

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Travel briefs, Japan 01 (01/11/1971-01/12/1971)

Folder ID: 1772601

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4540S

Series: Travel briefings

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: May 16, 2013

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

Nishimura Papers

*Travel briefs
Singapore and*

*(VI 1)
Folder 1 of 3*



1772601

A1995-259 Other # 8

309689B

Archives

Travel briefs, Japan 01

DECLASSIFIED

WBG Archives

4

ITINERARY FOR VISIT TO JAPAN, THAILAND, PHILIPPINES,
SINGAPORE AND MALAYSIA, NOVEMBER 2-19, 1971

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>		<u>REMARKS</u>
Nov. 2	1755	2255	Depart Washington--Dulles	AA75(B747) non-stop
Tues.	2021	0421	Arrive Los Angeles	
	2100	0500	Depart Los Angeles	TW743 (B320) non-stop
Nov. 3	0035	1035	Arrive Honolulu	Kahala Hilton Hotel
Wed.	1230	2230	Depart Honolulu	JL071(B747)non-stop
Nov. 4	1605	0705	Arrive Tokyo	
Thurs.	1805	0905	Depart Tokyo	JL123
	1900	1000	Arrive Osaka	Royal Hotel, Osaka
			Evening free	
Nov. 5	0830		Breakfast meeting with business leaders (chaired by Mr. Saeki, Pres. Osaka Chamber of Commerce)	
Fri.	1015		Meeting with Mr. K. Matsushita (Pres. of Matsushita Electric Company)	
	1100		Depart Osaka	by car
	1130		Arrive Kyoto	
	1200		Private lunch with Amb. and Mrs. Kiraa	
	1330		Visit Katsura Detached Palace and Kyoto Castle (accompanied by Professor Mori --expert on Japanese culture)	
	1630		Briefing on Japanese education and its impact on economic development	
	1900		Dinner hosted by President of Japan Development Bank and Mrs. Ishihara	Miyako Hotel, Kyoto
Nov. 6	0644		Depart Kyoto (accompanied by Mr. Sawaki Director General, Bureau of Economic Cooperation /AID/ Foreign Ministry)	(<i>via</i> <i>aid</i> UKAWA) by express train
Sat.	0935		Arrive Tokyo	
	1000		Meeting with Governor of Bank of Japan, Mr. Sasaki	
	1045 - 11:20		Meeting on Japan's current economic problems (Mr. Miyazawa, Former Minister of Economic Planning Agency)	
	1130		Meeting with Prime Minister	
	1300-1500		Lunch with Japanese business leaders-- KEIDANREN (Japanese Federation of Economic Organizations)	
	1515		Meeting with Aid Advisory Group to Prime Minister (including Dr. Okita)	
	1800		Meeting with Mr. Ishida, President Japan Ex-ImBank	
	1830 11:45-12:15		Meeting with Mr. Takasugi, President, Overseas Economic Cooperation Foundation (concessionary aid)	
			Evening free	Okura Hotel

Nov. 7	0900		Meeting with Prime Minister	
Sun.	1015		Briefing on Tokyo-Peking problems	
	1130		Briefing on Japanese agriculture and land reform	
	1230		Meeting with Minister of Foreign Affairs, Mr. Fukuda	
	1430		Luncheon hosted by Minister and Mrs. Fukuda	
	1730		Briefing on Japanese economic performance	
	2000		Minister of Finance, Mr. Mizuta	
			Dinner hosted by Minister and Mrs. Mizuta	
Nov. 8	0900	0000	Depart Tokyo	JL713 via Hong Kong (DC8)
Mon.	1455	0755	Arrive Bangkok	
	1545		Depart Bangkok	by plane--inflight briefing on Northern Region Plan Family Planning Program
	1715		Arrive Chiang Mai	
	1730		Visit Chiang Mai University	
	1815		Briefing on Hill Tribes	
	1900		Visit Family Planning Clinic	
	2030		Dinner hosted by Governor, Bank of Thailand	Rincome Hotel
Nov. 9	0800		Depart Chiang Mai	by plane along Mekong R. Inflight briefings on Mekong Program and North East development program (NEP)
Tues.				
	0945		Arrive Khon Kaen	
	1000		Visit Khon Kaen University. Briefing on accelerated rural development program	
	1100		Depart for UNDP Experimental Station Kalasin	by helicopter
	1215		Return to Khon Kaen	
	1300		Informal lunch given by Bank of Thailand	
	1400		Depart Khon Kaen	by plane
	1500		Arrive Chainat (Takli Airbase)	
	1515		Visit Agricultural Research Station and multipurpose cooperative	
	1745		Depart Chainat	
	1815		Arrive Bangkok	
	1930		Meeting with General Chalermchai, Director General, Tourist Organization of Thailand (at hotel)	
			Evening free	Erawan Hotel
Nov. 10	0800		Briefing on Third National Development Plan	
Wed.				
	0940		Minister of Education	
	1030		H.R.H. The King of Thailand	
	1145		Minister of Agriculture	
	1245		Small informal luncheon with distinguished industrialists and bankers (six)	
	1430		Visit Kasetsart University	
	1510		Joint briefing meeting with National Research Council and Applied Scientific Research Corporation on nutrition policy and on-going research	

0930-1070

Edinburgh 1130-1240

1230-1430

1430

1730

2000

From Bangkok

at 1930

1645 Meeting with International Finance Corporation of Thailand (at hotel)
 1745 Meeting with Canadian Ambassador and UNDP ResRep (at hotel)
 1845 Meeting with young professors (at hotel)
 Evening free

Nov. 11 0745 Depart hotel by car
 Thurs. 0815 Meeting with ECAFE
 0900 Minister of Foreign Affairs
 1030 Briefing on port development
 1100 Boat trip, including briefings on urban development (informal lunch on-board)
 1330 Boat trip ends
 1400 Meeting with Prime Minister and aides
 1600 Signing of EGAT loan at Ministry of Finance
 2000 Small informal dinner hosted by Prime Minister

Nov. 12 Morning free
 Fri. 1140 0440 Depart Bangkok KL863(B747)non-stop
 1530 0730 Arrive Manila
 1630 Meeting with Executive Secretary Melchor and Secretary of Finance Virata (at hotel)

cancel meeting & will be at 1730

1900 Dinner for Mr. and Mrs. McNamara at Development Bank of the Philippines Stay at Savoy Hotel
hosted by Sec of Fin. Virata

Nov. 13 0900-1200 Meeting on Philippines general economic situation, Four-Year Development Plan and social development programs (chaired by President Marcos)
 Sat. 1200 Private lunch hosted by Pres. and Mrs. Marcos
 1500 Meeting with Congressional leaders (at hotel)
 1630 Meeting with prominent business leaders (at hotel)
 1800 Meeting with Ford Foundation representatives (at hotel)
 Evening free

Nov. 14 0800 Depart hotel accompanied by Secretary of Agriculture, Mr. Tanco by car
 Sun. 0930 Arrive Los Banos
 0930 Visit International Rice Research Institute
 1100 Visit College of Agriculture
 1200 Informal lunch at Student Union hosted by Mr. Tanco
 1330 Informal meeting with small group of students
 1400 Depart Los Banos by car
 1530 Arrive Manila
 1600 Meeting with UNDP ResRep (at hotel)
 1700 Meeting with Mr. Watanabe (at his residence)
 1930 Dinner hosted by Mr. Melchor

Watanabe 1 day

Nov. 15	0750	2350	Depart Manila	PR501 DC8 non-stop
Mon.	1030	0300	Arrive Singapore	
	1130		✓ Briefing by Secretary of Finance	
			Lunch free	
	1300		✓ Meeting with Chairman of Housing Board (at hotel) followed by visit to Housing Estate	
	1500		✓ Visit to Jurong Town Corporation	
	1900		✓ Meeting and dinner hosted by Prime Minister * MIN. OF DEF. ACTING	Stay at Goodwood Park H
Nov. 16	0830-1200		Individual meetings at hotel with:	
Tues.			✓ Minister of Science and Vice Chancellor	
			✓ University of Singapore; Head of	
			✓ Family Planning Board; and others	
	1235	0505	Depart Singapore	ML568 (B737) non-stop
	1320	0550	Arrive Kuala Lumpur	
			Lunch free	
	1600		General briefing with Chief Secretary and senior governing officials	
	1735		Return to Hotel	
	1830		✓ Meeting with Ford Foundation repre- sentative, Mr. Kennedy	
	1945		Courtesy call on Prime Minister at Sri Taman	
	2000		Dinner hosted by Prime Minister, including senior ministers	
Nov. 17	0830		Depart Kuala Lumpur	by executive jet
Wed.	0900		Arrive Kuantan	
			Fly over Jengka Triangle	by helicopter
	1030		Visit to FLDA Land Settlement Scheme	
	1230		Informal lunch at project site	
	1430		Visit to SJSB Forestry Project	
	1610		Depart Project area	by helicopter
	1630		Arrive Kuantan	
	1645		Depart Kuantan	by executive jet
	1715		Arrive Kuala Lumpur	
			Evening free	
Nov. 18	0900		UNDP ResRep (at hotel)	
Thurs.	1000		Meeting with Minister of Finance	
	1045-1145		Meeting with Prime Minister and senior ministers	
	1300		Lunch hosted by Minister of Finance	
	1445		Meeting with Governor of Bank Negara	
	1600		Meeting with Chairman of PERNAS and repre- sentatives of Chambers of Commerce	
	1700		Courtesy call on His Royal Highness, the Agong (King of Malaysia)	
			Evening free	
	2140	1340	Depart Kuala Lumpur	Aeroflot 558, via Delhi and Moscow
Nov. 19	0820	0820	Arrive London	
Fri.	1130	1130	Depart London	PA107 (B747) non-stop
	1435	1935	Arrive Washington--Dulles	

Explanation of the itinerary

*what subjects
& samples*

Nov.5 The breakfast meeting we are hosting in Osaka will have a cross section of the top leadership of the Kansai area. This is the plain in Western Japan containing the second largest city in the country, Osaka, the port of Kobe, and the former capitals of Kyoto and Nara. Osaka's merchant community laid the basis of the industrialization of Japan as it emerged from self-imposed isolation in the middle of the 19th century. The city prides itself on its old merchant caste, their abilities, and their generally more liberal attitudes toward trade and finance than in government-dominated Tokyo. Many of the countries' largest business organization were founded in the Osaka area (and, incidentally, three of its four leading newspapers) and moved their headquarters to Tokyo as the government role increased in the late 19th century and particularly with the growth of the war-directed economy in the 1930s. That concentration of management in Tokyo was perpetuated and intensified under the U.S. Occupation, 1945-1953, and in the great boom since the end of the Korean War.

Mr. Matsushita, whom Mr. McNamara will meet in Osaka, is notable among Japanese top company executives because of his rise from very humble beginnings to leadership of one of Japan's most important companies (and also for many years top salary earner in the country). The firm, Matsushita Electric Co., produces electrical goods from meters to electric blankets under the brand name "National". Matsushita was one of the first Japanese companies to set up a basic research foundation and prides itself on the number of highly qualified scientists on the staff. Its electronics products (television and "hi fi") are marketed in the U.S. under the name Panavision. The company was recently charged with "dumping" TV in the U.S. both under American law and by a militant--but very young--Japanese consumers' group which noted the much higher price in Japan than in the U.S. (A full-length biography of Mr. Matsushita is included.)

The automobile trip from Osaka to Kyoto will provide a view of the Kansai Plain which is rapidly turning from former small and crowded ricefields into a "megapolis" of enormous proportions. Osaka has a population of 3.2-million, Kyoto 1.4-million, Kobe, 1.3-million. As you will see from your trip, this area, like the Kanto Plain on which Tokyo, Yokohama, Kawasaki, and other suburbs, are located with a total population of more than 17-million, is rapidly becoming one indistinguishable urban sprawl.

A buffet with Ambassador Kira will be an opportunity to get into the mood of Kyoto, the ancient capital of Japan, and perhaps with the destruction of much of the old culture of China in mainland China, the most important repository of East Asian culture--perhaps much in the way Florence sums up the European Renaissance. Professor Mori will speak in general terms of Japanese culture, artifacts and traditions, at the lunch and will be the guide on the tour of some historic and artistic sites in Kyoto during the afternoon.

The Katsura Detached Palace which you will see is the quintessence of Japanese architecture, and of the idealized and stylized life of studied simplicity which has dominated Japanese esthetics from time immemorial, except for brief periods of effervescence. (A brochure on the mansion is available in supplementary materials.)

The Japan Development Bank, whose governor, Mr. Ishihara, will host the dinner in Kyoto, has had a long and very close relation with the IBRD. It was a conduit for a substantial portion of the lending which the Bank extended to Japan during the period 1950-63. All told, it borrowed almost \$375 million on behalf of private Japanese companies, or almost half the total of the reconstruction loans. The Bank is now turning its attention toward the possibility of playing a key role in diverting investment funds from traditional infrastructure and capital plant expansion toward what the Japanese now call "social infrastructure"--public facilities for health and recreation, anti-pollution, education, and, particularly, housing.

Nov. 6 Mr. Sawaki, who will accompany the McNamara party enroute from Kyoto to Tokyo on the New Tokkaido Line of the Japan National Railways, heads the Bureau of Economic Cooperation of the Ministry of Foreign Affairs. This bureau is the coordinating agency for all overseas aid: That is, it negotiates the government-to-government agreements which cover policy matters relating to any foreign assistance. But the actual transfer of funds--and the spadework for framing policy, often--is handled in other ministries and agencies. There are three principle aid-giving organizations: The Japan Export-Import Bank which finances export credits under government-to-government agreements as well as suppliers' direct credits. The Overseas Economic Cooperation Fund technically under the Economic Planning Agency is the source of all grant and some of Japan's aid at concessionary terms. (Em-Im sometimes also lends on government instruction at below domestic commercial interest rates.) The third agency is the Overseas Technical Assistance Agency (technically under the Ministry of Foreign Affairs) which extends all government-to-government technical assistance.

In the background, however, is the Ministry of Finance, which handles all budgeting and which is final arbiter under the prime minister for financial affairs including foreign aid commitments.

The Bank of Japan, whose governor Mr. McNamara will meet shortly after his arrival in Tokyo by train, has been nicknamed "The Vatican of Japan" by Japanese newsmen for its aloofness in dealings with all outsiders. Formality and protocol bear much of the same character as the Bank of England after which it was modeled in the 19th century. The Bank of Japan has loaned the IBRD a total of more than \$440 million since the beginning of 1970 through the purchase of yen obligations. (See the compilation enclosed on Japanese lending to the Bank, and dispersal for procurement.) Earlier it had prepaid some \$165 million in early maturities of outstanding debts by Japanese organization to the IBRD. *aituro 073*

Mr. Miyazawa, who has held various posts in the Japanese government, is generally considered representative of a new breed of younger Japanese bureaucrat-politicians who have had almost all their experience in government in the Occupation and the post-World War II period. He is generally regarded as a liberal, intent on taking the Japanese government away from traditional protectionist and highly centralized government-directed investment policies toward market economics.

The Prime Minister is seeing Mr. McNamara at a critical moment in his career and the history of postwar Japan. The fourth Sato Cabinet is generally seen as facing three distinct and extremely difficult problems: 1) The

continuing slowdown--by Japanese standards--in the economy, now aggravated by the international monetary crisis and the U.S. surtax on imports; 2) foreign policy issues, dominated by the China problem which in Japan is so acute as to become a domestic political issue, and aggravated relations with the U.S.; 3) the long-term adjustment of the Japanese economy and its political orientations to its big-power status including such worries as long-term access to raw materials, markets, particularly, for labor-intensive capital goods, etc. (This last problem, particularly, has direct bearing on overseas economic assistance and the IBRD's relations with Japan.)

The Keidanren, which will host a luncheon for Mr. McNamara where he is expected to speak very briefly and answer questions, is considered the very heart of the Japanese economic-political power. The organization (translated Japan Federation of Economic Organizations) is considered the most powerful, single political force in Japan, and generally speaks for Japanese business when economic and political questions arise. However, of late it has been challenged by several new organizations--notably, the Nihon Keizai Doyukai, affiliated with the American Committee for Economic Development.--of younger and more liberal businessmen. (Mr. Morita of Sony, for example, takes an important role in the Keisai Doyukai.) The luncheon audience will include the most prestigious men in Japanese business who are eager to hear Mr. McNamara on general world conditions as well as the Bank's problems and its relations with Japan.

The Advisory Council on Aid to the Prime Minister is a group of top-flight businessmen and academics--including Dr. Okita, a member of the Pearson Commission --who have been studying the whole problem of Japanese overseas assistance. The Japanese are now formally pledged to the 1% of GNP formula, to untying (although that is somewhat in doubt because of the American policy change of untying at this time), and a substantial increase in Official Development Assistance (ODA). There has been a move for some time inside the government and out to rationalize the government apparatus for dealing with aid--that is, the present multiplicity of agencies with overlapping functions. But the change would require legislation in Diet, and probably more important, a consensus among the government ministries involved. The most recent recommendations of the Council to the government (copy enclosed) appear to follow the Peterson Report guidelines in the U.S., for setting up independent ideological and administrative units, but it is not clear whether they can be made effective in the near future due to the present unstable domestic political situation, and more pressing problems in trade and international finance before the Diet.

Mr. Morita of Sony is a pioneer in post-war Japanese business. His company had a series of "firsts": It is one of the few Japanese companies, for example, which was set up by engineer-administrators rather than administrators-financiers as most Japanese firms. The company, although large and successful, has only minimal connections to one of the old zaibatsu family groups (Mitsui). Sony, from its first beginnings, put a great deal of money into research, a novelty in Japanese firms which usually buy all their research from foreign (generally American) sources through royalty arrangements. He also very early set the company on a path toward capturing a large U.S. market using American marketing and advertising techniques, and avoided using the Japanese trading companies as a go-between in the market, the normal procedure for Japanese

exporters. Most important of all, Sony has been a pace-setter in the creation of new product lines, not depending on their initiation in Europe or the U.S. and then simply producing at a cheaper prices for a foreign market already created by other manufacturers.

The Press Conference, if it is held, would be open to both Japanese and the foreign press. It is not expected that the Japanese press would deal with other than World Bank economic issues. But it is highly possible that the foreign press will pick up the line of widescale speculation in the Japanese press that Mr. McNamara is one a series of American leaders who are visiting Japan in the next few days on behalf of Mr. Nixon in order to help in ironing out various difficulties between Washington and Tokyo at this time. list of goods

The Japan Export-Import Bank, one of the principle vehicles of Japanese overseas aid, and its president, Mr. Ishida, are particularly anxious these days about the Pakistan problem. If there is no resumption of interest payments on outstanding debts owed the Ex-Im by Pakistan--the Pakistanis have since April only been paying suppliers' credit from Japan which were financed indirectly by the Ex-Im but were not included in the consortium totals--the Bank will go into the red by March 1972. This would be the first time in its 25-year history. And it would probably force, if not legally at least politically, the Bank to present an explanation to the Diet. In the present political situation, the debate on the problem might be stormy. Socialist opposition all along has maintained that the whole Japanese aid program to non-Communist countries financed through the Ex-Im simply back-up for the U.S. military strategy in East Asia, In addition, grant and loan aid to Pakistan and India has never been popular in Japanese government, circles. The Japanese are particularly, concerned, therefore, with the present impasse in the Pakistan consortium.

