillors, the Upper Chamber of the Diet, in June 1971. The faction of the Communist Party of Japan in the Diet consists of 24 members.

One of the basic tasks advanced in the programme of the Communist Party of Japan and in the Party congress decisions is the establishment of a united national-democratic front as an organisational form of struggle for peace, democracy and social progress. The report of the Central Committee to the Tenth Congress of the Communist Party of Japan stresses that the Party intends, "on the basis of an alliance of the working class and the peasantry, to unite the broad masses of people in an anti-imperialist, anti-monopolist, national-democratic front in order to pave the way for the upbuilding of an independent, democratic, peaceful and neutral Japan." The resolution of the Eleventh Congress of the Communist Party of Japan points to the need of "building a Party, capable of carrying out its historic mission in the Seventies, of setting up a united front of struggle for peace and neutrality, bringing the overwhelming majority of the people over to its side, and establishing a democratic coalition government."

The advancement of the slogan of creating a united front is bringing the Left forces important successes. Thanks to the line for united action, the Communist Party of Japan and the Socialist Party of Japan scored victories in the gubernatorial

elections in Tokyo and in the prefectures of Osaka, Kyoto, Okinawa and Saitama, and also mayoral elections in many cities. The weekly, Japan Press, reports that the population in the bigger cities where the Communist Party enjoys a majority in the institutions of local government and where governors have been elected from among representatives of the progressive forces, makes up about a quarter of the population of Japan. The experience accumulated by the Communist Party of Japan and the Socialist Party of Japan in the promotion of united action has shown that the cooperation of these two Left parties can ensure the democratic forces extensive possibilities in the struggle against Japanese monopolistic capital. The Communist Party of Japan states that it is ready to cooperate with other democratic forces not only in the period of establishment of a democratic government coalition, but in the subsequent period, too, right up to the building of socialism.

Several meetings have taken place in recent years between representatives of the Communist Party of the Soviet Union and the Communist Party of Japan, at which questions of normalisation of relations and further cooperation between the two Parties were discussed. As a result of the talks, which were held in September 1971, the delegations of the Communist Party of the Soviet Union and the Communist Party of Japan agreed, that, despite the divergence of views among individual Parties on one or another issue, the development of normal relations among fraternal Parties and their joint action against the forces of aggression and war are quite possible.

The message of greetings, published in today's Pravda, from the Central Committee of the Communist Party of the Soviet Union on the occasion of the 50th anniversary of the Communist Party of Japan, says that "the Communist Party of the Soviet Union invariably comes out for the development of friendly relations and cooperation with the Communist Party of Japan, believing that this accords with the interests of the peoples of the USSR and Japan, with the common interests of the anti-imperialist movement."

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## JAPAN IN THE MODERN WORLD

by D. Petrov

In the course of all postwar years, and particularly from the mid fifties, economic development rates in Japan were considerably higher than in other capitalist countries. The average annual growth of the gross national product (GNP) during 1961-1970 amounted in Japan to 11, 1 per cent in invariable prices, while in the USA--4, 1 per cent, in the Federal Republic of Germany--4, 8, in Britain--2, 8, in France--5, 8 and in Italy--5, 6 per cent.

As a result by the mid fifties Japan had not only restored its prewar level of production, but in 1971 surpassed this level by approximately 12-13 fold and came out second after the USA in the capitalist world in its gross national product.

Rapid growth in the volume of industrial output was accompanied by rates of enhancing the effectiveness of production considerably higher than in other capitalist countries. For example, productivity of labour in the processing industry rose in the sixties by 11, 1 per cent annually, while in the USA--by 3, 1 in Britain--by 3, 2, in France-- by 6, 4, in FRG-- by 6, 0 and in Italy-- by 6, 4 per cent.

Reduction in production costs and improvement of the ability of their goods to compete made it possible for the Japanese monopolies to actively join the struggle for the redivision of the world market. The volume of Japanese export increased at an average of 17, 1 per cent annually during the past decade (1961-1970) while the USA's export increased by 7, 7, Britain's-- by 6, 7, France's-- by 10, 1, FRG's-- by 11, 0 and Italy's-- by 13, 8 per cent. As a result Japan has become the most dangerous competitor of the USA and West European powers and has moved up from 6th place in 1960 to 3rd in 1971 in its share of the capitalist world's export.

However, notwithstanding its high economic development rates Japanese imperialism as one of the centres of imperialist competition lags considerably behind the USA and "Common Market" countries in a group of key indicators, especially taking account of the forthcoming entry into the "Common Market" of Britain, Norway, Denmark and Ireland. Japan's GNP in 1971 amounted to only 18, 4 per cent of the American level and 38, 6 per cent of the level of the countries of the European Economic Community (EEC).

A serious technological gap in favour of its competitors remains between Japan and the two other imperialist "centres of strength", particularly the USA, and this considerably weakens its positions in the struggle on the world market. In creating new branches of industry and modernizing the old ones Japan mainly employed patents and licences purchased abroad, but this was not accompanied by a sufficiently rapid development of its own scientific research and even slowed it down, and this led to Japan's falling behind in the development of the most up-to-date equipment and technological processes.

Japan is experiencing greater than the USA and many West European countries dependence on foreign markets, and this may only increase in the future. This is one of the reasons for the weakness of Japan's positions in the struggle against its mighty competitors and simultaneously is a potential source of Japanese imperialism's special activeness in foreign trade.

