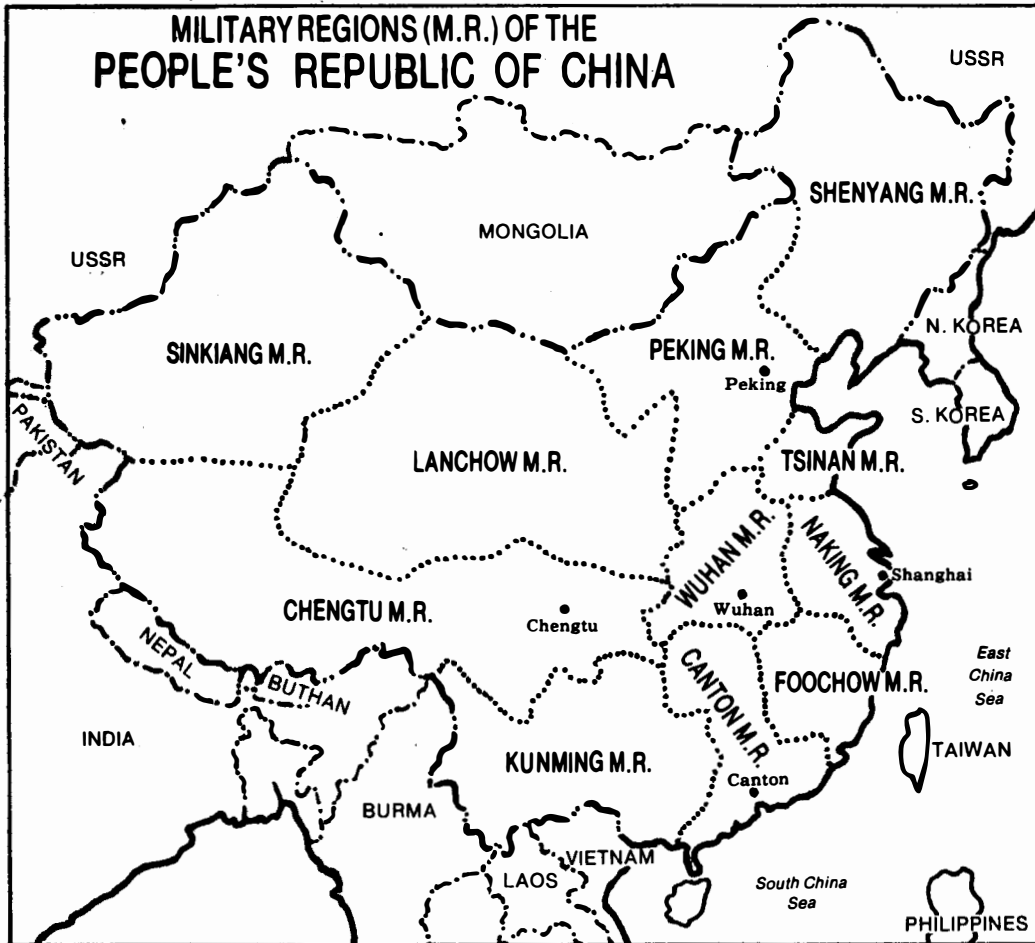


be subsumed by these global considerations. While Soviet relations may dramatically improve as soon as the purge is completed at the top levels, the biggest pressure for change of Mao's anti-Soviet posture will come from the Third World and European efforts to forge world cooperative development, involving both countries in joint world endeavors. Similar considerations will define China's policy toward the United States: if Carter continues Kissinger's sabotage of the New International Economic Order, Chinese friendship for the U.S. will fast

evaporate; if Carter's push for war is not stopped, China will respond the way Europe is now, by hostility and opposition.

Hua Kuo-feng hinted at such an orientation in his exhortation printed above: "mobilize all positive factors...both at home and abroad...to build China into a powerful socialist country." Those who insist on using the past as a guideline as Brzezinski intends, will reap a harvest of errors and miscalculations, and will merely accelerate China's break with the past.



Japan's First Two Weeks Under Fukuda

Japan's new foreign minister Ichiro Hatoyama announced today that Japanese ambassador to Washington Fumihiko Togo was being recalled to Tokyo to discuss a proposed meeting between Japanese premier Takeo Fukuda and U.S. President-elect Jimmy Carter sometime in February or March. The meeting between the two men, proposed by Fukuda, will cement existing tight political alliance between the two governments which has already emerged after the Fukuda government's first two weeks in office.

Reflecting Washington's new hawkish policy, the Japanese Foreign Ministry told the Soviet Union on Nov.

29 that Foreign Minister Hatoyama was "too busy" to visit Moscow next month for regular Japan-USSR ministerial talks. The Moscow conference had been delayed because of the MIG-25 incident and the Japanese elections campaign. Fukuda's decision was a direct reversal of the policies of his predecessor Takeo Miki, who had made it known only a few weeks before Fukuda forced him out of power that he wished to visit Moscow personally.