Nov.7 Japan's relationship with China has been throughout this country's recorded history one of its basic concerns. Recent developments have aggravated the ambivalence of the relationship existing since 1950. The support of the U.S. "important question" resolution which the Sato government decided to give in the United Nations after a long internal debate in the ruling Liberal-Democratic party as well as in the government was an extremely difficult decision. Mr. Sato made it against the advice of much of the Party and important elements in its leadership. The defeat of the resolution and the U.S. position generally on China at the U.N. is bound to have important results here--as yet difficult to estimate. (Some earlier material which laid out the background for the China issue here in economic and political terms is included in the supplementary briefing materials.)

Most economists concede that the Japanese industrialization was based in part on the savings which were squeezed out of Japanese agriculture sector through its growing productivity. Needless to say, Japanese agricultural experience may have important implications for the developing countries today, and, in any case, Japanese technology appears to have particular relevance to the effort to raise agricultural productivity in these countries. Japanese experience with land reform, also, may have relevance. This discussion will be led by Mr. Owada who participated in the Japanese land reform under the U.S. Occupation in post-war Japan.

Japanese revolutionaries of the mid-19th century who set out to reconstruct their society through industrialization and modernization were from the beginning concerned with the necessity for Western-oriented technical education. The so-called Meiji Educational Reform was perhaps as important as anything else in the successful completion of much of what the Meiji Restoration (for it sought to "dethrone" the dictator and return the Emperor to real power), set out to do. Mr. Nishida will talk on these themes, and in particular, on the role of education in economic development in Japan. (Tables and additional materials are available on this theme, including a recent report for educational reform prepared by a Japanese government commission of men and women from academia and public life, are included in the supplementary materials.)

Mr. Fukuda, who will host the lunch as Minister of Foreign Affairs, was formerly minister of finance and has had a long career in the ministry of finance. He is generally considered to be Mr. Sato's candidate to succeed him, and is generally regarded as the frontrunner in the just-under-the-surface race among the leaders of the Liberal-Democratic Party for the succession in the next change in the leadership of the party and the prime ministry, expected to come at the latest, next spring or early summer.

Dr. Shimomura, who will talk on Japanese economic prospects, is one of the most controversial figures in Japanese economic circles. He was the most important economic adviser to former Prime Minister Ikeda and generally given credit for the successful Ikeda politico-economic slogan of doubling the GNP in five years. Shimomura is termed by some of his colleagues as an expansionist, even an inflationist. He is a close confidant and adviser to Mr. Mizuta, the present finance minister, and at the moment advocates a strong expansionist line in the economy plus liberalization of imports and capital market operations. (A recent article, in which, among other things, he advocates that Japan consider a 2% annual overseas economic cooperation target is included in the supplementary materials.) Dr. Shimomura's career before retirement to a purely research organization was in the Japan Development Bank, and he was well known to some of our staff during the period in which the JDB was receiving loans from the IBRD.

Mr. Mizuta, the finance minister, who will host Sunday night's dinner is famous for his service as a stop-gap finance minister. He has been called in during several emergencies to serve as an almost "technocrat-minister" although he is a political figure. He was very close to former Prime Minister Ikeda and is considered one of "the Ikeda group" of economists and former finance ministry officials. He is now serving his fifth period as finance minister. He is noted for his ability to work closely with ministry of finance technical experts during crisis periods like the present international monetary debate. Rumor has it, however, that he would continue to serve in the ministry if Mr. Fukuda succeeds Mr. Sato as prime minister.

A

Japan

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION*

INTERNATIONAL FINANCE
CORPORATION

Borrowed over 850m - 31 loans

70 countries, receiving FRK + IDA loans,
have spent 775m in Japan for
procurement of goods

60 Japanese on the staff of the FRK

FRK has borrowed nearly 500m in Japan
in past 2 yrs -

Era characterized by a basic demographic shift -
devel prog have not yet ady to this

Requires much greater emphasis on pop. planning
but equal reorg. ~~not~~ before pop. planning
can become effective. The LDC's will have
expanded several fold

Growth of GDP is a nice but not a suff. cond.
of dev. -

In 60's LDC's grew at 5% but unem, infl,
illat. inc.

Growth by 4% ODT 62 - to achieve it will
req. eff. trade + aid (LDC's pledge 50) and
+ direct attn + unem, infl, + illat.
Japan a major factor in achieving goal -
together with tech + finance

DRAFT
JLMaddux:dcc
October 27, 1971

Draft Material for a Possible "Reply to a Toast" in Japan

Mr. Minister, Mrs. , Ladies and Gentlemen:

Mr. Minister, I am grateful for the gracious remarks you have made, and for the warm hospitality you have afforded us. Graciousness and hospitality are characteristic of Japan. You have made us feel very welcome here. Mrs. McNamara and I -- and all of in our party -- are deeply grateful for that.

But our gratitude is more than merely personal. As President of the World Bank Group I want to express the gratitude of all our developing member countries who are benefiting from Japan's growing participation in the cause of international development.

Japan's case is a very impressive one. In the 13 years between 1953 and 1966 Japan received 31 loans from the World Bank. And since February of last year, it has in effect made six loans *to* the World Bank.

That is precisely the evolution we would hope all our developing member countries will undergo; an important barometer of success in the development process is that aid-receiving nations do in time become aid-extending nations. Japan is perhaps the most dramatic instance of that welcome transformation in recent years, and thus can stand as an example to other nations.

No single nation -- no matter how prosperous -- can shoulder the burdens of international development alone. But no nation -- no matter how prosperous -- can afford to be indifferent to the poverty of the international

community in which it must live. I very much welcome, Mr. Minister, the assurances Japan has given that it fully intends to play its role in the international development community.

That role is an important one. And it is important not merely because of the substantial financial assistance that Japan can make available, but also because of the great store of experience that the Japanese people have acquired in their remarkable march towards modernization.

To take but a single example -- one out of very many: Japan has been immensely successful in developing agricultural techniques for small-plot cultivation. Japan's experience in fertilizer use, water management, soil surveying, terracing, and small-scale mechanization has been genuinely remarkable. It is experience that is relevant to other parts of Asia, and indeed to many parts of the developing world at large. As these countries move toward more equitable land reform and more systematic rural development, I would very much hope that the official foreign aid program of Japan could make the fruits of this experience more widely available through the instrumentality of technical assistance.

I know that Japan is in fact doing this now. But I believe that there will be an increasing need for this assistance in the years immediately ahead.

Mr. Minister, the Japanese people have impressed -- indeed astonished -- the world with their industriousness, their creativity, their managerial and technological success. Many developing countries, while

of course preserving their own socio-cultural contexts, would like to emulate that success. It is the sincerest form of praise to Japan that these countries should want to do so. I believe -- as I am sure that you do -- that Japan will continue to assist those less fortunate than themselves, and will in fact enlarge that assistance during this Second Development Decade.

Development in Asia -- development throughout the world -- requires the close partnership, the close cooperation of Japan.

We in the World Bank Group are confident that the Japanese people will recognize this, and respond with their characteristic vigor.

Thank you.



JAPAN

BACKGROUND NOTES

Population: 102 million (1969 est.)

Capital: Tokyo

Japan is a chain of rugged, mountainous islands lying in a 2,000-mile-long arc off the east coast of Asia. It comprises four main islands—Hokkaido, Honshu, Shikoku, and Kyushu—and more than 3,300 smaller islands. They lie at approximately the same latitude as the United States. The total area of Japan, 147,000 square miles, is somewhat less than that of California. About four-fifths of the country is covered by hills and mountains, a number of which are inactive or active volcanoes. Japan's unstable geological position beside the Pacific deeps accounts for the numerous earthquakes felt throughout the islands.

Temperatures range from the subtropical climate on southern Kyushu, which is similar to that of northern Florida, to the cool climate of Hokkaido, which is like that of southern Maine. The climate of most of Japan is dominated by the Asiatic monsoon, which brings a pronounced summer rainy season (most intense in early July) and mild, sunny winters. Rainfall throughout the country is more than 40 inches per year and greatly in excess of this amount in certain areas. During the late summer and early fall Japan is often buffeted by torrential rains accompanying Pacific typhoons.

The Japanese flag consists of a red sun against a white field. According to legend, the Sun Goddess was an ancestor of the imperial family, and early chronicles mention images of the sun as emblems on banners. Adoption in 1870 of a national flag, with the present design, marked the start of a new era in the country's history.

THE PEOPLE

The Japanese are a Mongoloid people, closely related to the major groups of east Asia. However, there is some evidence of admixture with Malayan and Caucasoid strains. The only important minority group at the present time is the approximately 600,000 Koreans. There are also much smaller groups of Chinese and Caucasian residents.

The population of Japan, estimated at about 102 million in 1969, has exhibited a phenomenal rate of growth during the past 100 years as a result of scientific, industrial, and sociological changes. However, this period of rapid increase has now ended. In 1968 birth and death rates for Japan were 13.7 and 6.8 per thousand respectively—below those of the United States. High

sanitation and health standards produce a life expectancy of about 71 years—about that of the United States—and account for the low death rate. The Government encourages birth control and family planning.

Japan had an estimated labor force of more than 50 million persons in December 1968. The number of employed has risen by almost 10 million in the past decade, and agriculture now takes only one-fifth of the total labor force. Less than 1 percent of the labor force is unemployed, and the shortage of labor is keenly felt in certain sectors of the economy.

Religion

Buddhism occupies by far the most important place in the religious life of Japan. It has exerted profound influence on fine arts, social institutions, and thought, and most Japanese still consider themselves members of one of the major Buddhist sects. The Soka Gakkai, a lay organization in the native Nichiren Buddhist tradition, has been especially active since World War II.

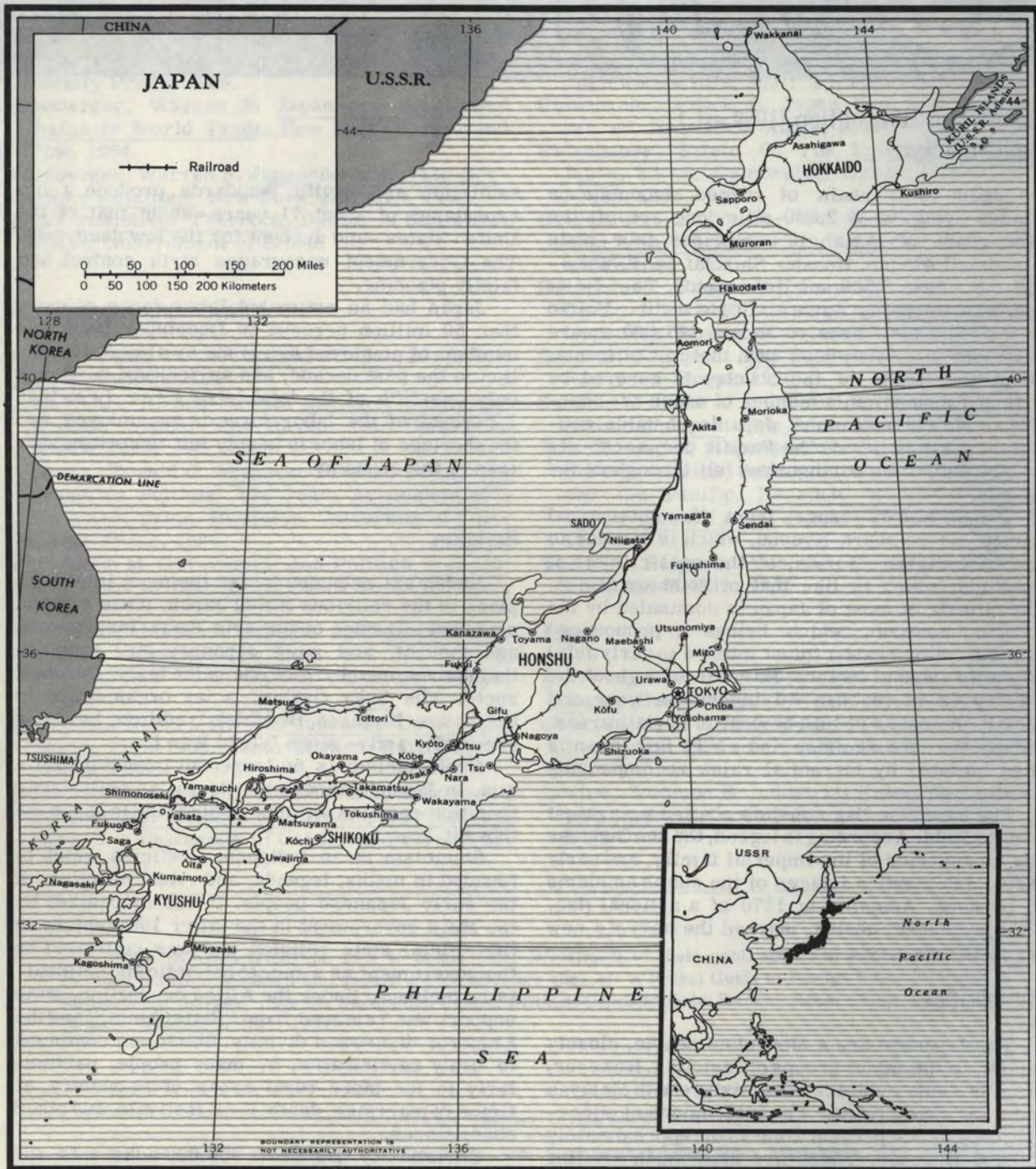
Confucianism is no longer an important religion in Japan, although the Confucian philosophic tradition remains an important strand in Japanese thought.

Shintoism is an indigenous religion which is founded in myths, legends, and ritual practices of the early Japanese people. It was recognized by the Meiji government in the latter 19th century as the official state religion and was cultivated by the government as a spur to patriotic and nationalistic feelings. Under the Allied occupation, state support was removed from "State Shinto," and the Emperor disavowed divinity. Shintoism continues to draw participation by many people, particularly in the more rural areas of the country, at times of marriage, death, local festivals, and other observances.

Christianity has about 750,000 adherents, including a relatively high percentage of important persons in educational and public affairs, which gives them an influence far beyond their small numbers.

Education

The Japanese educational system is based on free public schooling for all children through 6



76768 7-69

years of elementary school and 3 years of junior high school. Most students go on to 3-year senior high schools, and those able to pass the stiff entrance examinations enter the 4-year universities or 2-year junior colleges. There are public and private high schools, colleges, and universities, but public institutions, as well as private, require tuition. Japan's literacy rate approaches 100 percent.

The rapidly rising standard of living and growing job opportunities for well-educated youth have placed a severe burden on overcrowded institutions of higher learning. Competition for entry into the handful of particularly prestigious universities—such as Tokyo University, Kyoto University, Waseda, and Keio—is very intense. However, a continuing record of full employment for high school and college graduates is reversing the traditional attitudes toward jobs, with prospective employers competing for the better graduates rather than graduates competing for employment.

The educational system was extensively reorganized during the Allied occupation to eliminate courses regarded as having contributed to militarism. The administration of education was considerably decentralized to make it more difficult to use the educational system as an instrument of indoctrination.

Many Japanese believe these occupation reforms went too far and that there is a connection between the absence of moral education in the schools and the rising rate of juvenile delinquency. The Government, therefore, has reintroduced into the curriculum a course of moral education based on democratic principles and has taken a number of steps to give the Minister of Education a greater voice in the administration of education throughout the country. These actions have been strongly opposed by the left wing, led by the Japan Teacher's Union, which claims that these moves are designed to restore prewar authoritarianism.

Since 1965 there has been an increase in student protests focusing on dissatisfaction with living conditions, overcrowded classrooms, and allegedly unresponsive university administrations. A number of universities, including Tokyo University, have at various times been paralyzed or closed down entirely for as long as a year. The student movement is divided into a number of mutually antagonistic factions.

Mass Communications

Mass communications in Japan are comparable to those in the advanced industrial nations of the West. The mass media are highly competitive even though dominated to a considerable extent by three organizations based on nationally distributed daily newspapers: Asahi (circulation 5.5 million as of 1968), Mainichi (4.5 million), and Yomiuri (5.5 million). These major newspaper companies and several smaller ones publish weekly magazines and have interests in commercial radio and television. There are many other national and

prefectural newspapers of significance and four English-language dailies.

The Japanese publishing industry brings out more new titles each year than its American counterpart. There is a tremendous variety of magazines appealing to all tastes, many of which have very large circulations.

Radio and television follow the British or Canadian pattern, with a nationwide government-owned network competing with commercial networks. Almost all Japanese homes have radios. As of 1969 about 90 percent of Japanese households had TV, placing Japan second in the world after the United States. The Japanese movie industry similarly ranks as one of the largest in the world.

Social Welfare

In Japan, as in other parts of Asia, the care of the sick, aged, and infirm has been, until recent times, the responsibility of the family, employers, or private organizations. To meet the needs of an urbanized, modern industrial society, this system has changed greatly, and the Government is now conducting a very broad range of still modest but successful social welfare programs. These include health insurance, old-age pensions, a minimum wage law, and the operation of a variety of hospitals and social welfare institutions for orphans, the physically handicapped, older people, etc.

Both major political parties are firmly committed to providing increased and more effective social welfare services.

HISTORY

Traditional Japanese records embody the legend that the empire was founded in 660 B.C. by the Emperor Jimmu, a direct descendant of the Sun Goddess and ancestor of the present ruling dynasty. About 405 A.D. the Japanese court officially adopted the Chinese script. During the 6th century Buddhism was introduced into Japan from China. These two events revolutionized Japanese culture and were the beginning of a long series of cultural borrowings from China that have resulted in a strong feeling of affinity for China by the Japanese people.

From the establishment of the first fixed capital at Nara in 710 until 1867, the Emperors of the Yamato dynasty were the nominal rulers, but actual power was usually held by powerful court nobles, regents, or shoguns.

Contact with the West

The first contact with the West occurred about 1542 when a Portuguese ship was blown off course and landed in Japan. It was followed by Portuguese traders; Jesuit, Dominican, and Franciscan

missionaries; and Dutch, English, and Spanish traders. During the early part of the 17th century growing suspicion that the traders and missionaries were forerunners of a military conquest caused the Shogunate to place successively greater restrictions on foreigners, culminating in 1638 with the expulsion of all foreigners and the severing of all relations with the outside world, except severely limited commercial contacts with Dutch and Chinese merchants at Nagasaki. This isolation persisted until 1854 when Commodore Perry "opened" Japan by the convention of Kanagawa.