Finally, a specific feature of Japan's position as one of the participants in imperialist competition is that the South East Asian countries situated in close proximity to it stand on a considerably lower level of economic development. This sharply limits the possibility of repeating the West European experience, creating a bloc at least remotely resembling the "Common Market". There Japan appears to stand by itself without capitalist partners of a corresponding level for the creation of an identical economic grouping.

The South East Asian countries are one of the paramount objects of Japanese economic expansion. Japan's export to the countries of that region increased from 1, 400 million dollars in 1961 to 5, 800 million dollars in 1971, i. e. over four fold. However, quite serious objective obstacles exist to the further expansion of Japan's commercial and economic ties with those countries, primarily those countries' limited export possibilities and solvent demand (during 1961-1971 Japan's export to the South East Asian countries exceeded import by over 12, 700 million dollars). All those countries accutely require credits without which it would be practically impossible to place expensive industrial products on their markets. However, Japan, notwithstanding the sharp growth of its gold and currency reserves, which by April 1972 amounted to 16, 700 million dollars, is not capable of satisfying even a small part of their requirements.

Besides, in this region Japan is meeting with fierce compe-

tion from the monopolies of the USA and West European countries which surpass it in such a decisive indicator as the volume of export of capital (USA investments in South East Asian countries amount to 3.363 million dollars, Britain's-- to 1.521 million, while Japan's-- only 604 million dollars).

And, finally, the Japanese economy, in which the share of the processing industry has sharply increased (in 1969 it surpassed the corresponding indicator in the USA) requires trade with industrially developed countries whose markets cannot be replaced by the countries of South East Asia.

By this means the South East Asian countries, notwithstanding their importance for Japan as sources of raw materials and markets, cannot be regarded, at least in the near future, as possible partners of Japan in economic integration. In addition to economic reasons this process is hampered to the utmost degree also by political factors, in particular by the feeling of caution and apprehension with regards to Japan which has been preserved from the time of Japanese occupation.

Taking account of all these circumstances Japan's ruling circles already in 1967 proposed the creation of the so-called Asian-Pacific Community consisting in addition to Japan and the South East Asian countries, of USA, Canada, Australia and New Zealand. However, no substantial practical steps have as yet been taken to realize this idea.

Japan's specific character as one of the centres of imperialist competition: its lesser economic power, impossibility of the creation under its aegis of any economic grouping, relative narrowness of its domestic market and high degree of dependence on foreign trade and, finally, incomparably lower military potential than that of its imperialist competitors -- makes it necessary for Japan to conduct a quite flexible policy on the world arena. It is striving to actively exploit the differences between the USA and Western Europe, as well as between the "Common Market" countries, to develop and diversify its foreign economic ties by all possible means to find new ways to preserve and strengthen its international positions. Naturally, the development on a mutually beneficial basis of comprehensive contacts with the socialist countries acquires particular significance for it.

### Clash with interests of the USA and "Common Market" countries

Relations between Japan and other participants in imperialist competition are developing under the continuous influence of the progressively growing might of the world socialist system. The trends towards the convergence and the dissociation of the imperialist powers revealed by V. I. Lenin are graphically manifested in the current epoch in these complicated mutual relations. The development of the world revolutionary process and in particular the consolidation of the power and international authority of the countries of the socialist community is engendering the desire of the financial oligarchy to consolidate its forces on the basis of general class interests. "The more the revolution develops", V. I. Lenin stated, "the more the bourgeoisie rally together". However, this trend by no means eliminates the inequality of capitalist development and cannot prevent the appearance and continuous deepening of contradictions between imperialist states.

Differences between Japan and the United States have recently acquired a particularly acute character. This was primarily the result of Japan's violent offensive against the positions of the American monopolies.

If in 1960 Japan sold in the USA commodities worth 1.100 million dollars and lagged there considerably behind the FRG, Britain and France, by 1971 the Japanese monopolies had firmly established themselves on the American market: imports into the USA from Japan (according to Japanese statistics) increased nearly 7 fold and amounted to 7.500 million dollars which exceeded the aggregate volume of imports from the FRG and Britain which occupy the place following Japan in this indicator. At the same time the USA was able to sell 2.500 million dollars less of its goods on the Japanese market (approximately 5.000 million dollars worth). As a result, trade with Japan, which previously served for the USA as an important currency earning source was transformed into a new channel for the drain of dollars from the country.

In conditions of the chronicle unfavourable American balance of payments (caused primarily by excessive military expenditure), of the dollar crisis and general recession in business activity, the onslaught of Japanese goods caused a wave of American protectionism. Not limiting themselves to conventional methods of competition, the USA monopolies transferred the battle to the plane of interstate relations and used the entire

might of the state machine and Japan's strongest political and military dependence on the USA to put pressure on Japan.

The offensive against Japan developed in two directions. On one hand, the demand was made to abolish all restrictions and to open the way for extensive penetration by USA goods and capital into the Japanese market and into Japanese industry. At the same time the USA persistently implemented protectionist measures in various forms striving to cut down the import of Japanese commodities and, in particular, succeeded in gaining from Japan the adoption of a system of so-called "voluntary limitation" of exports which today, in practice covers nearly two thirds of all Japanese deliveries to the USA.