The Fukuda government's anti-Soviet posture was reiterated by Tatsuo Tanaka, a Fukuda faction member who is the new head of Japan's powerful Ministry of

International Trade and Industry. Tanaka, in an interview with Mainichi, warned that Japan was exporting sophisticated plant equipment "not only to developing countries but to East Europe in a way which was too dangerous" and which would hurt Japan's competitiveness. Tanaka called for an "immediate change" in this attitude.

Tanaka also declared that Italy and Great Britain, two major supporters of a new international economic order, were facing economic difficulties "for the most part due to their over-inclination to Communistic policies," and ordered the two nations to get back on the "original tracks."

Japanese Rearmament?

Fukuda has also taken the initial steps towards a major expansion of the Japanese armed forces, according to the Kyoto News Service. Citing informed sources, Kyoto reported Jan. 2 that the Japanese Defense Agency, now led by Asao Mihara, a former "Manchukuo" bureaucrat from the 1930s, has begun studying the buildup of Japanese defenses on the coast facing the Korean peninsula. The move signals a reversal of the Japan Defense Agency's policy of not militarily "filling the gap" in case of a U.S. withdrawal. The hawkish nature of the new JDA was also confirmed by the appointment of Koichi Hamada, a member of the ultrarightist Seirankai group in Japan's parliament, as the new JDA vice-minister.

The Japanese are afraid that the United States will scrap the so-called "Korea clause" which former premier Miki and President Ford reconfirmed in 1975 to insure U.S. military protection of South Korea, according to the Jan. 1 *Mainichi*. The Miki cabinet on Oct. 29, 1976 adopted an outline plan on Japanese military buildup based on the clause to replace the current five year Fourth Defense Buildup Program which expires in March. The Miki plan, which holds defense spending to less than 1 per cent of Japan's GNP, will come under intense pressure for extensive revision by the Fukuda government. The Japanese Foreign Ministry itself is already worried that the U.S. will force Japan to expand militarily according to the Dec. 23 *Asahi*. Besides direct military support, the Foreign Ministry believes the U.S. may ask Japan to strengthen South Korea "by helping nurture a defense industry there and by supplying South Korea with non-military goods."

The Opposition

Fukuda's reversal of the Miki government's policies, while no doubt pleasing to his friends in Washington, has already provoked opposition among Japan's powerful industrialists, the Zaikai, who are heavily dependent on trade with both the socialist and the developing sector, and who fervently believe that "politics" is subordinate

to "economic diplomacy."

In a move to pressure Fukuda to lift the restrictions on loans to the Soviet Union by Japan's Export-Import Bank, which Fukuda imposed some months ago as head of the Economic Planning Agency under Miki, Nippon Steel last week made public a warning from the Soviets that Japan stands to lose several hundred million dollars in steel pipeline orders if the restrictions continue. The Sakhalin Development Corporation, a consortium of Japanese industry, has spurned MITI head Tanaka's caution by signing an agreement with the USSR for joint oil exploration in Siberia. Keidanren, the major business federation, has announced that it will send a high-ranking delegation to Vietnam in February to negotiate oil development and petrochemical deals.

Nor is the Soviet Union standing idly by! It may well have been preparing a major new initiative to conclude a Japan-Soviet peace treaty at the now postponed ministerial talks between the two nations, according to Japanese government officials interviewed in the Jan. 1 *Mainichi*. The Soviet proposal would involve the immediate return of two of four territorially disputed islands to Japan and a peaceful agreement concerning Japanese fishing rights. The Soviets would also agree to continue negotiations for returning the other islands to Japan. (The Soviet proposal is even more favorable to Japan than a proposal by Mr. Hirazawa, one of Miki's top advisors, which he put forward last year to end the dispute.) It is quite possible that Fukuda, realizing that something like this was in the works, delayed Hatoyama's Moscow visit. Any such settlement of the northern islands question would enable both countries to sign a peace treaty which would enormously expand already existing Japan-Soviet economic cooperation.

Fukuda's Dilemma

Fukuda's major problem, after his rise to power by a series of cunning maneuvers, is his lack of any mandate from Japan's population to take it on his right-wing course. Many business circles who helped Fukuda only want a government which, unlike Miki's could successfully manage important economic bills through Japan's Diet. These business leaders had been scheming to form a "stable conservative government" by fostering a tie between Fukuda and former Finance Minister Masayoshi Ohira. One key business "middleman" between Fukuda and Ohira was the head of the Japan-Soviet business cooperation committee and former Nippon Steel head Shigeo Nagano according to the Dec. 25 *Asahi*. These men admire Fukuda's skills as an economic bureaucrat but not as a warhawk politician. Some of them are now wondering, as are Japan's major newspapers, if the Fukuda government will be short-lived.