Renewed contact with the West brought to Japan a breakdown of feudalism and industrialization and the rapid achievement of the status of a modern power. In 1868 the Shogun was forced to resign and the Emperor Meiji was restored to temporal power. The feudal system was subsequently abolished, and in 1889 a constitutional government, parliamentary in form, was established. During this period Japan sought to utilize Western technology to strengthen and modernize the state and the economy. The "Meiji constitution," promulgated during this time, instituted many needed reforms. The success of the carefully controlled revolution of the Meiji leaders was tremendous. In a few decades these leaders achieved their goal of a strong Japan.

Japan proceeded to establish itself on an equal basis with the leading nations of the West. Along with the introduction of modern transportation, steps were taken to build an up-to-date army and navy, modernize education, adopt some Western customs, and create a modern industry. Of prime psychological importance was the introduction of a Western system of justice, thus enabling Japan to remove in 1898 the last of the "unequal treaties" which were particularly galling to the Japanese.

War With China and Russia

The Japanese leaders of the late 19th century, alert to "power politics" both homegrown and Western, regarded the Korean peninsula as "a dagger pointed at the heart of Japan." It was over Korea that Japan became involved in war with the Chinese Empire in 1894-95 and with Russia in 1904-05. As a result of the war with China, Japan acquired a part of southern Manchuria, the Pescadores Islands, and Formosa. Japan defeated Russia in the war of 1904-05, and the resulting Treaty of Portsmouth awarded Japan certain rights in Manchuria and southern Sakhalin (Russia had received southern Sakhalin in 1875 in exchange for the Kurile Islands). These two wars gave Japan a free hand in Korea, which it formally annexed in 1910.

World War I to Present

The First World War permitted Japan, the only Asian member of the Allies, to expand both its influence in Asia and its territorial holdings in

the Pacific and brought unprecedented prosperity to the country. Japan went to the peace conference at Versailles in 1919 as one of the great military and industrial powers of the world and received official recognition as one of the "Big Five" of the new international order. It joined the League of Nations and received a mandate over the Pacific islands north of the Equator that were formerly held by Germany.

During the 1920's Japan made progress toward establishing a democratic system of government. However, parliamentary government was not deeply enough rooted to weather the pressures in the 1930's from economic and political forces. Military leadership played an increasingly influential role in the ruling of Japan during this time.

Japan invaded Manchuria in 1931 and established the puppet state of Manchukuo. In 1933 Japan resigned from the League of Nations. The Japanese invasion of China in 1937 followed Japan's signature of the so-called "anti-Comintern pact" the previous year and was one of a chain of developments which culminated in the Japanese attack on Pearl Harbor on December 7, 1941. After 3 years and 9 months of warfare which resulted in the loss of hundreds of thousands of lives on both sides and included the atomic bombing of Hiroshima and Nagasaki, Japan signed an instrument of surrender on the U.S.S. Missouri on September 2, 1945.

As a result of World War II, Japan lost all of its foreign possessions and retained only the home islands. Manchukuo was dissolved, and Manchuria was returned to China; Japan renounced all claims to Formosa; Korea was granted independence; southern Sakhalin and the Kuriles were occupied by the U.S.S.R.; and the United States became the sole administering authority of the Ryukyu, Bonin, and Volcano Islands. The United States returned control of the Bonin and Volcano Islands to Japan in 1968.

Japan was placed under the international control of the Allied Powers through the Supreme Commander for the Allied Powers (SCAP), Gen. Douglas MacArthur. The objectives of the United States were to insure that Japan would become a peaceful nation and to establish democratic self-government supported by the freely expressed will of the people. Reforms were introduced in the political, economic, and social spheres. The method of ruling through Japanese officials and a freely elected Japanese Diet afforded a progressive and orderly transition from the stringent controls immediately following the surrender to the restoration of full sovereignty when the treaty of peace with Japan went into effect on April 28, 1952.

Since the peace treaty Japan has been ruled by conservative Governments whose policy has been to maintain a close orientation to the West. The institutions of parliamentary democracy have become progressively stronger. The post-treaty period has also been marked by tremendous economic growth.

GOVERNMENT

Japan's parliamentary Government—a constitutional monarchy—operates within the framework of a Constitution which became effective on May 3, 1947. Sovereignty, previously embodied in the Emperor, is now vested in the Japanese people, and the Emperor is defined as the symbol of the state. Japan has universal adult suffrage with a secret ballot for all elective offices, national and local. The Government has an executive responsible to the legislature, and an independent judiciary.

Legislature

The Diet is constitutionally designated as the highest organ of state power and is the sole law-making body of the Government. It consists of the House of Representatives—with 486 members elected for a maximum term of 4 years—and the House of Councillors which has 250 members elected for a 6-year term, with one-half of the Councillors elected every 3 years. One hundred members of the House of Councillors are elected from the nation at large. The next elections will be held before 1971, but the date had not been set as of September 15, 1969.

The Emperor, with the advice and approval of the Cabinet, may dissolve the House of Representatives. Dissolution necessitates a general election for the House of Representatives within 40 days after dissolution. The House of Representatives may force the resignation of the Cabinet by passing a motion of no-confidence, unless the House of Representatives is dissolved within 10 days of the motion.

Bills, which may be submitted by the Government or by individual members of the Diet, become law on passage by a simple majority of both Houses. Should the House of Councillors exercise a legislative veto on bills passed by the House of Representatives, such a veto may be overridden by a two-thirds vote of the House of Representatives. When the House of Councillors disagrees with the House of Representatives on budgetary matters or on Diet approval of treaties, the decision of the House of Representatives prevails if the disagreement cannot be resolved within 30 days.

Executive

Executive power is vested in a Cabinet composed of the Prime Minister and the Ministers of State, all of whom must be civilians. The Prime Minister, who must be a member of the Diet, is appointed by the Emperor on designation by the Diet. He has the power to appoint and remove his ministers, the majority of whom must be from the Diet. The Prime Minister and Ministers of State may be required by the Diet to appear before it to answer questions and to give explanations of government policy.

In addition to its general executive functions, the Cabinet is responsible for the conduct of foreign affairs, the conclusion of treaties (with the approval of the Diet), the submission of a budget, and the enactment of Cabinet orders to execute the provisions of the Constitution and of the law.

The Cabinet must resign *en masse*: (1) when it no longer enjoys the confidence of the House of Representatives, unless the House is dissolved within 10 days after the no-confidence vote; (2) when the Prime Ministership is vacant; and (3) upon the first convocation of the Diet after a general election for the House of Representatives.

Judiciary

Judicial power is vested in the Supreme Court and in such courts as are established by law. These include district courts and high courts (courts of appeal). The Chief Justice is appointed by the Emperor upon designation by the Cabinet. All other members of the Supreme Court are appointed directly by the Cabinet. Appointments are reviewed by the people at the next general election and again after 10 years.

Local Government

The Constitution requires that regulations for the organization and administration of local governments be "in accordance with the principle of local autonomy." Japan, however, does not have a federal system, and the 46 Japanese prefectures are not sovereign entities in the sense that American States are. Most of them are not financially self-sufficient but depend on the central Government for subsidies. Governors of prefectures, mayors of municipalities, and prefectural and municipal assemblymen are elected by the people for 4-year terms.

Conservative Rule

Conservative Governments have ruled Japan since the end of World War II, except for a brief period of Socialist-conservative coalition rule in 1947. Changes in Government have generally occurred when a Prime Minister has lost the support of the majority of his own party rather than through action by the opposition. The conservatives have maintained a broad base of popular support and are particularly strong among businessmen and in the rural areas, where the occupation-sponsored land reform created conditions of stability reinforcing the basically conservative outlook of the Japanese farmer.

POLITICAL CONDITIONS

The postwar political pattern has been that of a dominant conservative party or a coalition of

parties commanding the support of a substantial majority of the electorate, and an opposition party or coalition subscribing to Socialist ideas. In 1955 rival factions within the conservative and Socialist camps united to form the Liberal Democratic Party (LDP) and the Japan Socialist Party (JSP) respectively. These parties have dominated the political scene since that time.

In the January 1967 lower house elections the Liberal Democratic Party received 48.8 percent of the vote, but independents, mostly conservatives, won an additional 5.5 percent of the votes. The LDP, headed by Prime Minister Eisaku Sato, holds 273 of the 486 seats in the lower house (16 vacancies as of August 11, 1969) and 139 of the 250 seats in the upper house (one vacancy). The LDP and the Sato government are pledged to continue Japan's alliance with the United States and membership in the free world, and to expand the level of economic development and social welfare within a free economy. The LDP also favors reversion of Okinawa to Japanese administration but with retention of U.S. base rights there.

The leading opposition party is the Japan Socialist Party, headed by chairman Tomomi Narita, which holds 135 seats in the lower house and 64 seats in the upper house. The JSP advocates a policy of "positive neutralism" for Japan: abrogation of the U.S.-Japan Treaty of Mutual Cooperation and Security and elimination of U.S. bases in Japan; withdrawal of U.S. forces from Okinawa and immediate reversion of the Ryukyus to Japan; establishment of diplomatic relations with the Chinese Communist regime and abrogation of Japan's treaty with the Republic of China; opposition to close relations with the Republic of Korea; and conclusion of a peace treaty with the Soviet Union leaving the return to Japan of the Soviet-occupied islands of Kunashiri and Etorofu, if necessary, to subsequent negotiation.

Traditionally Marxist in ideology, the JSP sanctions the use of extraparliamentary mass movements in opposing conservative governments and "monopoly capitalism." It advocates nationalization of certain large industries and ultimate establishment of a Socialist economy.

The Democratic Socialist Party (DSP) was formed in early 1960. Alienated by JSP extremism, particularly the JSP's retention of the concept of class warfare, the anti-Communist Democratic Socialists attempted to form a responsible, moderate, Socialist opposition along the lines of Socialist parties in West Germany and Great Britain. Starting with 40 lower house seats and 16 upper house seats, the DSP suffered serious setbacks in successive national and local elections. In the January 1967 lower house elections, however, the party made a strong comeback, winning 31 seats. It currently holds 10 seats in the upper house.

The major source of strength for both Socialist parties has been the trade union movement. The JSP is supported by Sohyo, the General

Council of Trade Unions of Japan. The DSP is supported by Domei Kaigi, the Japan Confederation of Labor. The Socialist parties are generally strongest in urban industrialized areas. Intellectuals and youth are other important sources of Socialist support.

The Japan Communist Party (JCP), legalized in 1945 under the occupation, presently holds four seats in the lower house and seven in the upper house. Membership is estimated at about 160,000. The JCP received 4.8 percent of the total votes in the January 1967 elections, the last general election held for the lower house. The Communists have wielded their influence primarily through front organizations, student groups, and elements in the labor movement.

The Clean Government Party (Komeito) is the political arm of the Value Creation Society (Soka Gakkai), a lay organization of the Nichiren Buddhist sect. The Value Creation Society entered the national political arena in the 1956 upper house elections, and the Clean Government Party entered in the January 1967 lower house elections. The Clean Government Party now holds 25 seats in the lower house and 24 in the upper house. This party has taken few positions on current political issues, domestic or foreign, but its views on closer relations with Communist China and its criticism of the Viet-Nam war have cast it in the role of an opposition party.

DEFENSE

After World War II Japan was completely disarmed by the Allies. Article 9 of the Japanese Constitution provides that "land, sea, and air forces as well as other war potential, will never be maintained." In 1950 during the Korean hostilities this position was modified by the establishment of the National Police Reserve. Before the end of the Allied occupation in April 1952 the first steps had been taken to expand this force and make it for self-defense purposes. At the same time, the Japanese Government derived from article 51 of the United Nations Charter the doctrine that each nation has the right of self-defense against armed attack and that this right is consistent with article 9 of the Constitution.

In 1954 a National Defense Agency was created with the specific mission of defending Japan against external aggression. Ground, maritime, and air self-defense forces were established, with a Joint Chiefs of Staff organization patterned after that of the United States.

U. S. Military Assistance

The United States has made a large contribution to Japan's defense capabilities, both under the mutual security program pursuant to a Mutual Defense Assistance Agreement signed March 8, 1954, and under the 1952 security treaty and its

successor, the 1960 Treaty of Mutual Cooperation and Security. These treaties have provided for the stationing of U. S. forces in and about Japan to help maintain international peace and security in the Far East as well as the security of Japan. The presence of U. S. Forces in Japan has had an important stabilizing influence in the Far East and has contributed significantly to the security of the United States and the free world and to that of Japan. U.S. military assistance to Japan was terminated about 5 years ago.

Japanese Self-Defense Forces

The Japanese Armed Forces have an authorized strength of 240,000 men. Their ground forces are organized in 13 divisions, their naval forces have destroyers and submarines, and their air force has F-104's coproduced in Japan.

Over the years U.S. forces in Japan have steadily decreased in numbers. By 1958 all U.S. combat ground forces had been withdrawn, their role in the defense of Japan being assumed by the Japanese Ground Self-Defense Force. Air defense responsibilities formerly undertaken by some U.S. Air Force units have been assumed by the Japanese Air Self-Defense Force.

Political, economic, and psychological factors have retarded the rate of development of the self-defense forces. An important minority in Japan continues to advocate strict interpretation of article 9 of the Constitution, and the Government's freedom of action is seriously restricted. Competing demands of popular social welfare programs also serve to limit the percentage of the overall budget devoted to the defense establishment. Above all, there remains in the minds of the Japanese people a strong antipathy toward all things military and particularly toward military uses of nuclear energy, stemming from their prewar and wartime experience with Japanese militarism and their unique position as the only people in the world who have suffered from nuclear warfare.

ECONOMY

On a total land area less than that of California, Japan supports a growing population of more than 100 million.

Except for its surrounding waters, which are rich in aquatic life, Japan is poor in land and other natural resources. Only 19 percent of the total land is presently suitable for cultivation. With great ingenuity and technical skill, which result in per-acre crop yields among the highest in the world, Japanese farmers produce on less than 13 million acres under cultivation about 80 percent of the food needed by the present population, including almost all rice requirements. The remainder must be imported. The country lacks most important raw materials and therefore must also import the commodities necessary

to produce industrial goods with which to pay for its essential food and raw materials.

Foreign trade is the vital element in Japan's economy. The nation must have access to dependable sources of raw materials at reasonable prices and have the opportunity to develop expanding and reliable markets for its exports which are essential to economic expansion and domestic political stability.

Native resources to meet the needs of modern industry are few. Hydroelectric power, although highly developed, now generates less than half of the total supply of electricity, and Japan relies increasingly on thermal power to satisfy its rapidly growing energy requirements. The country has many of the ingredients for chemical fertilizers and ceramic clay. Coal, found principally on Hokkaido and Kyushu, is plentiful, but only 25 percent of the amount mined is coking coal suitable for industrial purposes. Chromite, copper, gold, magnesium, silver, and zinc meet current minimum requirements, but Japan is dependent on foreign sources for many of the minerals essential to modern industry. Iron, petroleum, and coking coal head the list of Japan's mineral needs.

Although some two-thirds of the total land area is forested, Japan cannot meet its rapidly growing requirements for lumber and wood pulp.

Japan's reservoir of industrial leadership and technicians, its intelligent and industrious working force, its high investment rate, and its intensive promotion of industrial development and foreign trade have resulted in the development of a mature industrial economy. Japan now constitutes, along with North America and Western Europe, one of the three major industrial complexes of the free world.

Even though Japan has a well-developed economy, its dependence on foreign trade makes it unusually vulnerable to external economic influences over which it has no direct control. Influences such as marked price changes in raw materials and declining foreign markets can affect the Japanese economy as seriously as a domestic business depression.

Economic Growth

Japan's rate of economic growth in postwar years has been phenomenal, averaging more than 10 percent a year in real terms during the past decade. Japan ranks third in the world in production of crude steel and electric energy, first in shipbuilding, and second in fishing and in the production of radios and television receivers. It continues to lead the world as an exporter of textile products. The rate of savings in Japan, about 30 percent of the gross national product (GNP), is perhaps the highest in the world, and the rate of investment is also extremely high, accounting in large measure for Japan's rapid economic growth.

3027
world's
most
advanced
by 80

GNP per capita
higher than NK

Japan's GNP reached U.S. \$141 billion in 1968, making it the third most important industrial country in the world, ranking behind only the United States and the Soviet Union. Per capita income in 1968 was \$1,110, several times greater than that of any other Asian country but still only about 20th in the world.

Japanese leaders consider it essential to continue a high rate of economic growth—though a little slower and more stable than that of the past decade—in order to continue the improvements in the living standards of the people and bring per capita income levels closer to those of Western Europe. They aim for growth with stabilized prices, increasing social investment, and creating balanced and efficient industrial, agricultural, and distribution sectors.

Balance of Payments

Historically the Japanese economy, highly dependent on international trade and finance, has displayed a persistent tendency toward deficits in its balance of payments. In the early postwar period the occupation instituted far-reaching controls over Japan's foreign economic relations. The Japanese Government, fearing the consequences of completely free international movement of goods and services, continued many of these controls after the peace treaty came into effect in 1952. A semiannual import budget was maintained to allocate the use of foreign exchange by traders. Investment by foreigners was regulated, and Japanese travel abroad was severely limited. Despite these controls, the economy in the past decade experienced three balance-of-payments crises induced by excessive import demand, which in turn was created by rapidly rising investment activities and living standards.

Japan experienced its most recent balance-of-payments difficulty in 1967 when it registered a \$571 million deficit, but since then there has been a dramatic improvement. By the end of 1968 Japan showed a balance-of-payments surplus of \$1.1 billion.

Atomic Energy

Their experience with atomic weapons made the Japanese slow to accept the peaceful potentials of atomic energy. Although the deep-seated Japanese dislike and fear of nuclear weapons persists, by 1955 Japan had begun a coordinated program of atomic energy development for peaceful and commercial purposes. This development has proceeded rapidly with substantial assistance from the United States and, to a lesser extent, the United Kingdom and Canada. Laboratories have been built and equipped and scientists and technicians trained in large numbers. Eighteen research reactors are in operation, including four designed in Japan.

Because of their limited hydroelectric resources and necessity to import most of their fossil fuel, the Japanese intend to be second to none in the application of nuclear power. They bid fair to achieve that goal. With a U.S.-built power demonstration reactor in 1963, a 159-megawatt electrical British-built power reactor in 1965, and the addition of five U.S.-style light-water power reactors now under construction, the Japanese will have a total nuclear power capacity of 2,500 megawatts electrical by 1972. Japan's long-range program for power reactor development calls for an installed nuclear generating capacity of about 6,000 megawatts electrical by 1975 and 30,000-40,000 megawatts electrical by 1985.

Japan's first nuclear power surface vessel, a 10,000-ton freighter, was launched in 1969 and will be powered with a 36-megawatt marine reactor. The vessel is scheduled for operation in 1972.

Transportation

Japan has a well-developed international and domestic transportation system, although highway development still lags. The ports of Yokohama, Kobe-Osaka, and Nagoya and the Tokyo International Airport are important terminals for sea and air traffic in the western Pacific, with modern facilities for passengers and freight. Japan Air Lines began round-the-world flights through New York in 1967.