Regardless of the significance of these measures for improving the American monopolies' positions in their fight against the Japanese decisive step, according to Washington's plans, should have been the revaluation of the Japanese yen. The USA Government's "emergency measures" to save the dollar, announced on August 15, 1971 and providing in particular for the introduction of a special additional 10 per cent tax on import, were directed, as the American press wrote, primarily against Japan in order to compel it to revise the parity of its currency.

Notwithstanding repeated statements of its resolute refusal to revalue the yen, the Japanese Government under pressure of devaluation of the dollar was compelled as from August 28, 1971 to introduce a "floating rate" for the yen and then to agree as from December 20, 1971 to its revaluation by 16, 88 per cent (308 yen instead of the former 360 yen per dollar) which increased the competitiveness of American goods on the Japanese market and led to a rise in the price of Japanese exports to the USA.

Japan made an attempt to reorientate its export to the West European countries. In 1971 the export of Japanese goods to the "Common Market" countries increased by 25, 5 per cent compared with 1970 and totalled 1. 600 million dollars. There was a particularly sharp increase in sales of steel, motor cars, motorcycles, television sets. However, West European monopolies feared the dangerous Japanese competitor not less than the American one and following the USA's example began to demand "voluntary" restrictions on the part of Japan. They also supported the USA's demand for revaluation of the Japanese yen hoping to reduce the flow of Japanese goods into their markets and to increase their own sales in Japan.

The events of the second half of last year not only raised serious problems for the Japanese economy. They showed that the USA and West European countries fully realize the strength of their competitor and have taken steps to sharply cut the rate of its expansion.

It became clear to the Japanese monopolists that each new step towards the expansion of foreign markets will be more difficult and that it was necessary to find new forms and methods of competition, to think of developing new directions in foreign economic contacts. Moreover, Japan was faced with the necessity of making longterm strategic decisions not only in questions of foreign trade, but also in the general line of economic development as a whole.

This turning point in the field of economic development was inseparably linked with new phenomena also in the political sphere which also required the elaboration of far-reaching decisions.

The basis of Japan's foreign policy concepts during the sixties was the desire to enhance its political influence on the international arena to such a degree that it should fully correspond to its sharply increased economic might. Japan's ruling circles regarded development and consolidation of the alliance with the USA, with continuous increase in the degree of Japan's equality in this alliance, to be the paramount way to gain this aim. With USA support they had hoped to considerably strengthen their positions in Asia and also in the countries of Latin America and Western Europe.

However, these expectations were not destined to be fulfilled. The USA agreed to the revision and repeal of the most discriminatory articles of various treaties and agreements but retained the key levers of pressure on Japan, including the Security Treaty--the military agreement signed in January 1960 and automatically prolonged indefinitely in June 1970. At the same time, while satisfying some of Japan's demands, Washington strived to activate its role in the American military-strategic system in Asia.

One of the characteristic examples of American policy with regards to Japan was the signing in June 1971 of the agreement to transfer to it administrative rights on Okinawa and other illegally occupied since the end of World War II islands of the Ryukyu Archipelago. Under this agreement, which came into force on May 15, 1972, only a small part of the military in-

installations of secondary importance was transferred to Japan (and, besides, after payment of compensation amounting to 320 million dollars) while all the main military installations remain in the hands of the American armed forces; the USA also retains the right to continue exploitation of the "Voice of America" transmitter for another five years.

Okinawa, by this means, was returned on conditions which permit the Pentagon to preserve complete freedom of action from bases located on that island. At the same time the USA attained not only the expansion of the military commitments of Japan, which under the Treaty's provisions is obliged to defend American bases on its territory, but also a considerable activation of its role in the American military-strategic system in Asia.

That is why the agreement on Okinawa was met with indignation by Japan's broad public which regards it as a serious defeat of Japanese diplomacy.

Together with the evident anti-Japanese trend of some economic measures of the USA Government, including the demand for revaluation of the yen, all these steps were a serious psychological blow to the supporters of the pro-American line in Japanese policy. They demonstrated that regardless of all assurances of "indissoluble partnership", Washington is ready at any moment in its own personal interests to undertake unilateral actions to the detriment of Japan.

Japan was faced with the necessity of reassessment, no matter how torturous, of the main trend of its foreign policy, revision of that inflexible orientation on the United States which in the course of all postwar years was the foundation of the foreign policy line of successive governments of the Liberal-Democratic Party.

#### Aggravation of Internal Contradictions

The rapid increase in Japan's share in the world capitalist system proceeded parallel with significant changes in the structure of Japanese imperialism which had been formed and had developed as military-feudal imperialism. V. I. Lenin noted that in Japan, like in czarist Russia, "the monopoly of military power... or special facilities for robbing minority nationalities... partly supplements, partly takes the place of, the monopoly of modern, up-to-date finance capital".

Japan's defeat in World War II dealt a destructive blow to

the positions of the "gumbatsu" -- the military clique which had directly carried out aggressive acts in close alliance with the biggest monopolies-- "dzaibatsu". The army was demobilized and in 1947 a new Constitution was adopted, article 9 of which proclaims the renunciation until eternity of "war as the sovereign right of the nations, and also of the threat or use of armed strength as a means for solution of international conflicts". The Constitution states that "never again will land, naval and air forces be created as well as other means of warfare. The state's right to wage war is not recognized".