The domestic transportation system is heavily dependent on the government-owned rail network. This is supplemented by private railways in and near the large cities, a developing highway system, coastwise shipping, and several airlines. The rail system is well distributed throughout the country, is well maintained, and offers efficient service, moving more passengers more miles than any other rail system in the world. The new super expresses, the fastest trains in the world, now take as little as 3 hours between Tokyo and Osaka, a distance of 325 miles.

In recent years there have been increasing appropriations for highway building and maintenance in an effort to bring the inadequate road system abreast of the rapidly increasing numbers of cars and trucks. A modern 325-mile expressway between Tokyo and Kobe was opened in 1969.

Labor

Japanese trade unionism in its present form is largely a post-World War II phenomenon. The peak prewar union membership (1936) was 420,000, or 7 percent of Japan's nonagricultural labor force. At present an estimated 10.9 million, or 37 percent of the nonagricultural labor force, belong to about 48,000 unions. More than 7 million union members are organized in three

major union federations. Consequently, labor is the largest organized group in Japan.

Sohyo, the largest (4.2 million members) and most powerful organization in the Japanese labor movement, was established in 1950 in protest against the Japan Communist Party's domination of the then leading union federation. No sooner had the new organization been founded, however, than the Communist element left the old federation (which quickly went out of existence) and joined Sohyo en masse. Non-Communist elements have been in control of Sohyo since 1957.

The Communist and pro-Communist minority is currently at its lowest point in Sohyo's history. Even the non-Communist wing of Sohyo is Marxist in orientation, however, and endorses concepts such as class warfare and tactics such as the political general strike. Since 1960 Sohyo has appeared to move in the direction of moderation, placing greater emphasis on economic "struggles" and objectives and somewhat less on political agitation.

Sohyo is the major organizational and financial prop of the Japan Socialist Party, and its position on international questions parallels that of the party.

Two-thirds of Sohyo's membership are national and local public service workers, including railwaymen, postal workers, teachers, and municipal and prefectural government employees.

Domei (Japan Confederation of Labor) consists almost entirely of unions in the private enterprise sector. It was formed in 1964 by the union of Zenro and Sodomei labor federations and at present claims a membership of 1.8 million. Domei, moderate and non-Marxist, is the principal source of support for the Democratic Socialist Party. It has been growing while Sohyo's membership has stagnated.

Churitsu Roren, a loose amalgam of industrial workers who decline affiliation with either Sohyo or Domei, came into existence in January 1961. It has a total membership of approximately 1.3 million drawn mostly from the Electrical Manufacturing Workers and workers in the various construction trades.

Foreign Trade

With total foreign trade at an alltime high of \$26 billion in 1968, Japan ranked fourth among the trading nations of the world. Some major features of its foreign trade are: (1) rapid economic growth during the past decade; (2) heavy imports of foodstuffs and industrial raw materials (these account for approximately 75 percent of total imports) and exports of processed goods; (3) great reliance upon commerce with the United States; and (4) the gradual liberalization of trade and foreign exchange controls.

Japan-U. S. Trade

The United States has long been Japan's leading trade partner, supplying 27 percent of Japan's

imports in 1968 and buying 31 percent of its exports. Japan is second only to Canada as a market for U.S. exports.

The United States sold more to Japan than it bought through 1964. Between 1955 and 1964 this imbalance totaled \$2.6 billion. (However, the trade imbalance was more than offset by U.S. capital exports, U.S. Government procurement, and other expenditures in Japan.) In 1966 Japan had an almost \$600 million surplus in its trade with the United States, and by 1968 Japan's surplus had grown to \$1.1 billion. Products sold to Japan range from raw materials to the most advanced products of American technology. Japan is our best market for farm products. Principal U.S. agricultural exports to Japan include wheat, feed grains, raw cotton, soybeans, cattle hides, nonfat dry milk, and instant coffee. The United States also sells large quantities of machinery and equipment, chemicals, fuels, and logs.

In recent years the range of U.S. imports from Japan has widened, and the quality of Japanese merchandise has improved markedly. Iron and steel, automobiles, chemicals, motorcycles, and electronic items such as television sets and tape recorders have become of major importance in addition to the more traditional Japanese products such as toys, textiles, clothing, footwear, and frozen fish.

The Japanese believe that they must continue to rely upon the U.S. market for a substantial share of their exports in order to sustain their economic growth. Consequently, they are concerned over protectionist pressures in the United States and are alert to any sign of possible departure by the United States from its declared liberal trade policy. In addition, they fear that any policy retreat by the United States would inevitably lead to increased import restrictions on the part of other countries.

In an effort to forestall restrictive U.S. measures against imports from Japan, the Japanese have adopted controls on a number of commodities exported to this country. These controls, which relate to quantity and to a lesser degree to quality and price, are intended to promote an orderly development of a share of the U.S. market. The major commodities over which the Japanese exercise voluntary controls on exports to the United States are steel, cotton fabrics, umbrellas, nuts and bolts, chinaware, sewing machines, wood screws, and ball bearings. Cotton textile exports are controlled in accordance with an international arrangement as implemented by a U.S.-Japan bilateral agreement.

Economic Relations with the Developing Countries

Japan has a pronounced interest in the political stability and economic development of the free world's developing countries, especially in East Asia. In 1968 these countries accounted for about 43 percent of its imports. In its efforts to expand exports, Japan has found many of these countries

DDA
only
432 B/1

short of purchasing power and foreign exchange and unable to balance the trade by supplying sufficient goods needed by Japan. Recognizing that future trading relationships require economic development in these areas, Japan has embarked on a sizable program of economic assistance. The largest part of this assistance has been to Southeast Asian countries in the form of reparations—about \$725 million through early 1968; approximately \$275 million in reparation payments remain to be made. In addition, Japan's official aid in 1968 totaled \$357 million. Major recipients were: Indonesia, \$84 million; Republic of Korea, \$44 million; India, \$64 million; Pakistan, \$42 million; and the Philippines, \$28 million.

Japan participates actively in the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), the United Nations Economic Commission for Asia and the Far East (ECAFE), the Colombo Plan, the Asian Productivity Organization (APO), the Asian and Pacific Council (ASPAC), and the World Bank-sponsored consortia for India and Pakistan. Japan has subscribed \$200 million to the capitalization of the Asian Development Bank (ADB), which opened in late 1966, and is playing a prominent role in its activities. Japan is also participating in the current multilateral effort to rehabilitate the Indonesian economy. Under Japanese initiative four Ministerial Conferences have been held with the aim of increasing regional cooperation for Southeast Asian economic development.

Economic Relations with Communist Countries

Japan's trade with the Communist countries including Cuba, amounts to about 7 percent of its total trade. The U.S.S.R. is Japan's leading trading partner among the Communist countries. Japan participates with other free-world nations in a system of voluntary export controls designed to deny strategic commodities to Communist countries.

Trade with Communist China has grown steadily from the abnormally low levels of 1960-61 to a two-way total of \$621 million in 1966. It declined to a two-way total of \$549 million in 1968 but is picking up again in 1969. Japan is Communist China's biggest trading partner, but this trade accounts for only 2.1 percent of Japan's total. The Japanese Government has followed a policy vis-a-vis Communist China of separating politics and economics, under which it allows private trade on substantially the same terms as Western European countries do, so long as it is separate from the question of diplomatic recognition.

Trade and Foreign Exchange Controls

Japan has been removing trade controls since 1960, although the rate has been somewhat slow in recent years. It retains quantitative restrictions

on more than 120 items. Japan has agreed to begin reducing restrictions on 18 industrial items over the next 3 years. Japan has also begun limiting the controls on direct foreign investment.

Japan accepted full membership in the OECD in early 1964. Japan has participated in the General Agreement on Tariffs and Trade (GATT) since 1955 and participated actively in the 1964-67 Kennedy Round of tariff negotiations.

FOREIGN RELATIONS

Japan stands today as a fully independent and influential member of international society. It has made a spectacular recovery from the low point of 1945 and is the only highly industrialized nation in the Asian-African area. Given its demonstrated capabilities and its aspirations for international prestige and leadership, Japan will have a growing impact on the balance of power in Asia in the years ahead.

Since 1952 Japan has sought through its foreign policy to promote the prosperity and welfare of its people while at the same time contributing to the establishment of world peace. Japan has pursued these goals principally through a three-point policy: (1) close support of the reliance on the United Nations as an instrument of world peace; (2) alignment with the free world; and (3) recognition of its status as an Asian nation with many interests in common with the Afro-Asian group of nations.

Japan's commitment to the free world depends directly on its ability to meet its indispensable national requirements—to achieve a position of equality and partnership in free-world councils and to have continued access to a fair and reasonable share of U.S. and other free-world markets.

Japan has diplomatic relations with almost all independent countries, including the Soviet Union and the East European nations with the exception of Albania and East Germany. Japan recognizes the Republic of China and maintains an Embassy at Taiwan. It has no relations with the Chinese Communist regime, North Korea, or North Vietnam.

A member of the United Nations since December 1956, Japan is a member of all the U.N. specialized agencies.

U. S. POLICY

Japan is an important Asian member of the free world. The U.S.-Japan Treaty of Mutual Cooperation and Security has contributed to peace and security in the Far East. The United States believes that a healthy, strong Japan has much to contribute to world progress and order and to the strength of the free world. It is the policy of the United States, therefore, to maintain relations of friendship, trust, and equality with Japan and to consult and cooperate with Japan on furthering our security and economic ties which are major pillars of its economic prosperity.

PRINCIPAL GOVERNMENT OFFICIALS

Prime Minister—Eisaku SATO
Minister of Foreign Affairs—Kiichi AICHI
Minister of Justice—Kichinosuke SAIGO
Minister of Finance—Takeo FUKUDA
Minister of Education—Michita SAKATA
Minister of Health and Welfare—Noboru SAITO
Minister of International Trade and Industry—
Masayoshi OHIRA
Minister of Agriculture and Forestry—Shiro
HASEGAWA
Minister of Transportation—Ken HARADA
Minister of Labor—Kenzaburo HARA
Minister of Construction—Shinzo TSUBOKAWA
Minister of Home Affairs; Director, Hokkaido
Development Agency—Takeo NODA
Chairman, National Public Safety Commission;
Director, Administrative Management Agency—
Masuo ARAKI
Director-General, Economic Planning Agency;
in charge of Japan World Exposition 1970—
Wataro KANNO
Director-General, Defense Agency—Kiichi ARITA
Director-General, Prime Minister's Office—
Tokuji TOKONAMI
Director-General, Science and Technology
Agency; Chairman, Atomic Energy Commis-
sion—Shiro KIUCHI
Chief Cabinet Secretary—Shigeru HORI
Ambassador to the United States—Takeso
SHIMODA
Ambassador to the United Nations—Senjin
TSURUOKA

Japan maintains an Embassy in the United States at 2520 Massachusetts Avenue, N.W., Washington, D.C. 20008. There are Japanese Consulates General in Chicago, Honolulu, Houston, Los Angeles, New Orleans, New York, San Francisco, and Seattle; a Consulate in Portland and another scheduled to open in Anchorage in 1970; and an honorary Consulate General in Boston.

PRINCIPAL U. S. OFFICIALS

Ambassador—Armin H. Meyer
Minister, Deputy Chief of Mission—David L. Osborn
Minister-Counselor for Economic and Commercial Affairs—Herman H. Barger
Public Affairs Officer—Edward V. Roberts
Counselor for Political Affairs—Richard A. Ericson, Jr.
Counselor for Politico-Military Affairs—Scott George
Counselor for Economic Affairs—Peter W. Lande, Acting
Counselor for Commercial Affairs—John F. Shaw
Counselor for Administration—Robert E. Peck
Consul General, Tokyo-Yokohama—Ronald A. Gaiduk
Consul General, Kobe-Osaka—William C. Sherman

Consul, Naha, Okinawa (administered by Embassy Tokyo)—Ann B. Campbell
Consul, Fukuoka—Gerald M. Sutton
Consul, Nagoya—Albert W. Noonan, Jr.
Consul, Sapporo—Martin G. Heflin
Commander, U.S. Forces in Japan—Lt. Gen. Thomas K. McGehee, USAF

The addresses of U.S. diplomatic and consular offices are as follows:

Embassy, Tokyo—10-5, Akasaka 1-chome, Minato-ku.
Consulate General, Kobe-Osaka—10, 6-chome, Kano-cho, Ikuta-ku, Kobe.
Consular Unit, Naha—Bldg. 405, Hawaii Circle, Army Wheel Base, Naha Area.
Consulate, Fukuoka—No. 26, 5-ban, Ohori, 2-chome.
Consulate, Nagoya—No. 1, 6-chome, Minami Soto-ori-cho, Naka-ku.
Consulate, Sapporo—No. 1, Nishi 13-chome, Kita 1-jo.

READING LIST

General

Hall, John W., and Beardsley, Richard K. Twelve Doors to Japan. New York: McGraw Hill, 1965.
Japan: The Official Guide. Tokyo: Japan Travel Bureau.
Maraini, Fosco. Meeting With Japan. New York: Viking Press, 1960.
Olson, Laurence A. Dimensions of Japan. New York: American Universities Field Staff, 1964.
Seidensticker, Edward. Japan. New York: Life World Library, 1961.
Trewartha, Glenn T. Japan: A Geography, rev. ed. Madison: University of Wisconsin Press, 1965.

Anthropology, Education, Sociology

Beardsley, Richard K. and others. Village Japan. Chicago: University of Chicago Press, 1958.
Benedict, Ruth. The Chrysanthemum and the Sword. Boston: Houghton Mifflin, 1946.
"Japanese Intellectuals." Journal of Political and Social Ideas in Japan. April 1964.
Thomsen, Harry. The New Religions of Japan. Rutland, Vermont: Tuttle, 1963.
Vogel, Ezra. Japan's New Middle Class. Berkeley: University of California Press, 1964.

Culture

Akiyama, Terukazu. Japanese Painting. New York: Skira, 1960.
Keene, Donald. Modern Japanese Literature, An Anthology. New York: Grove Press, 1956.
Sansom, George B. Japan: A Short Cultural History, rev. ed. New York: Appleton-Century-Crofts, 1962.
Warner, Langdon. Enduring Art of Japan. Evergreen.

Economy

- Allen, George C. Japan's Economic Expansion. New York: Oxford University Press, 1965.
- Allen, George C. A Short Economic History of Modern Japan. New York: Praeger, 1963.
- "Consider Japan." The Economist. London: Gerald Duckworth and Co., 1963.
- Lockwood, William W., ed. State and Economic Enterprise in Japan. Princeton: Princeton University Press, 1965.
- Hunsberger, Warren S. Japan and the United States in World Trade. New York: Harper and Row, 1964.
- Hunsberger, Warren S. Japanese-American Economic Relations. New York: Harpers, 1962.
- Japan Statistical Yearbook. Bureau of Statistics. Tokyo: Government of Japan.

Government and Politics

- Burks, Ardath W. Government of Japan, 2d ed. New York: Crowell, 1964.
- Cole, Allan B. and others. Socialist Parties in Postwar Japan. New Haven: Yale University Press, 1966.
- Hellman, Donald C. Japanese Foreign Policy and Domestic Politics: The Peace Agreement with the Soviet Union. Berkeley: University of California Press, 1969.
- Maki, John M. Government and Politics in Japan: The Road to Democracy. New York: Praeger, 1962.
- Maruyama, Masao. Thought and Behavior in Modern Japanese Politics. Ed. by Ivan I. Morris. New York: Oxford University Press, 1963.
- Scalapino, Robert A. The Japanese Communist Party, 1920-1965. Santa Monica: Rand Corporation, 1966.
- Scalapino, Robert A., and Masumi, Junnosuke. Parties and Politics in Contemporary Japan. Berkeley: University of California Press, 1962.

- Tsuneishi, Warren M. Japanese Political Style. New York: Harper and Row, 1966.

History and International Affairs

- Borton, Hugh. Japan's Modern Century. New York: Ronald Press, 1955.
- Norman, E. Herbert. Japan's Emergence as a Modern State. New York: Institute of Pacific Relations, 1960.
- Passin, Herbert, ed. The United States and Japan. Englewood Cliffs, N.J.: Prentice-Hall, 1966.
- Reischauer, Edwin O. Japan Past and Present, rev. ed. New York: Knopf, 1964.
- Reischauer, Edwin O. The United States and Japan, 3d ed. Cambridge: Harvard University Press, 1965.
- Reischauer, Edwin O., and Fairbank, John K. East Asia: The Great Tradition. Boston: Houghton Mifflin, 1960.
- Reischauer, Edwin O., Fairbank, John K., and Craig, Albert. East Asia: The Modern Transformation. Boston: Houghton Mifflin, 1965.
- Sansom, George D. The Western World and Japan. New York: Knopf, 1950.
- Sebald, William J., and Brines, R. With MacArthur in Japan. New York: Norton, 1966.
- U.S. House of Representatives, Committee on Foreign Affairs, Subcommittee on the Far East and the Pacific. Hearings on United States Policy Toward Asia. January 25 - February 3, 1966.
- Yoshida, Shigeru. Yoshida Memoirs. Boston: Houghton Mifflin, 1962.

Labor

- Ayusawa, Iwao F. A History of Labor in Modern Japan. Honolulu: East-West Center Press, 1966.
- Cook, Alice H. An Introduction to Japanese Trade Unionism. Ithaca: Cornell University Press, 1966.
- Levine, Solomon B. Industrial Relations in Postwar Japan. Urbana: University of Illinois Press, 1958.

FOR INFORMATION on how to obtain other Department of State publications, as well as films, tape-recorded materials, speakers, etc., request a complimentary copy of "A Pocket Guide to Foreign Policy Information Materials and Services" from the Distribution Control Division, Office of Media Services, Room 5819A, Department of State, Washington, D.C. 20520.

* U. S. GOVERNMENT PRINTING OFFICE: 1969 O - 396-390 (33-70)

For sale by the Superintendent of Documents, U.S. Government Printing Office Washington, D.C. 20402
Subscription Price: \$3.50 per year; \$3 additional for foreign mailing.

DEPARTMENT OF STATE PUBLICATION 7770
Revised September 1969

Office of Media Services
Bureau of Public Affairs

B

David K OCHAV CH 9th Gen^l Com^{dr} Min
Ch Gen Comd.

EGAT spec - bright, out in bay
Need for inc. of 4% ^{Tom Phelan} ^{Frankie} ^{Constitution}
4% 52, 1 other ^{James} ^{back-better}
went to 72 but no ports, low low
at 2 1/2 in even periods

Remedy says

1. need to get legs prepared, 2. Paris
to admit
2. need to push out of rice + maize
3. " " inc agri prod by 52% p.a
4. " for emphasis on prim. educ.
5. " to promote tourism efforts

7. need for inflation: will not lead during "dep"
8. Japan entering - need for it.
Should not be "stop now" ^{can't turn} ^{com w/o leading}

Mention

1. Need for higher imports - ^{2nd 7} ^{to com}
2. " " for borrowing
3. " " ^{falling} above 150
4. " " inc of rate - rates + admin
5. " " agri prod - ^{part} ^{of}
6. more incentives to work for exp. ^{inf}, ^{etc}

7. The Japanese people have impressed the world with their industriousness, their creativity, and their managerial + technical success. Their country's progress stands as a remarkable example to + a basis of hope for every developing country in the world.

1. Era characterized by a basic demographic shift: death rates fell; birth rates not
 latest demographic studies indicate if net reprod rate of 1 by 2040 ultimate pop.
 7.0B in '77
 14 billion; if by 2020 10 billion or 2.6B now

Development programs have not yet adjusted to these
 requires: Increased emphasis on pop. planning: pop. support, contra. tech; admin. effectiveness
 with exception of Korea + Taiwan (4K + 8M) no LDC's pop. reached sub-rep. level
 but II recog. that under most favorable circumstances LDC's pop. will
 expand dramatically

3. 1st DD a success: GDP of LDC's grew at 5.2, met target + exceeded rate of index nations
 but at end of decade: mortality rates high; life expectancy low
 illiteracy in absolute no. greater than at beg. of decade
 malnutrition so widespread as to be causing death of
 millions e.g. + ^{phy. + mental growth of} hundreds of millions of
 those who live
 unemployment, incl. allow. for under, high (20-25%) + growing

4. Add the population explosion to this + one can see need to multiply efforts to
 accelerate growth.

it was for this reason DDII goal set at 62 (up 202) for year of 2000 starting from 1970
 + external aid target at 120, incl. 72 for ODA (requires doubling of present level
 that assumes
 852 of capital req. must come from LDC's own savings \pm 400 (1970-1975) 600 (1975-1980)
 moreover it requires that LDC's trade expand 72 pa + that req. met

5. To assist in attaining this req. Bh established the 5 yr plan 69-73 a
 doubling of lending or 64-68; 5.8 or 11.6; should yield 12 (6.8 for 3 yrs) @ 402 = 306
 Japan is playing a major role in assisting Bh in attaining this goal
 '53-66 Japan rec'd 31 loans totalling 850 (ways, Tokkaido line, steel plants); 1.5B in other
 Now in reversal of roles Japan is assisting Bh in fin. dev. of Bh: 500 in 1970

6. I very much welcome the assurance that both thru its bi-l + multi-l
 programs this country will continue to expand its assistance to the LDC's

POSSIBLE POINTS FOR BRIEF LUNCHEON REMARKS TO JAPANESE BUSINESS LEADERS

Shift from W in 1972
Project lending
rate of return
Problems: prop
new devel fund
+ lower rate
supply
aid-trad
852 from down
BR program
doubling
GOT's contri

I. Importance of Japan's Financial Support of the IBRD:

BR 77 438.
Public 67
TR 505

The Bank of Japan has made six loans to the IBRD since February 1970, totalling ¥ 157 billion. In addition, there have been two public issues in the Japanese market: one for ¥ 11 billion in June 1971; and a second for ¥ 12 billion in October 1971. Total funds raised by the IBRD in Japan, including both of these issues and the six loans equal, therefore, ¥ 180 billion: approximately \$500 million. The IBRD is extremely grateful to the Japanese authorities, and the financial community, for this measure of support.

II. The World Bank Relationships with Japan during the Past Two Decades:

part now 0/3

Between 1953 and 1966, Japan received 31 World Bank loans, totalling \$857 million. Japanese industry is estimated to have received orders worth \$722.2 million under these loans. Further, as of June 30 of this year total identifiable expenditures in Japan by Bank borrowers was \$587.2 million -- well over five times the Japanese paid-subscriptions of \$102.3 million to the Bank. [Japanese companies have supplied goods and services from projects in 61 countries, involving 299 loans]

Japan's share in IDA disbursements, for imports from abroad by IDA borrowers, totalled [by June 30, 1971] \$180.9 million. This is about \$40 million more than Japan's contributions of \$141.3 million to IDA resources in the form of initial subscriptions and contributions under the first and second replenishments. It accounts for about 11% of all IDA disbursements.

III. The Trend of Official Development Assistance by Japan:

The World Bank welcomes the trend in Japan to enlarge its official development assistance to LDCs -- not only in the Asian countries, but in the developing world at large. Japan's immensely impressive economic growth in the last 20 years makes it possible for the nation to play an increasingly important role in the global development scene.

IV. Japan's Unique Capacity to Supply Specialized Technical Assistance:

Quite apart from its greater financial contributions to development objectives, Japan has accumulated a great deal of specialized experience that it can make available to LDCs. Intensified cultivation of small plots of land is a particularly successful Japanese skill -- and one that is very relevant to the needs of small farmers in the developing world. The Bank Group is giving greater attention to rural development, to better distribution of income, and to land reform -- all with a view to helping small farmers. Japan has a very great deal to contribute in elaborating this sort of a development strategy.

APPOINTMENTS

HANEDA ARRIVAL - November 4, 1971 (via JAL#071, 16:05)

1. K. Atsumi will arrange for transportation and luggages of:

Mr. R. J. Goodman
Mr. W. Clark
Mr. & Mrs. Soejima
Miss Chiga
at Haneda Tokyu Hotel on 16:00

2. Following people will meet Mr. & Mrs. McNamara by the plane at J3 Spot:

From the Bank

Mr. & Mrs. Soejima

From the Foreign Office

Mr. & Mrs. Takeuchi
Mr. Ukawa
Mr. Kamano
Mr. Takao
Bodyguards

Cars will be provided by the Japanese Government to bring Mr. McNamara and the party to Haneda Tokyu Hotel.

3. Following people will greet Mr. & Mrs. McNamara in the Izumo Room of Haneda Tokyu Hotel:

From IBRD *

Mr. R. J. Goodman
Mr. W. Clark
Mr. & Mrs. Soejima
Mr. Sanders
Mr. Asami
Mrs. Atsumi

From the Foreign Office

Mr. Sawaki Mr. Hattori
Mr. Ukawa
Mr. Kamano
Mr. Aomoto
Miss Chiga

Please come to the hotel by 16:00. However, please check the arrival time of the plane with JAL (Tel: 747-4111)

* K. Atsumi will contact you on transportation.

TRIP TO OSAKA - Nov. 4, 1971 (via JAL#123, 18:05)

1. Mr. McNamara and the party will leave Haneda Tokyu Hotel at 17:45. The Foreign Office cars (2) and IBRD cars (2) will take the group to the plane, JAL#123, which departs at 18:05. Seating arrangements of the cars will be as follows:

Car

- No. 1 Mr. McNamara, Mr. Soejima, Bodyguard
- No. 2 Mrs. McNamara, Mrs. Soejima, Bodyguard, Miss Chiga
- No. 3 Mr. Goodman, Mr. Clark, Mr. Ukawa
- No. 4 Mr. Christoffersen, Mr. Kamano, Interpreter

2. The seating arrangement in the plane is as below:

Row

- 1. Interpreter Bodyguard
- 2. Mrs. Soejima Mrs. McNamara Miss Chiga
- 3. Mr. Soejima Mr. McNamara Mr. Ukawa
- 4. Mr. Goodman Mr. Christoffersen Mr. Clark
- 5. Mr. Kamano Bodyguard
- 6. Open Open Open

3. Upon arrival at the Osaka Airport, the group is met by Ambassador Kira and taken to Osaka Royal Hotel. Below is the order of transportation to the hotel:

Car

- No. 1 Mr. McNamara, Ambassador Kira, Bodyguard
- No. 2 Mrs. McNamara, Mrs. Soejima, Miss Chiga, Bodyguard
- Escort car
- No. 3 Mr. Goodman, Mr. Clark, Mr. Ukawa
- No. 4 Mr. Christoffersen, Mr. Soejima
- No. 5 Mr. Kamano, Interpreter
- No. 6 (Wagon - Mr. Sato)

4. The party will arrive at Osaka Royal Hotel at around 19:50. Below are the room numbers of each:

Royal Suite	Mr. & Mrs. McNamara		
1400	Bodyguard	1405	Mr. Christoffersen
1401	Bodyguard	1406	Mr. & Mrs. Soejima
1402	Mr. Ukawa	1407	Miss Chiga
1403	Mr. Goodman	1408	Mr. Kamano
1404	Mr. Clark	1353	Driver
		1360	Interpreter

BREAKFAST MEETING - Nov. 5 (8:00 - 10:00), Crown Top, Osaka Royal Hotel

1. Attendants:

Guests - Mr. I. Saeki, Mr. Y. Ashihara, Mr. T. Nagata
Mr. H. Yamamoto, Mr. K. Saji, Mr. T. Terao
Mr. M. Echigo, Mr. Y. Shibayama, Mr. J. Kurimoto
Mr. N. Hasegawa, Mr. K. Izaki, Mr. K. Ueda
Mr. M. Muneoka, Mr. R. Minenaga, Mr. T. Nakatani

Foreign Office - Ambassador Kira, Mr. Ukawa

Bank - Mr. McNamara, Mr. Goodman, Mr. Clark
Mr. Soejima, Mr. Christoffersen

Mr. Ueda (Interpreter)

2. Agenda

- (1) Current economic situation of Japan
- (2) Trade problems
- (3) China issue and its impact
- (4) Economic cooperation

3. Mr. Clark will take notes of the meeting

DEPARTURE TO KYOTO - Nov. 5 (10:15)

1. Please be prepared to have your luggages picked up by 10:00.
2. The order of the transportation is as follows:

Car

- No. 1 Mr. McNamara, Mr. Ukawa, Bodyguard
No. 2 Mrs. McNamara, Mrs. Soejima, Bodyguard, Miss Chiga
Escort car
No. 3 Ambassador Kira + Goodman?
No. 4 Mr. Goodman, Mr. Clark
No. 5 Mr. Christoffersen, Mr. Soejima, Mr. Kamono
No. 6 (Wagon Mr. Sato)

This order will be followed all day up to Miyako Hotel.

MEETING WITH MR. KONOSUKE MATSUSHITA - Nov. 5 (11:15 - 11:50)
Shin-shin-an, Kyoto

1. Attendants:

Mr. Konosuke Matsushita, Mr. R. S. McNamara, Mr. W. Clark
Mr. Ukawa (Interpreter will accompany Mr. Matsushita).

2. Mr. Clark will take notes of the meeting.

3. The remaining group will tour the garden of Shin-shin-an
during the meeting.

4. The cars will leave at 11:50 promptly.

AMBASSADOR KIRA'S LUNCHEON - Nov. 5 (12:00 - 13:00)
Circular Lounge, Miyako Hotel, Kyoto

1. The following people are invited to the buffet luncheon
hosted by Ambassador Kira:

Mr. & Mrs. McNamara, Mr. R. J. Goodman, Mr. W. Clark
Mr. L. Christoffersen, Mr. Hattori, Mr. & Mrs. Soejima
Professor Mori, Mr. Ukawa, Mr. Kamano, Miss Emoto
Miss Chiga

SIGHT-SEEING TOUR OF KYOTO - Nov. 5 (13:30 - 17:15)

1. Itinerary:

13:30	Leave Miyako Hotel
13:50	Arrive Kyoto Imperial Palace
14:40	Leave Kyoto Imperial Palace
15:15	Arrive Katsura Detached Palace
16:00	Leave Katsura Detached Palace
16:15	Arrive the Golden Pavilion (optional)
17:00	Leave the Golden Pavilion
17:15	Return to Miyako Hotel

2. The order of transportation will be as follows:

Car

No. 1	Mr. McNamara, Mr. Ukawa, Professor Mori, Bodyguard
No. 2	Mrs. McNamara, Mrs. Soejima, Miss Chiga, Bodyguard
Escort car	
No. 3	Mr. Goodman, Mr. Clark, Mr. Hattori
No. 4	Mr. Christoffersen, Mr. Soejima, Mr. Kamano, Miss Emoto

JDB DINNER HOSTED BY PRESIDENT & MRS. ISHIHARA - Nov. 5 (19:00 - 21:00)*
Kyo-yamato, Kyoto

1. Attendants:

IBRD - Mr. & Mrs. McNamara, Mr. Goodman, Mr. Clark,
Mr. Hattori, Mr. Christoffersen, Mr. & Mrs. Soejima

Foreign Office - Mr. Sawaki, Mr. Ukawa

JDB - Pres. & Mrs. Ishihara, Mr. Takanoshi, Mr. Adachi, Mr. Tsuji

2. Please be prepared to leave the hotel at 18:30.

3. Transportation will be in the following order both ways:

Car

No. 1 Mr. McNamara, Mr. Sawaki, Bodyguard

No. 2 Mrs. McNamara, Mrs. Soejima, Bodyguard

Escort car

No. 3 Mr. Goodman, Mr. Clark, Mr. Hattori

No. 4 Mr. Soejima, Mr. Christoffersen, Mr. Ukawa, Mr. Kamano

Room numbers at Miyako Hotel are as follows:

812, 814, 816, 818 Mr. & Mrs. McNamara
801 Mr. Hattori
803 Mr. Ukawa
805 Mr. Sawaki
807 Mr. Christoffersen
815 Bodyguard
817 Bodyguard
819 Miss Chiga
820, 822 Mr. Goodman
821 Mr. Kamano
824 Mr. Clark
826 Mr. & Mrs. Soejima
660 Drivers

* There will be a meeting and demonstration of the student section of Japan Communist Party at Maruyama Park from 18:00 - 20:00.

RETURN TRIP TO TOKYO VIA NEW TOKAIDO LINE - Nov. 6 (6:44)

1. Please be prepared to have your luggages picked up by 5:45 a.m. and to leave the hotel by 6:10. A breakfast will be served in the train by Buffet Tokyo.

2. Transportation to the station will be in the following order:

Car

- No. 1 Mr. McNamara, Mr. Sawaki, Bodyguard
No. 2 Mrs. McNamara, Mrs. Soejima, Miss Chiga, Bodyguard
Escort car
No. 3 Mr. Goodman, Mr. Clark, Mr. Hattori
No. 4 Mr. Ukawa, Mr. Christoffersen, Mr. Soejima
(No. 5 Mr. Kamano - wagon for luggages - leaves earlier)

3. Seating arrangement in Hikari #4

<u>Row</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
6			Bodyguard	Mr. Kamano
7	Mr. Goodman	Bodyguard	Mr. Hattori	Mr. Anzai
8	Mr. Kitahara	Mr. Ukawa	Mr. Soejima	Mr. Clark
9	Mrs. McNamara	Mrs. Soejima	Mr. Sawaki	Mr. McNamara
10	Miss Chiga	Mr. Christoffersen	Mr. Ichijo	Mr. Kamata

4. The train will arrive the Tokyo Central Station at 9:35

5. Below is the order of transportation from the Tokyo Station

Car

- No. 1 Mr. McNamara, Mr. Hattori, Bodyguard - to BOJ
No. 2 Mr. Soejima, Mr. Ukawa, Mr. Kamano - to BOJ
No. 3 Mrs. McNamara, Mrs. Soejima, Miss Chiga, Bodyguard-to Hotel Okura
No. 4 Mr. Sawaki, Mr. Nishimura - Hotel Okura via MOFA
No. 5 Mr. Goodman, Mr. Clark, Mr. Christoffersen - to IBRD
No. 6 Mr. Aomoto, Mr. Asami (wagon with luggages) - to Hotel Okura

6. Room numbers in Hotel Okura are as follows:

Imperial Suite (1070)	Mr. & Mrs. McNamara
1060	Mr. Clark
1061	Liaison/secretary
1064	Mr. Goodman
1066	Mr. Christoffersen
1059	Bodyguards

MEETING WITH GOVERNOR SASAKI OF BANK OF JAPAN - Nov. 6 (10:00 - 10:30)
Bank of Japan, Tokyo

1. Attendants:

Mr. McNamara, Mr. Hattori, Mr. Soejima, Mr. Ukawa.

2. Mr. Soejima will take notes.

MEETING WITH MR. K. MIYAZAWA - Nov. 6 (10:45 - 11:15)
Room 410 Kishimoto Building
2-2-1 Marunouchi, Chiyoda-ku, Tokyo

1. Attendants:

Mr. McNamara, Mr. Goodman, Mr. Clark, Mr. Soejima,
Mr. Hattori, Mr. Ukawa

2. Messrs. Clark, and Goodman to leave Tokyo Office
at 10:35 to attend the meeting.

3. Mr. Clark will take the notes of the meeting.

4. Mr. McNamara, Mr. Soejima, Mr. Clark and Mr. Ukawa will proceed
to the Prime Minister's office and Mr. Goodman will go to
Hotel Okura.

MEETING WITH THE PRIME MINISTER - Nov. 6 (11:30 - 12:30)
Official Residence of the Prime Minister

1. Attendants:

Mr. McNamara

Mr. Clark

Mr. Soejima

Mr. Sawaki

Mr. Ukawa

2. Mr. Clark will take notes of the meeting.

KEIDANREN LUNCHEON - Nov. 6 (13:00 - 15:00)
Keidanren Building, Tokyo

1. The McNamara party will be met in downstairs lobby of the Keidanren Kaikan and escorted to the 7th floor where introductions will be made to Mr. Uemura and others.
2. The group will proceed to the 9th floor where lunch will be served.
3. Following lunch, Mr. Uemura will introduce Mr. McNamara who is expected to make some brief remarks for 10 minutes, after which the floor will be opened to questions.

4. Attendants:

Keidanren - Some two dozen people were invited.