Japan's ruling circles are today in all ways violating and bypassing this article of the Constitution, and this is shown also by the continuous growth of military expenditure and buildup of the armed might of the "defence forces". Nevertheless, the Constitution creates for conservative forces certain difficulties in the realization of remilitarization plans and together with the mighty democratic movement sets up obstacles to that undivided rule of the militarists which was characteristic of the country up to the end of World War II. As far as its numerical strength and position in the socio-economic structure are concerned, the Japanese Army plays a much smaller role as compared to that of any army in the imperialist countries of Western Europe, not to mention the army in the USA.

As a result of the radical change in the balance of strength on the world arena in favour of socialism, the creation and gradual buildup of the might of the socialist countries, Japan was completely deprived of that "special convenience" to plunder neighbouring countries which was characteristic of prewar and wartime Japanese imperialism.

Finally, there were most serious changes in society's social structure. As a result of the 1946-1949 agrarian reform ownership of the land by landlords was mainly abolished. Feudal survivals still remained in everyday life and make their impression on the system of labour relations, especially in the countryside and at small and medium scale enterprises. But they no longer determine the nature of the socio-economic system.

Japanese imperialism, by this means, in the postwar years lost its military-feudalistic character. It acquired new features, a new organisational structure corresponding to the changed situation both in Japan itself and on the world arena. Regardless of all its national distinctions, Japanese imperialism today stands in one row with the classical type of highly

developed state-monopolistic capitalism of the USA and Western Europe.

The "dzaibatsu" which had been dissolved during the first postwar years, were replaced by new financial monopolistic groups which are concentrated around the biggest banks "Mitsui", "Mitsubishi", "Sumitomo", "Fudzi", "Daiyiti Kangyo" and "Sanwa". The nature of cartel ties changed as well as the structure and organisation of the concerns' management. As a result of numerous amendments to adopted legislation and direct violation of the law, the number of mergers of separate companies and the number of big concerns grew year by year and this led to a sharp increase in the degree of concentration of production and centralization of capital. Big companies with capital exceeding 50 million yen account for only 2, 2 per cent of the total number of companies in Japan's processing industry, but 63, 8 per cent of all output falls to their share. Three powerful financial groupings: "Mitsui", "Mitsubishi" and "Sumitomo" control about one fifth of the country's entire industrial output, and taking account of numerous indirect ties not covered by statistics, the degree of influence of the leading financial groups is even greater. All the biggest monopolies are closely connected with the state apparatus and are exerting considerable influence on elaboration of domestic and foreign policy by the government.

Japan's high economic development rates have led to the sharp aggravation of old and appearance of a series of qualitatively new contradictions engendered by the scientific and technical revolution in conditions of state monopolistic capitalism. The "Japanese miracle" has particularly vividly proved the groundlessness of the bourgeois ideologists' assertions of the possibility of eliminating the cyclic nature of development, of smoothing over or liquidating the contradictions characteristic of capitalist society.

In the autumn of 1970 signs of overproduction were discovered in many branches of Japan's industry after prolonged, continuing for about 5 years nearly continuous economic growth. A new blow was struck in the summer of 1971 by the USA Government's "emergency measures" and the compulsory rise in the parity of the yen. In conditions of the recession, inter-industry and regional disproportions, as well as structural contradictions of the Japanese economy became particularly evident.

Years of economic growth not only did not eliminate, but, on the contrary, sharply increased the gap between big and small enterprises in the level of productivity of labour, degree of use of scientific and technical achievements, etc. In conditions of Japan, which has 595 979 small and medium enterprises employing less than 200 workers, this is of special significance because 62, 5 per cent of all factory and office workers of the processing industry are employed in them. Productivity of labour at those enterprises is only 46 per cent of the level of big enterprises (which employ over one thousand workers). The vitality of small businesses in Japan, strongly tied to monopolistic concerns and forfeiting, in essence, all independence, is explained by the fact that the biggest monopolies are directly interested in them for the purpose of intensifying exploitation and gaining super-profits. The workers of small and medium enterprises, as a rule, are not united in trade unions and this permits the industrialists to establish a longer working day, to cut expenditure on industrial safety measures, not to bother about improving labour conditions. Wages there amount to only 64, 6 per cent of the wages of workers with analogical skills employed at big enterprises.

Contradictions between the rapid development of certain branches of industry and the state of the production and social infrastructure are becoming more and more acute with each new year. The number of automobiles in the country, for example, increased between 1960 and 1970 by more than five fold but the construction of hard paved roads lags far behind this rate: they account for only 13 per cent of the total length of the road system. This has literally led to the jamming of municipal streets, has sharply cut down the speed of transport and has caused tremendous material losses to the national economy as a whole.

Pollution of the environment by industrial enterprises and transport has become a serious problem. Striving to earn the highest profits the monopolies do not wish to invest capital in waste purification installations. In conditions of Japan where 35, 5 per cent of the inhabitants are territory, catastrophic pollution of the atmosphere, pollution of the water of rivers and lakes, noise far exceeding the permissible levels are acquiring the scale of a national calamity.