IBRD - Mr. McNamara, Mr. Goodman, Mr. Clark, Mr. Christoffersen, Mr. Soejima, Mr. Hattori

Foreign Office - Mr. Sawaki, Mr. Kotani, Mr. Ukawa

5. Transportation:

- a. Mr. McNamara, Mr. Clark and Mr. Soejima will come from the Prime Minister's Official Residence with the bodyguard and the escort car.
- b. Mr. Goodman, Mr. Christoffersen and Mr. Hattori will come from Hotel Okura.
- c. Transportation back to Hotel Okura will be in the following order:

Car

No. 1 Mr. McNamara, Mr. Soejima, Bodyguard
Escort car
No. 2 Mr. Goodman, Mr. Clark, Mr. Ukawa
No. 3 Mr. Christoffersen, Mr. Hattori

6. Mr. Christoffersen will take notes of the meeting.

MEETING WITH PRESIDENT OF JAPAN EXPORT-IMPORT BANK - Nov. 6 (15:15 - 15:45)
Imperial Suite
Hotel Okura

1. Attendants:

President Ishida
Mr. McNamara
Mr. Goodman
Mr. Soejima
Mr. Hattori
Mr. Ukawa

2. Mr. Goodman will take notes of the meeting.

MEETING WITH PRESIDENT TAKASUGI OF OECF - Nov. 6 (16:00 - 16:30)
Imperial Suite, Hotel Okura

1. Attendants:

President Takasugi
Mr. McNamara
Mr. Goodman
Mr. Soejima
Mr. Hattori
Mr. Ukawa

Interpreter

2. Mr. Goodman will take notes of the meeting.

PRESS CONFERENCE - Nov. 6 (16:45 - 17:30)

Japan Press Club, Imperial Hotel, 2nd Floor, Tokyo

1. Attendants:

Mr. McNamara
Mr. Clark
Mr. Goodman
Mr. Soejima
Mr. Sanders
Mr. Hattori
Mr. Ukawa

2. There will be both foreign and Japanese press corps at the conference.

3. Transportation (The cars will leave Hotel Okura at 16:35 to Imperial Hotel and leave Imperial Hotel to Okura at 17:35):

Car

No. 1 Mr. McNamara, Mr. Clark, Bodyguard
Escort car
No. 2 Mr. Goodman, Mr. Ukawa, Mr. Hattori
No. 3 Mr. Soejima, Mr. Sanders, Mr. Kamano

MEETING WITH ADVISORY COUNCIL ON ECONOMIC
COOPERATION TO THE PRIME MINISTER

- Nov. 6 (18:00 - 19:00)
At Akane Room, Hotel Okura

1. Attendants:

Council Members

IBRD

Foreign Office

Mr. S. Nagano (Chair)
Mr. S. Okita (Conductor)
Mr. S. Nakayama
Mr. S. Hara
Mr. H. Hiyama
Mr. R. Takeuchi

Mr. McNamara
Mr. Goodman
Mr. Clark
Mr. Soejima
Mr. Christoffersen
Mr. Hattori

Mr. Sawaki
Mr. Ukawa

Interpreter

2. Mr. Christoffersen will take notes of the meeting.

EVENING OF NOV. 6 - FREE

Reservation has been made for 8 persons at Fukudaya (informal dinner and optional).

BRIEFING ON JAPAN-CHINA RELATIONS - Nov. 7 (9:15 - 10:15)
Imperial Suite, Hotel Okura

1. Attendants:

Mr. McNamara
Mr. Goodman
Mr. Clark
Mr. Kanazawa
Mr. Ukawa

2. Mr. Clark takes notes of the meeting.

BRIEFING ON AGRICULTURAL PROBLEMS OF JAPAN - Nov. 7 (10:30 - 11:30)
Imperial Suite, Hotel Okura

1. Attendants:

Mr. McNamara
Mr. Goodman
Mr. Clark
Mr. Soejima
Mr. K. Owada (lecturer)
Mr. Ukawa

Interpreter

2. Mr. Goodman will take notes of the meeting.

FINANCE MINISTER'S LUNCHEON - Nov. 7 (12:00 - 14:00)
Shogetsutei, Hotel New Otani

1. Attendants:

IBRD

Mr. McNamara
Mr. Goodman
Mr. Clark
Mr. Christoffersen
Mr. Soejima

2. The order of transportation to and from Hotel New Otani is
as follows:

Car

No. 1 Mr. McNamara, Mr. Christoffersen, Bodyguard
No. 2 Mr. Goodman, Mr. Clark, Mr. Soejima
Escort car

BRIEFING ON JAPANESE ECONOMY PROSPECTS, GROWTH RATE,
SAVINGS, ETC., BY DR. SHIMOMURA, JDB

- Nov. 7 (14:30 - 15:30)
Imperial Suite
Hotel Okura

1. Attendants:

Dr. Shimomura
Mr. McNamara
Mr. Goodman
Mr. Clark
Mr. Soejima
Mr. Ukawa

Interpreter

2. Mr. Goodman will take notes of the meeting.

MEETING WITH FOREIGN MINISTER FUKUDA - Nov. 7 (16:00 - 17:00)
Minister's Office
Ministry of Foreign Affairs

1. Minister Fukuda would confer alone with Mr. McNamara.
2. Mr. Soejima will accompany Mr. McNamara with the bodyguard to the Ministry of Foreign Affairs. The cars will leave at 15:45.
3. Mr. Sawaki will greet Mr. McNamara at the entrance to take Mr. McNamara to the Minister's Office.

BRIEFING ON EDUCATIONAL SYSTEM OF JAPAN - Nov. 7 (17:15 - 17:45)
Imperial Suite, Hotel Okura

1. Subject:
"Progress of Japan and Educational Problems"

2. Attendants:

Mr. K. Nishida (Secretary-General of Japan Committee for UNESCO)
Mr. McNamara
Mr. Clark
Mr. Soejima
Mr. Ukawa

3. Mr. Clark will take notes of the meeting.

MEETING WITH PRESIDENT MORITA OF SONY CORPORATION - Nov. 7 (18:00 - 18:45)
Imperial Suite
Hotel Okura

1. Attendants:

Mr. Morita
Mr. McNamara
Mr. Clark
Mr. Goodman

2. Mr. Clark will take notes of the meeting.

FOREIGN MINISTER AND MRS. FUKUDA'S DINNER - November 7 (19:00 - 21:30)*
Shinkiraku, Tokyo

1. Attendants:

<u>IBRD</u>	<u>Foreign Office</u>	
Mr. & Mrs. McNamara	Minister & Mrs. Fukuda	
Mr. Goodman	Mr. & Mrs. Yasukawa	
Mr. Clark	Mr. & Mrs. Sawaki	
Mr. Christoffersen	Mr. Owada	Tentative
Mr. & Mrs. Soejima	Mr. Ukawa	
Mr. Hattori		

2. Transportation will be in the following order:

Car

- No. 1 Mr. McNamara, Mr. Sawaki, Bodyguard
- No. 2 Mrs. McNamara, Mrs. Soejima, Bodyguard
- Escort car
- No. 3 Mr. Goodman, Mr. Clark, Mr. Hattori
- No. 4 Mr. Soejima, Mr. Ukawa, Mr. Christoffersen, Mr. Kamano

The cars will leave the hotel at 18:45.

* IBRD has requested the Ministry of Foreign Affairs to delay the dinner at least 15 minutes or, if possible, 30 minutes. This is being considered by the Ministry.

DEPARTURE - Nov. 8, 1971 (via JAL#713)

1. Please have your luggages ready to be picked up by 6:45 a.m. (Mr. Kamano and Miss Chiga will be responsible for them.)
2. The cars will leave Hotel Okura at 8:30 a.m. in the following order:

Car

No. 1 Mr. McNamara, Mr. Ukawa, Bodyguard

No. 2 Mrs. McNamara, Mrs. Soejima, Miss Chiga, Bodyguard

Escort car

No. 3 Mr. Goodman, Mr. Clark, Mr. Hattori

No. 4 Mr. Christoffersen, Mr. Soejima, Mr. Sanders, Mr. Asami

(No. 5 Mr. Kamono will leave early with luggages)

3. Those seeing Mr. McNamara's party off at the airport will be:

IBRD *

Mr. & Mrs. Soejima

Mr. Sanders

Mr. Asami

Ministry of Foreign Affairs

Mr. Sawaki

Mr. Ukawa

Mr. Aomoto

Mr. Kamano

Mr. Sakamaki

Miss Chiga

* we use office car.

Those who have accepted invitation to the Keidanren lunch,
Nov. 6, 1971, for Robert S. McNamara

UEMURA Kogoro	Chairman, Federation of Economic Organization
ANZAI Masao	Chairman, Showa Electric Industries Co., Ltd.
MIZUKAMI Tatsuzo	Director & Advisor, Mitsui & Co., Ltd.
DOKO Toshio	President, Tokyo Shibaura Electric Co., Ltd.
NAGANO Shigeo	Chairman, Shin Nippon Steel Corporation
X SAKAKI Takuo	<i>largest steel corp. world - most important base in Japan</i> Senior Director, Nippon Electric Co.
MAEJIMA Toshio	Senior Director, Ishikawajima-Harima Heavy Industries Co., Ltd.
DOI Masaharu	Chairman, Sumitomo Chemical Co., Ltd.
TAKASUGI Shinichi	President, Overseas Economic Cooperation Fund
MASAMUNE Isao	President, the Industrial Bank of Japan, Ltd.
YOKOYAMA Soichi	Senior Managing Director, Bank of Tokyo
SEGAWA Minoru	Chairman, the Nomura Securities Co., Ltd.
WATANABE Shogo	President, the Nikko Securities Co., Ltd.
ABE Yukio	Chairman, Daiwa Securities Co., Ltd.
TSUKUNO Kazuo	Managing Director, Yamaichi Securities Co., Ltd.
HIRATA Keiichiro	President, Japan Computer Development Usage Institute
OKUMURA Tsunao	Vice President, " " " "
X NAKAYAMA Sohei	President, Overseas Technical Cooperation Agency
OKITA Saburo	President, Japan Economic Research Center
YUASA TWASA YASA	Chairman, Fuji Bank

Hirokoichi

*VP of Keidanren
& officer of co. investing in
Birmingham Steel Plant*

Yukio ABE

Chairman, Daiwa Securities Co., Ltd.
President, Bond Underwriters Association
Vice-president, Tokyo Stock Exchange

Born April 13, 1901

1926 graduated Dept. of English Law, Tokyo University

1943 entered Daiwa Securities Co., Ltd.

1948 director, Daiwa Securities Co., Ltd. after filling posts as
executive director, managing director, and vice-president

1963 president, Daiwa Securities Co., Ltd.

1970 chairman, Daiwa Securities Co., Ltd.

Tomoki Adachi

Manager, Foreign Department, Japan Development Bank

Born January 4, 1923

1946 Graduated from the Faculty of Law, Tokyo University, and entered Japan Steel Co., Ltd.

1949 Entered the Reconstruction Finance Bank (predecessor of the Japan Development Bank)

1952 Entered the Japan Development Bank (JDB)

1967 Senior resident officer, JDB Washington Office

1968 Senior resident officer, JDB New York Office

1970 Manager, Foreign Department, JDB

Toyoroku Ando
Advisor, Onoda Cement Co. Ltd.

Born in Jan, 18, 1897

1921 Entered Onoda Cement Co. Ltd., after graduation from the Dept.
of Applied Chemistry, Tokyo University

1948 President, Onoda Cement Co. Ltd

1966 Director and advisor Onoda Cement Co. Ltd

Other positions

Chairman, Committee on Land Development, Federation of
Economic Organizations

Masao ANZAI
Chairman, Showa Electric Industries Co., Ltd.

Born November 12, 1904

- 1927 Entered Showa Electric Industries Co., Ltd., after graduation from Department of Law, Tokyo University
- 1959 President Showa Electric Industries Co., Ltd., after filling posts as Business Manager, Executive Director, Managing Director, and Vice-President
- 1971 Appointed as Chairman of the Company

Other positions

Executive Director, Federation of Economic Organization

Chairman, Committee on Economic Cooperation, and Committee on Cooperation with Indonesia, Federation of Economic Organization.

Yoshisuke Ashihara

March, 1901	Born on the 4th
March, 1924	Graduated Tokyo Imperial University, Electric Engineering Course. Engineering Department
April, 1924	Joined Hanshin Kyuko Dentetsu Ltd.
December, 1941	Deputy Director-General of Electric Light and Electric Power, Hanshin Kyuko Dentetsu Ltd.
April, 1942	Director of Electric Management, Engineering Department Kansai Haiden Ltd.
November, 1950	Vice-President, Kansai Haiden Ltd.
May, 1951	Managing Director, Kansai Denryoku Ltd.
November, 1959	President, Kansai Denryoku Ltd.
November, 1970	Chairman, Board of Director, Kansai Denryoku Ltd.

Other positions and awards

November, 1959	Prized Ranju Hosho
May, 1961	Doctor of Engineering
November, 1966	Chairman, Federation of Kansai Economic Organization

ADDRESS

3-29-1, Tsukaguchi-cho
Amagasaki City

Masaharu Doi
Chairman, Sumitomo Chemical Co., Ltd.

Born May 1, 1894

1920 Entered Sumitomo Sohonten Co., Ltd after graduation from Dept.
of Law Tokyo University

1944 Executive Director, Sumitomo Chemical Co. Ltd

1947 President, Sumitomo Chemical Co. Ltd

Other positions

Vice-president, Federation of Economic Organizations

Advisor, Japan Chemical Industry Association

Director, Kansai Federation of Economic Organizations

Toshio Doko
President, Tokyo Shibaura Electric Co. Ltd.

Born Sept. 15, 1896

- 1920 Graduated Tokyo Institute of Industrial Science, Dept.
of Mechanical Engineering and attended academic institutions
in United States and Europe.
- 1936 Entered Ishigawajima-Shibaura Turbine Co. Ltd. appointed President
in 1946
- 1950 President Ishikawajima Heavy Industries Co. Ltd.
- 1960 President, Ishikawajima-Harima Heavy Industries Co. Ltd
- 1964 President Ishikawajima-Harima Heavy Industries
- 1965 President, Tokyo Shibaura Electric Co. Ltd.

Other Positions

Chairman, Ishikawajima-Harima Heavy Industris Co. Ltd
Vice-President, Federation of Economic Organizations
Chairman, Committee on Industrial Policy, Federation of Economic
Organizations.

Masakazu Echigo
President, C. Itoh & Co., Ltd.

April 26, 1901	Born in Hyogo Prefecture
March, 1924	Graduated Kobe Commercial College
March, 1924	Joined C. Itoh & Co., Ltd.
July, 1932	Transferred to Tsingtao Branch Office
January, 1938	Manager, Hoten Branch Office
September, 1941	Company merged into Sanko Co., Ltd.
June, 1942	Chief, Tsingtao Branch Office
September, 1944	Company merged into Daiken Sangyo Co., Ltd. Manager, Seoul Branch Office of Company, and Executive Managing Director, Kureha Bouseki (Korea) Co., Ltd.
January, 1946	Chief, Kanazawa Branch, Daiken Sangyo Co., Ltd.
September, 1948	Chief, Nagoya Branch, Daiken Sangyo Co., Ltd.
December, 1949	Director, C. Itoh & Co., Ltd. established through separation from Daiken Sangyo Co., Ltd.
March, 1955	Managing Director, C. Itoh & Co., Ltd.
May, 1959	Executive Managing Director, C. Itoh & Co., Ltd.
December, 1959	Vice-President, C. Itoh & Co., Ltd.
May, 1960	President, C. Itoh & Co., Ltd.
November, 1964	Managing Director, Japan Cotton Yarn and Fabrics Export Association

Awards:

June, 1963 Received a Japanese Blue Ribbon Medal

ADDRESS:

51, Uchidekozuchi-machi, Ashiya City, Hyogo Pref.

Takeo Fukuda
Foreign Minister and Member of
the House of Representatives

Born in Gumman Prefecture on January 14, 1905. He passed the higher civil service examination in 1928 and graduated from the Faculty of Law, Tokyo University, in 1929 and entered the Ministry of Finance. He became Superintendent of the Yokohama Tax Office in 1933 and later Chief of the Research Section of the Ministry's Budget Bureau, Financial Advisor to the Nanking (China) Government, Chief of the Finance Minister's Secretariat, Chief of the Ministry's Banking Bureau and Chief of the Budget Bureau. He retired from the Ministry in 1950 and has been elected to the House of Representatives eight times since 1952.

He was appointed Deputy Secretary-General of the Liberal-Democratic Party in July, 1957 and Secretary-General in January 1959. He served as Minister for Agriculture and Forestry in the second Kishi Cabinet formed in June, 1959 and Finance Minister in the reshuffled Sato Cabinet in June, 1965. He was appointed Secretary-General of the Liberal-Democratic Party in December 1966 and Finance Minister in the second Sato Cabinet after its reshuffle in November, 1968. He is the Foreign Minister in the third (reshuffled) Sato Cabinet since July, 1971.

He married Mitsue and has three sons and a daughter. His present address is 4-20-3 Nozawa, Setagaya-ku, Tokyo.

Toyoo Gyoten
Chief, Office of the Vice-Minister for International Affairs

Born January 2, 1931

- 1955 Graduated from the faculty of Economics, Tokyo University.
 Entered the Ministry of Finance.
- 1956-57 Studied at the Graduate School, Princeton University.
- 1960-61 Attended an IMF-sponsored training course.
- 1962 Superintendent, Morioka Tax Office, Sendai Tax Administration
 Bureau.
- 1963 Assistant chief, General Affairs Section, Exchange Bureau
 Ministry of Finance.
- 1964 Staff member, the International Monetary Fund.
- 1967 Secretary to the Governor, Asian Development Bank.
- 1969 Assistant chief, Banking Section, Banking Bureau, Ministry
 of Finance.
- 1971 Chief, Office of the Vice-Minister for International Affairs

Sumio Hara
President, The Bank of Tokyo, Ltd.

March 7, 1911	Born in Kanagawa Prefecture
March, 1934	Graduated from Tokyo Imperial University, Department of Law
April, 1934	Joined Ministry of Finance
November, 1935	Stationed in the United Kingdom and France
October, 1943	Counsellor, General Affairs Agency, "Manchoukuo"
July, 1947	Director, Second National Tax Division, Tax Bureau, Ministry of Finance
June, 1949	Director, Tax Division, Tax Bureau, Ministry of Finance
December, 1949	Director, Direct Tax Department, National Tax Agency
March, 1952	Director, Indirect Tax Department, National Tax Agency
December, 1952	Deputy Commissioner and Director, Direct Tax Department, National Tax Agency
September, 1953	Deputy Director-General, Budget Bureau, Ministry of Finance
July, 1956	Director-General, Tax Bureau, Ministry of Finance
April, 1960	Commissioner, National Tax Agency
May, 1962	Resigned from Ministry of Finance
May, 1962	Joined Bank of Tokyo, Ltd.

Other Positions:

GOVERNING DIRECTOR

Japan Federation of Employers Association

DIRECTOR

Federation of Bankers Associations of Japan
Tokyo Bankers Association, Inc.

EXECUTIVE DIRECTOR

Federation of Economic Organizations

PRESIDENT

Board of Trustees, Japan Committee for Economic
Development

COMMISSIONER

Council on Foreign Economic Cooperation
(Prime Minister's Office)
Taxation System Council (Prime Minister's Office)

ADDRESS:

26-14 Tsutsujigaoka, Midori-ku, Yokohama City,
Kanagawa Prefecture

Norishige Hasegawa
President
Sumitomo Chemical Co., Ltd.

August, 1907 Born on the 8th

March, 1931 Graduated from Tokyo Imperial University
Department of Law

Business President, Sumitomo Kagaku Kogyo Co., Ltd.
Director, Seitetsu Kagaku Kogyo Co. Ltd.
Director, Inahata Sangyo Co., Ltd.
Director, Sumitomo Fudosan Co., Ltd.

Other position and awards

Commissioner, Taxation System Council
Commissioner, Industrial Constitution Council
Special Commissioner, Council of General
Development of the Country
Commissioner, Economic Council
Commissioner, Committee on Investigation of
General Energy
Commissioner, Council of General Programming
of Osaka-shi
Vice Chairman, Osaka Chamber of Commerce and Industry
Executive Director, Federation of Economic Organizations
Executive Director, Kansai Economic Federation
Vice Managing Director, Japan Committee for
Economic Development
Commissioner, Committee on Promotion of Internationalization
Director, Japan Committee for Economic Development
(Kansai branch)
Executive Director, Japan Federation of Employers Assoc.
Director, Kansai Association of Employers
Vice Chairman, Nippon Shiosu Association
Advisor, Sekiyu Kagaku Kogyo Association

ADDRESS

7-12 Aioi-cho
Nishinomiya-shi
Hyogo Prefecture

Keiichiro HIRATA

President, Japan Computer Development Usage Institute
Chairman, Comprehensive Land Development Council, Prime
Minister's Office

Born Sept. 5, 1908

1931 entered Ministry of Finance, after graduation Dept. of Law,
Tokyo University

1955 vice-minister of the Ministry of Finance

1957 President, Japan Development Bank after retirement from the
Ministry

1967 retired

Hiro HIYAMA
President
Marubeni-Iida Co., Ltd.

December 1909	Born on the 18th
March 1932	Graduated from the Tokyo University of Commerce Entered Daido Boeki Kaisha, Ltd., one of the antecedent firms of Marubeni-Iida Co., Ltd.
November 1952	Appointed Director of Marubeni Co., Ltd. which merged into Marubeni-Iida Co., Ltd. in 1955
May 1957	Appointed Managing Director of the Company
May 1960	Appointed Executive Managing Director
November 1961	Appointed Vice President
May 1964	Appointed President of Marubeni-Iida Co., Ltd.

Other Occupations:

	Director of Nissan Marubeni Shoji Co., Ltd.
	Fuyo Exploitation Co., Ltd.
	Toho Beslon Co., Ltd.
	South American Development Co., Ltd.
President	Japan Silk & Synthetic Textiles Exporters' Association
Trustee	Japan Committee for Economic Development (Keizaidoyukai)
Chairman	International Affairs Committee
Executive Director	Federation of Economic Organizations
Chairman	Committee on Preferential Tariffs
Vice Chairman	Japan Foreign Trade Council Inc.
Committee Chairman	Foreign Trade Committee, Tokyo Chamber of Commerce and Industry

Commissioner - Council of Foreign Economic
Co-operation, Prime Minister's Office

Councillor Customs and Tariff Council, Ministry
of Finance

Export and Import Trade Council,
Ministry of International Trade & Industry

Sweet Stuffs Resources Council, Ministry
of Agriculture and Forestry

Posts and Telecommunications Advisory
Council, Ministry of Postal Services

Economic Council, Economic Planning Agency

Member Committee of Financial System Research,
Ministry of Finance

Received the Ranju Hooshoo

Teizo HORIKOSHI
Vice-President and Director General, Federation of Economic Organizations
President, Nippon Usiminas Co., Ltd.

Born December 13, 1898

- 1924 Entered the Bank of Japan after graduation from Department
of Law, Tokyo University, filling posts as Manager, Nagoya
Branch, Bank of Japan and Director of the Bank
- 1947 Director General, Economic Stabilization Board
- 1965 President, Nippon Usiminas Co., Ltd.

Takashi Hosomi
Vice-Minister for International Affairs

Born April 24, 1920

- 1942 Graduated from the Faculty of Economics, Tokyo University.
Entered the Ministry of Finance.
- 1949 Chief, Accounts Division, Tokyo Tax Administration Bureau
- 1957 Chief, Research Section, Tax Bureau, Ministry of Finance.
- 1960 Chief, First Insurance Section, Banking Bureau
- 1961 Chief, First Tax Administration Section, Tax Bureau
- 1964 Chief, General Affairs Section, Financial Bureau.
Director, Tokai Finance Bureau.
- 1965 Financial Inspector, the Finance Minister's Secretariat.
- 1969 Director, Tax Bureau
- 1971 Vice-Minister for International Affairs.

Yukio Ichijo

Managing Director and Member of the Board, Japanese
National Railways (JNR)

Born 1920

1941 Graduated from the Faculty of Engineering, Tokyo University
and entered the Ministry of Railways

Chief, Safety Division, Train Operation Department, JNR

Chief, Market Research Division, Traffic Department, JNR

Director, Corporate Planning Department, JNR

1969 Managing Director and member of the Board, JNR

Koichi Inamura
Director-General
International Finance Bureau, Ministry of Finance

Born June 29, 1920

- 1943 Graduated from the Faculty of Law, Tokyo University,
Entered the Ministry of Finance
- 1948 Superintendent, Tsu Tax Office
- 1949 Assistant chief, Legal Affairs Section, Budget Bureau,
Ministry of Finance.
- 1953 Assistant chief, Research Section, Exchange Bureau
- 1955 Assistant chief, General Affairs Section, Exchange Bureau
- 1957 Councilor, the Finance Minister's Secretariat
- 1957 First Secretary, Japanese Embassy in France
- 1961 Chief, Treasury Section, Financial Bureau, Ministry of Finance
- 1964 Councilor, International Finance Bureau
- 1964 Councilor, Japanese Government Mission, OECD
- 1968 Deputy Director, International Finance Bureau, Ministry of
Finance
- 1970 Director-General International Finance Bureau

Tadashi Ishida
President of Japan Export-Import Bank

Born in Setagaya-ku, Tokyo, on January 7, 1910. He graduated from the Faculty of Law, Tokyo University, in March, 1934 and entered the Ministry of Finance in April, 1934. He became director of the ministry's Financial Bureau in May, 1951, chief of the finance minister's Secretariat in August, 1953, director of the Exchange Bureau in August, 1955, director of the Banking Bureau in November, 1957, administrative vice-minister for finance in June, 1959 and retired from the ministry in May, 1961.

He was appointed president of the People's Finance Corporation in June, 1961 and president of the Japan Export Import Bank in April, 1967.

His present address is 2-19-3, Seijo, Setagaya-ku, Tokyo.

Kaneo ISHIHARA

President, Japan Development Bank

Born November 19, 1911

1933 passed the higher civil service examination (administration)

1934 graduated from the faculty of law, Tokyo University

1934 entered the Ministry of Finance

1946 chief, examination section, Budget Bureau

1946 chief, legal section, Budget Bureau

1947 chief, planning section, Budget Bureau

1947 chief, research section, Budget Bureau

1948 chief, planning section, Budget Bureau

1948 chief, general affairs section and planning section, Budget Bureau

1948 chief, second division, Budget Bureau

1949 deputy chief, Budget Bureau

1953 assigned to the National Safety Agency and appointed director,
Accounts Bureau

1954 director, Accounts Bureau, Defense Agency

1955 chief, the Finance Minister's Secretariat

1957 director, Budget Bureau, Ministry of Finance

1961 administrative vice-minister, Finance Ministry

1963 retired from the Ministry of Finance

1963 vice-president, Japan Development Bank

1967 president, Japan Development Bank

Yoshizane Iwasa
Chairman, Fuji Bank, Ltd.

Born Feb. 6, 1906

- 1928 Entered Yasuda Bank, Ltd. after graduation from the Dept.
of Political Sciences, Tokyo University
- 1948 Executive Director, Fuji Bank Ltd.
- 1963 President, Fuji Bank Ltd
- 1971 Chairman, Fuji Bank Ltd.

Other Positions

Vice-President, Federation of Economic Organizations
Chairman, Committee on International Finance, Federation
of Economic Organizations

Toshio Iyoda
Secretary to the Finance Minister

Born April 17, 1927

- 1951 Graduated from the Faculty of Economics, Tokyo University
Entered the Ministry of Finance.
- 1956 Superintendent, Owari Seto Tax Office.
- 1962 Assistant chief, First Tax Administration Section, Tax Bureau
Ministry of Finance.
- 1965 Assistant chief, General Affairs section, Tax Bureau
- 1966 Assistant chief, Archives Section, the Finance Minister's
Secretariat.
- 1968 Planning officer, Fair Trade Commission Secretariat.
- 1971 Secretary to the Finance Minister.

Kyutaro Izaki

Chairman, Ataka & Co., Ltd.

- 1900 Born on February 28 in Hyogo Prefecture
- 1922 Joined Ataka & Co., Ltd. after graduated from Osaka
Commercial College
- 1928 Manager of London Branch of the same
- 1944 Director of the Company
- 1945 Managing Director of the Company
- 1953 Vice-president of the Company
- 1957 President of the Company
- 1966 Chairman of the Company

Member of Osaka Chamber of Commerce and Industry

Director of Kansai Economic Federation
Japan Textile Export Association

Deputy-director - Japan Machinery Export Association

Director- Japan Export Association

Address: 5-14 Imabashi, Higashi-ku, Osaka

Masao KANAZAWA

Director-General, Research & Analysis Bureau
Ministry of Foreign Affairs

Born October 3, 1918

1941 graduated from the faculty of law, Tokyo University and
entered the diplomatic service

He filled various positions in the Asian Affairs Bureau
and Europe and Asian Affairs Bureau

1965 minister at the Japanese Embassy in the Philippines and
concurrently consul general for Manila

1967 counsellor for Analysis Division

1968 counsellor for Asian Affairs Bureau

1970 director-general, Research & Analysis Bureau, Ministry
of Foreign Affairs

Katsuji Kawamata
President, Nissan Motor Co. Ltd.

Born March 1, 1905

- 1929 Entered Industrial Bank of Japan, Ltd. after graduation from
Tokyo University of Commerce
- 1947 Executive director, Nissan Motor Co., Ltd.
- 1957 President, Nissan Motor Co., Ltd

Other positions

- Chairman, Nissan Diesel Motor Co., Ltd
- Executive Director, Federation of Economic Organizations
- President, Japan Automobile Manufacturers Association Inc.
- President, Japan Automobile Dealers Association

Hidemichi KIRA

Ambassador

Born June 10, 1917

1940 passed the higher civil service examination (diplomatic and administrative)

1941 graduated from the Faculty of Law, Tokyo University
entered foreign service

1942 entered military service

1946 assigned to the Treaties Division, Treaties Bureau, the Ministry of Foreign Affairs

1949 assigned to the Ministry of International Trade and Industry

1952 consul, the Japanese Consulate in Honolulu

1953 stationed in Los Angeles

1954 assigned to the Third Division, Economic Affairs Bureau

1955 head, Third Division, Economic Affairs Bureau

1958 head, American Affairs Division, Economic Affairs Bureau

→ 1958 first secretary, the Japanese Embassy in the U.S.A.

1960 counselor, the Japanese Embassy in Indonesia

1961 counselor, the Ministry of International Trade and Industry

1966 counselor, Asian Affairs Bureau, the Ministry of Foreign Affairs

1968 ambassador to Nepal

1970 director-general (with the rank of ambassador), Osaka Liaison Office of the Ministry of Foreign Affairs

Koji Kobayashi
President of Nippon Electric Co., Ltd

Born in Feb 17, 1907

1929 Entered Nippon Electric Co., Ltd. after graduation from the
Dept. of Electric Engineering, Tokyo University

1950 Appointed as executive director of Nippon Electric Co. Ltd.
after filling the posts of managing director and vice-president

1964 Appointed as President of Nippon Electric Co., Ltd.

Other positions

PH. D. in Engineering

Executive director, Federation of Economic Organizations

Kenichiro Komai
President, Hitachi, Ltd.

Born Dec. 17, 1900

- 1925 Entered Hitachi, Ltd. after graduation Dept. of Electric Engineering, Tokyo University
- 1946 Director, Hitachi, Ltd
- 1961 President, Hitachi, Ltd. after filling posts as executive director, and managing director.

Other positions

Executive Director, Federation of Economic Organizations
Chairman, Committee on Industrial Technology, Federation of Economic Organization.

President, Electroci Machinery Industry Association

Fumihiko Kono
Chairman, Mitsubishi Heavy Industries Ltd.

Born Nov. 22, 1896

- 1921 Entered Mitsubishi International Combustion Engine Manufacturing Co. Ltd., after graduation from the Dept. of Engineering, Tokyo University
- 1938 Entered Mitsubishi Heavy Industries Ltd.
- 1950 Director and General Manager of Mitsubishi-Nippon Heavy Industries Ltd.
- 1961 President Mitsubishi-Nippon Heavy Industries Ltd., after filling posts of executive director and vice president
- 1964 Vice-President, Mitsubishi Heavy Industries Ltd.
- 1965 President, Mitsubishi Heavy Industries Ltd
- 1969 Chairman, Mitsubishi Heavy Industries Ltd.

Other positions

Vice-President, Federation of Economic Organizations
Chairman, Committee of Defence Production, and Committee of Cooperation with African Countries
Vice-president, Japan Society of Industrial Machineries Manufacturing

Junzo Kurimoto
Special Consultant
Kurimoto Iron Works Co., Ltd.

- 1901 Born on December 16
- 1927 Joined Kurimoto Iron Works Co., Ltd. after graduated from
Kyoto Imperial University
- 1934 Director of the Company
- 1953 President of the Company
- 1955 Chairman of the Company
- 1966 Retired from the Company

Vice-president of Osaka Chamber of Commerce and Industry
Director of Hanshin Expressway Corporation

Address: 1-135 Tezuka Yamanaka
Sumiyoshi-ku, Osaka

Isao Masamune
President, the Industrial Bank of Japan, Ltd.

Born in March 30, 1912

1933 Entered the Industrial Bank of Japan after graduation
from Department of Economics, Tokyo University

1957 Director, Industrial Bank of Japan, after filling posts
as executive director and vice-president

1968 President, Industrial Bank of Japan

Other Positions

Executive director, Federation of Economic Organizations

Konosuke Matsushita
Chairman of the Board
Matsushita Electric Industrial Co., Ltd.

November, 1894	Born in Wakayam Prefecture
November, 1904	Left Ono Primary School in Wakayama City at the fourth year and worked for Miyata Brazier Shop Osaka
February, 1905	Worked for Godai Bicycle Shop, Osaka City
October, 1910	Entered Osaka Power Company
April, 1912	Entered Kansai Commercial and Industrial School.
March, 1913	Finished the preparatory course.
June, 1917	Resigned from Osaka Power Company.
March 1918	Set up Matsushita Electric Housewares Manufacturing Works.
December, 1935	President when above company was incorporated into Matsushita Electric Industrial Co., Ltd.
November, 1951	Chairman of the Board, Matsushita Electric Works, Ltd.
January, 1952	Executive Director of Matsushita Electric Trading Co., Ltd.
December, 1952	President of Matsushita Electronics Corporation
April, 1953	Chairman of the Board of Nakagawa Electric Co., Inc.
December, 1955	Chairman of the Board of Kyushu Matsushita Electric Co., Ltd.
January, 1958	President of Matsushita Communication Industrial Co., Ltd.
September, 1959	Chairman of the Board of Matsushita Electric Corporation of America
January, 1962	President of PHP Research Institute
November, 1962	Chairman of the Board, Victor Company of Japan, Ltd.
January, 1963	Chairman of the Board, Matsushita Research Institute Tokyo, Inc.

May, 1963

Advisor of Matsushita Seiko Co., Ltd.

May, 1965

President of National Mallory Battery Corporation.

ADDRESS:

1006, Oasa-Kadoma
Kadoma City, Osaka

Kazuo MIYAZAKI
President, the Long-Term Credit Bank of Japan, Ltd.

Born in February 17, 1904

- 1926 Entered the Industrial Bank of Japan, Ltd. after graduation from Tokyo University of Commerce.
- 1952 Appointed as Executive Director of the Long-Term Credit Bank, Ltd., when it was established.
- 1966 Appointed as President of the Long-Term Credit Bank, Ltd.

Other positions

Executive Director, Federation of Economic Organizations

Chairman, Committee on Economic Research, Federation of Economic Organizations

Tatsuzo MIZUKAMI
Director & Advisor, Mitsui & Co., Ltd.

Born October 15, 1903

1928 Entered Mitsui & Co., after graduation from Tokyo University
of Commerce

1961 President, Mitsui & Co., Ltd.

1969 Chairman, Mitsui & Co., Ltd.

Other positions

Executive Director, Federation of Economic Organizations

Chairman, Committee on Foreign Trade, Federation of Economic
Organizations

Vice-president, Japan Foreign Trade Council, Inc.

Chairman, Committee on Trade and Commerce, Tokyo Chamber of
Commerce and Industry

Mikio Mizuta
Finance Minister and Member of
the House of Representatives

Born in Chiba Prefecture on April 13, 1905. He graduated from the Faculty of Law, Kyoto University, in 1931 and entered the Electricity Bureau of Tokyo Metropolitan Government. He later served as lecturer at Senshu University, director of the Shukutoku Girls' High School, auditor of Hokuetsu Oil Co., Ltd, director of Daido Oil Co., Ltd., president to Tateyama Woodwork Co., Ltd.

He has been elected to the House of Representatives 11 times since April 1946. He was appointed Minister of State in charge of the Economic Deliberation Board in the fourth Yoshida Cabinet formed in March, 1953; Minister for International Trade and Industry in December, 1956; Finance Minister in the Ikeda Cabinet in July, 1960; Finance Minister in the first Sato Cabinet in December, 1966 and retained the post in the second Sato Cabinet. He was appointed Finance Minister again in the third Sato Cabinet in July, 1971.

He also held various posts in the Liberal-Democratic Party, including chairman of the Executive Board and chairman of the Policy Board.

He married Yasuko and has two daughters. His present address is 18-10, 2-chome Nishikata, Bunkyo-ku, Tokyo.

Toru MORI
Professor at Osaka Industrial University

Born July 27, 1901

- 1927 Graduated from the Faculty of Literature, Kyoto University
- 1930 Employed by the Prince Higashi-Fushimi Art Research Institute
- 1947 Lecturer, Foreign Service Training Institute, Ministry of Foreign Affairs
- 1949 Lecturer, Osaka University of Foreign Languages
- 1954 Kyoto National Museum
- 1961 Professor, Osaka Industrial University
- 1965 Professor emeritus, La Plata University in Argentina
- 1966 Obtained the degree of Doctor of Literature from Kyoto University

Shigeo Nagano
Chairman, Shin Nippon Steel Corporation

Born in July 15, 1900

1924 entered Asano Bussan Co., Ltd. after graduation from
Department of Political Sciences, Tokyo University

1925 entered Fuji Steel Works

1950 president, Fuji Iron and Steel Co. Ltd.

1963 president, Japan Iron and Steel Federation

1970 chairman, Shin Nippon Steel Corporation

Other Positions

president, Japan Chamber of Commerce and Industry

president, Tokyo Chamber of Commerce and Industry

honorary president, Japan Iron and Steel Federation

president, Pacific Basin Economic Cooperation Council

Takao Nagata
President
Hitachi Shipbuilding & Eng. Co., Ltd.