### Unity--Road to Democratic Forces' Victory

In conditions of Japan a state of affairs has developed in which the deepening of the crisis of the ruling leadership has considerably outstripped the mobilization of democratic forces, their unification and solidarity with the working class. Extreme right-wing, nationalistic elements, which recently have sharply intensified their activities, are attempting to exploit this. They are trying to push the country onto the road of extensive remilitarization and are arguing that positions both within the framework of the alliance with the USA and on the world arena as a whole may be consolidated only by means of creation of such a military potential which would compel other powers to "respect" Japan. The interests of the developing military-industrial complex are clearly seen behind these advocates of remilitarization.

They have found their expression, in particular, in the 4th five-year plan, which was published in the autumn of 1971, for the development in 1972-1976 of the defence forces -- that army which is being revived. The new programme provides for an approximate doubling of military expenditure compared with the preceding five-year period and its increase to 5.000.000 million yen (16.200 million dollars at the new rate of exchange).

To substantiate the adoption of such an extensive rearmament programme its advocates usually point to the fact that there is no universal military service in Japan, that the defence forces number only 260 thousand men and that in the share of direct military expenditure with regards to the gross national product (0,8 per cent) Japan is considerably behind not only the USA (7,8 per cent) but also the main West European countries.

However, the relatively low level of military expenditure cannot serve as a reliable indicator of Japan's military potential. It should be taken account of the fact that with an enormous volume of production exceeding the level of separate West European countries, the absolute amount of military expenditure is sufficiently high to finance a modern army. In 1971 direct military appropriations amounted to 671.000 million yen (2.178 million dollars) only slightly less, for example, than in Italy. In military expenditure per serviceman Japan is ahead of many other countries and this is primarily evidence of the saturation of the defence forces with expensive modern equipment.

One also cannot be blind to the fact that the growth rate of Japan's military expenditure is not only considerably higher

than in the other imperialist powers, but is also rising year by year. For example, in 1953-1960 the average annual increase in military expenditure was 6,1 per cent, in 1961-1969 -- 12,8, in 1970-- 15,1, in 1971-- 17,7 and in 1972 the budget provides for a record increase of 19,7 per cent compared with the preceding year.

Simultaneously, militaristic propaganda is being intensified and systematic preparations are being made to eliminate all legal obstacles on the way to extensive rearmament and the introduction of universal military service, and, in particular, for revision of article 9 of the Constitution.

Extensive remilitarization and revision of the Constitution, for which reactionary forces are calling, are a way for Japan to join the arms race, for inciting nationalism and chauvinism, restricting the people's rights, launching an offensive against its living standard. However, Japan had already travelled this road which had led it to national catastrophe.

The democratic forces are proposing a different road which is fully in the country's national interests. This is the road of peace and non-participation in military blocs, concentration of efforts for the development not of military, but of peaceful branches of industry, extension of the social welfare system and improvement of the population's living standard and on this basis--achievement of rapid and stable economic growth.

The opposition parties' programmes specially underline that the stalemate into which the country is being driven by the pro-American orientation of the ruling circles convincingly shows the necessity of diversifying Japan's foreign economic ties and sharply reducing its dependence on the American market. The opposition parties note the importance of developing contacts with the socialist countries and this would considerably strengthen Japan's position on the world arena, would free the hand of Japanese diplomacy and provide it freedom of manoeuvring in the interests of attaining national aims.

The opposition parties' demands are meeting with understanding on the part of the most farsighted leaders of the ruling Liberal-Democratic Party. For example, Japan's Minister of Agriculture and Forestry Munenori Akagi stated in an interview with the newspaper "Asahi": "... We should establish friendly relations with the Soviet Union. Instead of dancing to the tune of the United States it is necessary to strengthen relations of cooperation with the USSR".

The warm reception given to Minister of Foreign Affairs A.A. Gromyko, who paid an official visit to Japan from January 23 to 28, 1972, was a reflection of the growing desire of various circles of the Japanese public to expand by all means good neighbourly ties with the Soviet Union. During the talks between Gromyko and the leaders of the Japanese Government such topical current problems were discussed, proceeding from positions of promoting the strengthening of peace, as the necessity of implementing general and complete disarmament under effective international control, the soonest possible termination of the war in Indochina and the establishment of stable peace in the Middle East. Important decisions were taken on the further development of bilateral Japanese-Soviet ties, including agreement to begin talks in the current year on the signing of a peace treaty.

This frank exchange of views on political problems following the signing in September 1971 of a new five-year trade and payments agreement providing for increasing the volume of Japanese-Soviet trade to 4.800 million roubles, i.e. approximately double that of the preceding five-year period, was an important step forward in the development of Japanese-Soviet contacts in the interests of the peoples of both countries. Comrade L.I. Brezhnev noted in his speech to the 15th Congress of Soviet Trade Unions that "A noticeable turn for the better has taken shape recently in our relations with Japan" and he underlined that the Soviet Union was prepared to establish and develop broad, mutually advantageous cooperation with Japan both in the economic and in the political fields bearing in mind that such cooperation would forward the cause of peace".

Considerable attention is being paid in Japan to normalization of relations with the People's Republic of China. Japan does not recognize the PRC and maintains diplomatic relations with the Kuomintang regime on Taiwan with which it had signed a peace treaty in 1952. Normalization of relations between Japan and the PRC would be in the interests of both nations. However, the reactionary wing of the biggest Japanese monopolies on one hand, and the Peking leaders, on the other, are striving to use this natural step in their own selfish interests which are quite remote from the interests of the peoples of both countries. In words the Maoists were by every possible way abusing the government of Eisaku Sato and were branding him "a pro-American traitor of the Japanese nation and thick-

skulled enemy of the Chinese people". In practice, however, the Peking leaders are doing everything possible to expand contacts with Japan, and, notwithstanding the absence of diplomatic relations, Japan is the PRC's main trade partner.

Peking has literally become a centre of pilgrimage by representatives of the biggest Japanese monopolies and Liberal-Democratic Party who are being accorded the warmest reception. At the same time the Peking leaders are frankly interfering in Japan's domestic affairs and are refusing all contacts with the Communist Party of Japan because it is rejecting their great-power attempts to impose their adventurist line on the Party and has expelled from its ranks pro-Peking splitting groups.

The basis on which the problem of normalizing relations between the two countries will be solved is of great importance for the future development of Japan and the destiny of peace in the Far East.

In conditions when all the weaknesses and flaws in the domestic and foreign policy being conducted up till now have become evident and when Japan is acutely faced with the necessity of choosing the main road of its development, unity of all democratic forces acquires particular significance. Their opportunity to influence the adoption of the new line ultimately depends on this unity.

The Communist Party of Japan, which has in its ranks over 300 thousand members and resolutely supports radical revision of the government's foreign and domestic policy, has recently considerably strengthened its influence on the masses. During the December 1969 elections to the House of Representatives 3.636 thousand electors cast their votes for the candidates of the CPJ-- one million more than in the preceding elections. The CPJ increased its representation from 4 to 14 seats. The trend towards consolidation of the CPJ's positions was clearly manifested also during the elections to local administrative organs in April 1971. 2.362 Communist candidates-- 614 more than before the elections -- are participating in the work of prefecture, municipal, town and rural assemblies.

During the June 27, 1971 elections to the House of Councilors 4.879 thousand electors voted in local districts for candidates of the Communist Party-- 1.3 million more than in the preceding elections three years ago.

Of great importance in the struggle for the electors' votes is the creation of a united front between the CPJ and Socialist Party of Japan which is campaigning for peace and development of friendly relations with all countries, for abolition of the military alliance with the USA and proclamation of Japan's neutrality, for limitation of the monopolies' domination and implementation of profound socio-economic reforms. During the 1969 elections over 10 million electors cast their votes for the CPJ. Cooperation between the CPJ and SPJ and the nomination in several districts of joint candidates during the April 1971 local elections made it possible for both parties to make serious gains. Of special importance is the fact that candidates of the progressive parties occupied the posts of leaders of local administrative organs in the country's biggest industrial and cultural centres: in Tokyo, Yokohama, Osaka and Kyoto.

The platforms of the CPJ and SPJ, providing in particular for the formation of a democratic coalition government, regardless of their differences in the choice of forms and methods of the struggle for the affirmation of the socialist system, open broad opportunities for comprehensive cooperation in the interests of uniting all anti-monopolistic forces.

Japan has entered the seventies carrying a heavy burden of the most complex foreign political and domestic problems.

Long outstanding differences with the USA have come to the surface, the dangerous consequences of unilateral orientation and the necessity of revising the main direction of the foreign policy line have become evident.

The period of cyclic upsurge of the Japanese economy has terminated. Revaluation of the yen has aggravated economic difficulties and has facilitated more acute manifestation of structural weaknesses of the Japanese economy. Elaboration of a new economic policy has become the paramount task.

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THE SOVIET VIEW OF JAPAN 1945 TO 1972,\*)  
as some Japanese see it.

by H. A. van Oort

Since the end of the War in the Pacific in 1945, the Soviet assessment of Japan has changed with differing political circumstances.

Immediately after the war, the Soviet Union regarded Japan as being a dependency of the United States under military occupation, a view which was only slightly modified after the signing of the Peace Treaty at San Francisco in September 1951. As the Vietnam war intensified in the sixties, and the security clause of the 1951 Treaty were revised in June 1968, the Soviet Union repeatedly accused the United States of promoting the revival of Japanese militarism. These accusations increased with the growing tensions between the United States and Japan arising out of the latter's formidable growth and they were to be heard more loudly still when the United States' reconciliation with China was celebrated in Peking in May 1972.

1. The period of "Japanese Dependence on The United States".

Immediately after the surrender of Japan in 1945, armed forces of the Soviet Union tried to occupy a part of Hokkaido. This move was foiled by the United States. Then, under the cover of the Allied Forces' occupation policy, of "making Japan democratic and powerless", the Soviets sought to promote "in a collaborative manner" an anti-feudal, anti-monopoly, bourgeois democratic revolution which it was hoped would develop into a socialist revolution of workers and peasants. In February 1947 this led to a sharp conflict with the Supreme commander's administration.

During the Korean War the USSR encouraged Japanese leftists to step up revolutionary struggle so as to create disturbances in the rear of the United Nations forces.

April 1952 was an important month for Japan, for it was on the 28th that the Peace Treaty with the United States came into effect to restore Japanese sovereignty. At the same time a security treaty provided for the military relationship between the two countries.

\*) This article is the result of a number of interviews and discussions held by Dr H.A. van Oort in Japan, May-June 1972

After the death of Stalin in October 1954, the Soviet Union and the Peoples' Republic of China published a joint statement about Japan. This statement began by drawing attention to the "imperialistic pressure" which the United States brought to bear upon Japan and expressing deep sympathy with "Japan and the Japanese people," it went on to call for Japanese efforts to achieve independence in opposition to the United States saying: "We wish the Japanese people would work for independence by themselves and establish normal relations with the Soviet Union and China, starting at first with trade and cultural exchanges under the principle of peaceful coexistence among nations with different social systems, and we totally support Japan's effort for peace and independence."

This appeal was based on the Soviet line that Japan was semi-dependent upon the United States. By calling for independence from the United States it was hoped to detach Japan from the allied camp in the hope that she would tread a neutralist path, and thus sway the balance of power in the Far East in favour of the Soviet Union.

In October 1956, diplomatic relations between the Soviet Union and Japan were restored. But a peace treaty was not concluded because the Soviet Union were unwilling to compromise over the dispute over the northern islands. They refused to yield Habomai, Shikotan and the Southern Kuriles. Nor did this improvement of diplomatic relations modify the Soviet Union's general attitude or policy towards Japan.

In 1960 the Soviet policy towards Japan was fully revealed, rioting and demonstrations broke out on a significant scale against the renewal of the Security Treaty with the United States. At the same time as the disturbances, notes were presented to the Japanese Government pressing for radical changes in both her internal and external policies, reinforced by hints of nuclear perils. Later, in 1964, these threatening hints were repeated in a letter from the Communist Party of the Soviet Union to the Japanese Communist Party. They really caused resentment.

## 2. The period of "the Revival of Japanese Militarism"

As the Vietnam war gathered momentum, the relatively moderate line which the USSR had been taking towards Japan became sterner. A propaganda offensive was started which charged Japan with co-operating with the United States over the war and

her Far Eastern policies generally. This developed into a campaign to denounce United States and Japanese reactionaries for plotting to introduce nuclear weapons into Japan and to arm her with such weapons. Japan was denounced for wanting to "revive militarism" and for "reprisalism", referring to her claim for the return of the northern islands. These latter assertions were made in September 1968 and were resumably referring to the conclusion of the revised Security Treaty. It was said that Japan was playing an increasingly active role in the strategy of the United States in the Far East.

Apart from the first use of the term "reprisalism" in connexion with the rejection of Japan's claim for the return of the northern islands (Radio Moscow 1 August 1968) this period of the revision of the treaty brought the warning that "militarism would lead the whole Japanese people to suicide" (Radio Moscow Sept. 2nd, 1968). On the occasion of the centenary of the Meiji Restoration they charged that "the Japanese ruling circle was attempting the revival of nationalism and militarism through various commemorative occasions" (Radio Moscow 9-12 Sept.). Slogans and charges of revived Japanese militarism were to continue to be major themes of Soviet propaganda in parallel with attacks on "West German Militarism" and the revival of the "German-Japanese" axis. Also at this time the Japanese people watched with deep concern formation flights by Soviet Strategic bombers over their country, and large Soviet fishing fleets plying in her coastal waters. It will be recalled that the Soviet occupation of Czecho-Slovakia took place about this time.

The Soviet campaign against the revival of 'Japanese militarism' had become such a prominent feature in propaganda themes, that the basic document adopted at the International meeting of Communist Parties held in Moscow included Japanese Imperialism as one of the targets to be reached in the anti-imperialist united action campaigns. Shortly thereafter, Japan was denounced for acceding to the ASPAC as joining an aggressive, neo-colonialist plot. Thus, in Soviet eyes, Japan has graduated from semi-dependency on the United States to being a full blown imperialist power.

The Soviet Union's misgivings over the United States Security Treaty were voice throughout the time between the summit talks between the United States and Japan in November 1969, and the decision to continue the provisions of the treaty after it had expired in June 1970. The propaganda campaign

throughout this time called for mass action against Japan's perilous course towards "militarism, aggression, neo-colonialism and reprisalism" was on the scale of the intensive agitations of 1960, and it was pursued in relation with the return of Okinawa. The Japanese did not fail to notice that whilst the signing of the Moscow-Bonn Treaty of Non-aggression brought an end to charges of militarism and reprisalism against West Germany, there was no such change in the Soviet attitude towards their country. On 2nd September 1970, the anniversary of Japan's surrender, the warnings of the revival of Japanese militarism were particularly strident. Pravda and Izvestia both carried articles by Defense Minister, Marshal Grechko and Marshal Vasilevsky. Both articles dealt with Soviet military strength and attributed the Allied victory to the defeat of the Japanese Army by the Russian troops rather than the Atomic attack of the United States.

### 3. The period of the US - Japanese Economic Conflict

At the same time as the campaign against the revival of Japanese militarism, Soviet propaganda appealed for friendly and good-neighbourly relations between the Soviet Union and Japan, but stressed that they could only be fulfilled through the loosening of the ties binding Japan to the United States.

As stated earlier, the most strident theme of Soviet propaganda had been the dangers inherent in the introduction of nuclear weapons into Japan and particularly Okinawa. But as the economic relations between The United States and Japan rapidly worsened the Soviet propaganda turned their attention to these. In this new campaign the Soviet line has been to denounce the "unwarranted economic programs and measures" of the United States. The frequent use of the term 'economic War' between the United States and Japan appeared.

This campaign to point to the economic differences between the United States, and Japan is foreshadowed in Stalin's last thesis 'Problems of Socialism in the Soviet Union' when he predicted:

"War-defeated Germany and Japan can not remain suppressed by U.S. imperialism forever. They are sure to stand up again and challenge the U.S. imperialism."

When Leonid Brezhnev reported on behalf of the Central Committee at the 24th Congress of the Communist Party of the Soviet Union in March 1971, he drew attention to the intensified

political and economic contradictions among the "three Capitalist Centres" Japan, The United States and Western Europe. Recent Soviet propaganda themes directed towards the Japanese highlight the double shock which Japan suffered from the sudden announcement of President Nixon's visit to Peking and his dollar defence measures shortly thereafter. They claim that the two countries' economic conflicts have developed into an economic war to which there is no foreseeable end.

### 4. The period of the Sino-American Rapprochement

The Soviet Union reacted strongly throughout the world to the change in the relationship between China and the United States since the visit to Peking of President Nixon in July 1971. This reaction has been particularly marked in relation to Japan. Militarism, nuclear weapons and suchlike slogans have been dropped and replaced by a campaign for closer economic ties between the Soviet Union and Japan, simultaneously with a loosening of ties with the United States. The Fifteenth Anniversary of the Declaration of Diplomatic recognition in October 1956 afforded the opportunity for the start of this two-pronged drive. As a further demonstration of a change of attitude, the Soviet Government sent their Foreign Minister, Andrej Gromyko to Tokyo. This visit took place simultaneously with a Warsaw Pact summit and would seem to be clearly connected with the Soviet Union's policy of Chinese encirclement. Anyway, Gromyko reached an agreement with his hosts that negotiations for a peace treaty should make an early start.

At the Soviet-Japanese joint economic commission's meeting which took place in February 1972, the Soviet delegates, whilst stressing the need for friendly relations between their two countries, put forward several proposals for economic and technical co-operation. These included the construction of pipeline from the Tyumen oilfield to the Far Eastern area, the development the coalfield in southern Yakutsk, and joint prospecting for oil and natural gas deposits on the continental shelf off Sakalin. Among these statements and declarations, there appeared no mention of foreign military bases, but only suggestions that Japan should be associated with the collective security arrangements which the Soviet Union wants to create. In the speech which he made to the congress of the All Union Central Council of Trade Unions on 20 March 1972, Brezhnev developed the Soviet plan for a collective security system to replace the exist-

ing military blocks with which the United States - Japanese Security Treaty is related.

As mentioned earlier, differences over the control of the northern islands lay behind the failure to conclude a peace treaty in 1956. Now, in the more relaxed circumstances of to-day, the Soviet Government is seeking to shelve the issue and is concentrating on the collective security proposals.

On 26 May 1972, following President Nixon's visit to Moscow, Radio Moscow announced the attitude which the Soviet Government would adopt in its negotiations for the conclusion of a peace treaty with Japan. It read as follows:

- (1) As the result of Foreign Minister Gromyko's visit to Japan negotiations will be started within this year to conclude a peace treaty. It will be a major contribution to peace and security in the Far East and Asia if both parties take part in the negotiation in a realistic spirit.
- (2) There is no doubt that the development of economic cooperation between both countries will accelerate the adjustment of issues pending between them.
- (3) There are no problems that cannot be solved even between countries with different social systems provided that they tackle the problems in a realistic manner, casting aside their past ill-feelings. The best example is the new relations between the Soviet and West Germany, which can be followed in relations between the Soviet and Japan. The important thing is to look forward to the future, starting from today's reality, and not to be bound by the past.

It would seem that the Soviet Union, encouraged by improved relations with the U.S., wants to persuade Japan to accept a position similar to that which West Germany has accepted of "no change in the status quo of the postwar border". Analogy can also be drawn between the Bonn-Moscow nonaggression treaty and a Russo-Japanese peace treaty. The first was a starting signal for the Soviet's peace offensive in the name of a whole European security conference. The conclusion of a Soviet-Japanese peace treaty will be an important bridgehead for their Asian collective security ideas. It is widely felt that the purpose of these ideas is to fill the vacuum left in Asia following the withdrawal of the United States under the Nixon Doctrine. It is therefore, not a design to aim at the mere con-

tainment of China.

Meanwhile, the Soviet efforts to implant in the Japanese public the idea of detaching Japan from the United States has been continued intermittently but persistently, taking advantage of the U.S.-Japanese economic discords, the Vietnam war and the Okinawa problem. Their ideological motives have been evident along with their peace offensive. They have strengthened their "class solidarity" with Japanese revolutionary forces, namely the Japan Communist Party, the Japan Socialist Party, and the SOHYO (the General Council of Trade Unions) which have helped to increase their influence among the Japanese people. On the other hand, the Soviets are working for the buildup of naval and air power in the Far East, superior to the United States, particularly in the northwestern Pacific. Some Japanese are asking for the careful study of the strategic implications of Japan's participation in the construction of an oil pipeline from Tyumen to the Far Eastern region, contributing as it would to the Soviet military build-up. When this has been achieved, it may well be that the Soviet Governments' policy towards Japan will stiffen.

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