September, 1911	Born on the 1st
March, 1933	Graduated from Nagasaki Commerical College (Now Nagasaki University)
February, 1934	Joined Osaka Tekkosho Ltd.
March, 1943	Osaka Tekkosho Ltd. (name changed to Hitachi Zosen Ltd.)
November, 1951	Director, Hitachi Zosen, Ltd.
November, 1953	Managing Director, Hitachi Zosen Ltd.
November, 1959	Executive Managing Director, Hitachi Zosen Ltd.
November 1960	Vice-President, Hitachi Zosen Ltd.
November, 1962	President, Hitachi Zosen Ltd.
March, 1966	President, Maizuru Tukogyo Ltd.
November, 1967	Director, Hitachi Seisakusho Ltd.
April, 1967	Vice-Chairman, Kansai Employers Association

Other position and awards

June, 1963	Vice-Chairman, Business Efficiency Association
December, 1963	Vice-Chairman, Osaka Trade Association
May, 1967	Chairman, Association of Osaka Bonded Manufacturing Warehouses
July, 1968	Vice-Chairman, Osaka Scientific and Technical Center
April, 1969	Chairman, Japan Ship-building Industry Association
May, 1969	Chairman, Ship's J.I.S. Association
April, 1971	Chairman, Kansai Employers Association

ADDRESS

3-17-14, Nakameguro
Meguro-ku
Tokyo

Kiyoshi Nakatsukasa

Chairman, Kanegafuchi Spinning Co., Ltd.

1900 Born on October 21 in Yamagata Prefecture

1924 Joined Kanegafuchi Spinning Co., Ltd., after graduated from Keio Univ.

1944 Director of Kanagafuchi Spinning Co., Ltd.

1947 Vice-president of Kanegafuchi Spinning Co., Ltd.

1949 President of the same

1969 Chairman of the same

President of Japan Chemical Industry Association

Director - Club Cosmetics

Sankei Newspapers

Mainichi Osaka Kaikan

Address: 3-11 Sanno Ohta-ku

Tokyo

Sohei Nakayama

Chairman, the Industrial Bank of Japan, Ltd.
President, Overseas Technical Cooperation Agency

Born March 5, 1906

1929 entered the Industrial Bank of Japan, Ltd. after graduation
from Tokyo University of Commerce

1954 appointed as vice-president of Industrial Bank of Japan, Ltd.

1961 appointed as president of Industrial Bank of Japan, Ltd.

1968 appointed as chairman of Industrial Bank of Japan, Ltd.

Saburo Okita

President, Japan Economic Research Center
President, International Development Center of Japan

Born Nov. 3, 1914

1937 filling various posts at Ministry of Communication, and
Ministry of Finance after graduating from Department of
Electrical Engineering, Tokyo University

1947 entered Economic Stabilization Board, U.S. Occupation
government

1953 entered Economic Planning Agency

1963 retired Agency after filling posts as chief of Economic
Cooperation Unit and director-general of Planning Bureau

1964 president, Japan Economic Research Center

1970 president, International Development Center of Japan
(member of Pearson Commission, UN Development Planning
Committee, etc.)

Tsunao OKUMURA

Advisor, Nomura Securities Co., Ltd.
Vice-chairman, the Board of Counsellors, Federation of Eco.Orgs.
Chairman, Committee on Foreign Investment, " " "
Chairman, Committee on Information Processing, " " "
Vice-President, Japan Computer Development Usage Institute

Born March 5, 1903

1926 entered Nomura Securities after graduation from Dept. of
Economics, Kyoto University

1945 director, Nomura Securities Co., Ltd.

1948 president, Nomura Securities Co., Ltd.

1959 chairman, Nomura Securities Co., Ltd.

1968 director-advisor, Nomura Securities Co., Ltd.

Hisashi OWADA

Secretary to the Foreign Minister

Born September 18, 1932

1952 passed the diplomatic service examination

1955 graduated from the Faculty of Economics, Tokyo University
entered diplomatic service and assigned to the Japanese Embassy
in the United Kingdom

1959 assigned to the Legal Affairs Division, Treaties Bureau

1965 second secretary, the Japanese Embassy in the Soviet Union

1968 assigned to the Japanese Mission at the United Nations

1969 deputy chief delegate to the Vienna conference on international
treaties law sponsored by the United Nations

1971 head, Oceanic Affairs Division, European and Oceanic Affairs
Bureau

secretary to the Foreign Minister

Keiki Owada
secretary-general of the Agricultural
Administration Research Committee

Born on May 27, 1915. He graduated from the Faculty of Law, Tokyo University, in September 1942, and entered the Ministry of Agriculture and Forestry in the same year. He became director of the Agricultural Land Bureau in June 1965, director of the Agricultural Economic Bureau in September 1966, chief of the agriculture and forestry minister's Secretariat in June 1968 and director of the Fisheries Agency in November 1969. He retired from the ministry in June 1971.

In September 1971, he became executive director and secretary-general of the Agricultural Administration Research Committee, a juridical foundation.

Isamu Saeki

President, Kinki Nippon Railway Co., Ltd.

March 25, 1904	Born in Ehime Prefecture
March, 1925	Graduated from Tokyo Imperial University, Department of Law
March, 1927	Joined Ohsaka Denki Kidou Co., Ltd.
March, 1941	Company's name changed to Kansai Kyukou Tetsudou Co., Ltd.
June, 1944	Company's name changed to Kinki Nihon Tetsudou Co., Ltd.
March, 1947	Director, Kinki Nihon Tetsudou Co., Ltd.
April, 1947	Executive Managing Director, Kinki Nihon Tetsudou Co., Ltd.
December, 1951	President, Kinki Nihon Tetsudou Co., Ltd.
July, 1949	Auditor, Hino Jidousha Kougyo Co., Ltd.
March, 1951	Director, Asahi Housou Co., Ltd.
May, 1951	Auditor, Kansai Denryoku Co., Ltd.
September, 1956	President, Nara Golf Co., Ltd.
August, 1957	President, Miyako Hotel Co., Ltd.
February, 1958	Director, All Nippon Airways Co., Ltd.
May, 1961	President, Kinki Motors Co., Ltd.
April, 1964	Director, Toha Kokunai Kohku Co., Ltd.
March, 1965	Director, Shin-Osaka Hotel Co., Ltd.
August, 1965	President, Kinki-Nihon Tourist Co., Ltd.
August, 1967	President, America Kinki Kohgyo Co., Ltd.
September, 1968	President, Nihon Kousoku Jidousha Co., Ltd.
May, 1971	Director, Japan Air Lines Co., Ltd.

Other Positions and Awards:

PRESIDENT

Osaka Chamber of Commerce and Industry
Committee on Osaka International Exhibition
Federation of Kinki Chambers of Commerce
and Industry
Council for Promotion of Re-Development of Urban
Area of Osaka City

VICE PRESIDENT

Japan Chamber of Commerce and Industry

REPRESENTATIVE DIRECTOR

Council for Promotion of Kansai New International
Airport

EXECUTIVE DIRECTOR

Asuka Preservation Fund

COMMISSIONER

Investigation Committee on Monetary System

May, 1959	Received a prize from Governor of Osaka, for distinguished service to Industry
July, 1960	Received a prize from the Minister of Labour, for distinguished service to safety in working
November, 1962	Received a Japanese Blue Ribbon Medal
June, 1963	Received a prize, from the Minister of Transportation, for distinguished service to land transportation and sightseeing industry

ADDRESS:

1-412, Tomigaoka, Nara City, Nara Prefecture

Keizo Saji
President
Suntory Ltd.

November, 1919	Born on the 1st
September, 1942	Graduated from Osaka Imperial University Department of Science
October, 1945	Joined Kotobukiya Co., Ltd
January, 1947	Director, Kotobukiya Co. Ltd.
November, 1949	Managing Director, Kotobukiya Co. Ltd
January, 1955	Auditor, Palace Hotel Co., Ltd.
May, 1956	President, Kotobukiya Co. Ltd.
November, 1956	Opened Suntory Museum
March, 1963	Kotobukiya Co. Ltd. changed name to Suntory Co., Ltd.
November, 1968	President Shinjuku-Tokyo Kaikan
February, 1970	Director, Palace Hotel Co., Ltd.
<u>Other positions</u>	
November, 1954	President, Japan Yoshu-Shuzo Association
February, 1962	Chairman, General Design Association
February, 1962	President, Hibarigaoka Gakuen Fund
November, 1964	Chairman, Osaka Advertisement Association
November, 1967	President, Chigari Country Club
April, 1969	Director, Kansai Committee for Economic Development
<hr/>	
July, 1954- December, 1956	Chairman, Osaka Junior Chamber of Commerce
April, 1967	Special research councilor, Japan World Exposition Association
August, 1967	Honorary COUNSUL, Mexico
December, 1967	Financial Councilor, Japan World Exposition Association

July, 1967-
June, 1969

Chairman, Japan Young Presidents Organization

April, 1970

Executive Director, Kansai Committee for
Economic Development

July, 1971

Chairman, Kansai Organization for Public
Advertisement

ADDRESS

14-6 2-chome
Terabutake
Kawanishi, Shi
Hyogo Pref.

Tadashi SASAKI
Governor of the Bank of Japan

Born on May 19, 1907 in Yamaguchi Prefecture

- 1930 Entered the Bank of Japan, after graduated from the Faculty of Economics, Tokyo University
- 1945 Appointed Chief of the Planning Section of the Bank
- 1954 Became a Member of the Policy Board of the Bank of Japan after filling posts such as Chief of the Personnel Department, Chief of the General Affairs Department and Chief of the Business Department
- 1962 Vice-Governor of the Bank
- 1969 Governor of the Bank

Address: 5-34-10, Yoyogi
Shibuya-ku, Tokyo

Eisaku SATO
Prime Minister and President
of the Liberal-Democratic Party (LDP)

Born in Yamaguchi Prefecture on March 27, 1901. He passed the higher civil service examination in 1923. He graduated from the Faculty of Law, Tokyo University in 1924 and entered the Ministry of Railways the same year. He held various posts in the Ministry until he retired as Administrative Vice-Minister of Transportation in 1948.

He joined the Liberal Party in April, 1948 and served as Chief Cabinet Secretary in the Second Yoshida Cabinet formed in 1948. He has been elected to the House of Representatives nine times since January, 1949. He became Secretary-General of the Liberal Party in April, 1950; was appointed Minister for Posts and Telecommunications in the Third Yoshida Cabinet formed in July, 1951; Construction Minister and Director-General of the Hokkaido Development Agency in the Fourth Yoshida Cabinet formed in October 1952. Later he held the post of Secretary-General of the Liberal Party.

He served as Finance Minister in the Second Kishi Cabinet formed in June 1958; Minister for International Trade and Industry in the Second Ikeda Cabinet formed in July 1961; Minister of State in Charge of the Hokkaido Development Agency; the Science and Technology Agency and the Atomic Energy Commission in the Third Ikeda Cabinet formed in December 1961. He became Prime Minister in November 1964.

He married Hiroko, the eldest daughter of his foster father, and has two sons.

His present address is 3-17-10 Daizawa, Setagaya-ku, Tokyo

Head of welcome comm.
At airport in Tokyo
on 11/4

Masao SAWAKI
Director-General, Economic Cooperation Bureau
Ministry of Foreign Affairs

Born January 11, 1920

1941 passed the diplomatic service examination

1941 graduated from the faculty of law, Tokyo University and entered diplomatic service

1943 entered military service (paymaster in the Imperial Japanese Navy)

1945 discharged from the Navy and assigned to the Central Liaison Office as a liaison officer

1952 assigned to the Japanese Liaison Office in Washington

1953 assigned to the First Section, Economic Affairs Bureau, ministry of foreign affairs

1957 first secretary at the Japanese Embassy in Brazil and concurrently consul

1959 chief, Economic Cooperation Section, Economic Cooperation Division, Economic Affairs Bureau, Ministry of Foreign Affairs

1963 counselor, the Japanese Embassy in Italy

1966 U.S.A.

→ 1967 minister at the Japanese Embassy in the U.S.A.

1968 counselor, Economic Cooperation Bureau, Ministry of Foreign Affairs

1970 director-general, Economic Cooperation Bureau, Ministry of Foreign Affairs

UKAWA - head Inter. Cooperation Div.

Minoru Segawa
Chairman, the Nomura Securities Co., Ltd.

Born March 31, 1906

- 1929 Entered the Nomura Securities Co. Ltd. after graduation
from Osaka University of Commerce
- 1946 Director, Nomura Securities Co. Ltd. after filling posts
as executive director, managing director, and vice president
- 1959 President, Nomura Securities Co. Ltd.
- 1968 Chairman, Nomura Securities Co. Ltd.

Other Positions

Executive Director, Federation of Economic Organizations

Osamu Shimomura
Director-General
Capital Plant Investment Research Institute
Japan Development Bank

Born in Saga City, Saga Prefecture, on November 27, 1910. He graduated from the Faculty of Economics, Tokyo University, in 1934 and entered the Ministry of Finance the same year. He was appointed member of the Policy Board of the Bank of Japan in 1953, executive director of the People's Finance Corporation in 1959, Executive Director of the Japan Development Bank in 1960. He retired from the Bank in 1966 and assumed the post of Director-General of the Bank's Equipment Investment Research Institute.

He is the author of several books, including "The Japanese Economy Growth"(published by Kobundo in 1963) and "Options for Japan, a Big Economic Power" (published by Toyo Keizai Shimpo in 1971).

His present address is 3-2-4, Shimorenjaku, Mitaka City, Tokyo.

Masanobu Takanoshi

Director and Manager, Osaka Branch, Japan
Development Bank

Born November 8, 1918

1941 Graduated from the Faculty of Economics, Tokyo University
and entered the Bank of Taiwan

1949 Entered the Reconstruction Finance Bank (predecessor of
the Japan Development Bank)

1951 Entered the Japan Development Bank (JDB)

1964 Chief, General Affairs Department, JDB

1968 Director and manager, Osaka Branch, JDB

Shinichi Takasugi
President of the Overseas Economic Cooperation Fund

Born on March 1, 1892. He graduated from the Faculty of Law, Tokyo University, in March 1917.

He entered Mitsubishi & Co., Ltd. in April 1917 and became manager for the Mitsubishi Bank's Yotsuya branch in August 1933. He was appointed auditor of Mitsubishi Electric Corporation in November 1943 and president of the company in January 1947. In November 1962, he became advisor to the company and president of the Overseas Economic Cooperation Fund in March 1969.

From April 1926 to February 1928, he studied banking in London. He visited the U.S.A. from June to August 1952. He also visited India from September to October 1956 as leader of a Japanese machinery industry mission. From August to October 1958, he visited the U.S.A. as leader of an economic survey mission organized by the Japan Productivity Center. In September 1962, he visited Singapore, Malaya, North Borneo, Brunei and Sarawak as leader of a Japanese survey mission. In October 1965, he visited the U.S.A. as leader of the Japanese delegation to the fourth Japan-U.S. Businessmen's Conference. In January 1965, he attended the Japan-Republic of Korea talks as chief Japanese Government delegate. In December 1965, he visited the Republic of Korea as ambassador extraordinary to exchange the instruments of ratification of the Japan-ROK Treaty. In September 1968, he visited Indonesia and stayed there until October 1968 as leader of a Japanese Government economic mission to Indonesia.

He now serves as executive director of the Federation of Economic Organizations (Keidanren), member of the Foreign Economic Cooperation Council and member of the Trade Council.

He married Tsune and has two daughters. His present address is 3-2-1 Mukoyama, Nerima-ku, Tokyo.

Kazuo Takeshima
Assistant Chief, Secretarial Section, Finance Minister's Secretariat

Born March 16, 1943

- 1965 Graduated from the Faculty of Law, Tokyo University
Entered the Ministry of Finance.
- 1967-69 Studied economics at the Graduate School, Johns Hopkins
University.
- 1969 Chief, Planning Sub-section, Funds Section, Financial
Bureau, Ministry of Finance.
- 1970 Superintendent, Hiratsuka Tax Office.
- 1971 Assistant Chief, Secretarial Section, The Finance Minister's
Secretariat.

Ryuji TAKEUCHI

Special Advisor to the Ministry of Foreign Affairs

Special Advisor to the Japan Airlines

Chairman, Nippon Roche K. K.

Born May 1, 1902 in Kanagawa Prefecture

Upon passing the diplomatic examination, he left the faculty of law, Tokyo University and entered the Ministry of Foreign Affairs

1951 became Ambassador to Belgium and concurrently Minister for the Japanese Embassy in Luxembourg

1960 Vice-Minister

1963 became Ambassador to the Japanese Embassy in Washington D. C., U. S. A.

1967 returned to Tokyo and retired from the Foreign Office

Kyubei TANAKA
Chairman, the Mitsui Bank, Ltd.

Born March 8, 1903

- 1926 Entered the Mitsui Bank, Ltd. after graduation from Department of Economics, Tokyo University
- 1951 Director, Mitsui Bank, Ltd. after filling posts as Executive Director, Managing Director and Vice-President
- 1965 President, Mitsui Bank, Ltd.
- 1966 President, Federation of Bankers' Association of Japan
- 1968 Chairman, Mitsui Bank, Ltd.

Other position

Executive Director, Federation of Economic Organizations

Takeo Terao
President
Daiwa Bank, Ltd.

April, 1905 Born on the 5th
March, 1929 Graduated from Tokyo Imperial University.
Department of Jurisprudence
April, 1929 Joined Bank of Nomura Ltd. (now Daiwa Bank Ltd.)
January, 1947 Director, Daiwa Bank Ltd.
April, 1947 Managing Director, Daiwa Bank Ltd.
June, 1948 Executive Managing Director, Daiwa Bank Ltd.
August, 1950 President, Daiwa Bank Ltd.

Other Positions and awards

November 1950 Executive Director, Federation of Management
Organization
November, 1950 Executive Director, Federation for Economic
Development (Kansai)
April, 1951 Board of Trustees, Japan Committee for Economic
Development (Kansai)
April, 1951 Financial Director, Kansai Employers Association
April, 1951 Financial Director, Japan Federation of Employers
Association
April, 1954 Auditor, Osaka Industry Association
April, 1956 Auditor, Kansai Office of Japan Productibility Center
July, 1956 Commissioner, Council of National Property
in Kinki District
October, 1959 Chairman of Legal Committee, Federation for Economic
Development (Kansai)
April, 1962 Director, Tokyo Bankers Association Inc
April, 1962 Director, Trust Association Inc.
May, 1965 Governing Director, Japan Federation of
Employers Association

November, 1966	Vice Chairman, Chamber of Commerce, Osaka
July 1967	Commissioner, Council of Remedy and Protection
October, 1967	Received a Japanese Blue Ribbon Medal
April, 1971	Chairman, Osaka Bankers Association Vice Chairman, Federation of Bankers Association of Japan
May 1971	Commissioner , Financial System Council

ADDRESS:

3-15, Kawajoe
Nishinomiya City
Hyogo Prefecture

Hisashi Tsuda
Chairman
Sumitomo-Shoji Kaisha, Ltd.

July, 1904	Born on the 30th
March, 1928	Graduated Tokyo University, Political Course Department of Jurisprudence
April, 1928	Joined Sumitomo Partnership Co.
February, 1939	Chief of Mining Division, Accounting Department, Head Office
January, 1946	Director General Affairs Department, Nihon Kensetsu Sangyo Co., Ltd.
March, 1947	Managing Director
September, 1953	Executive Managing Director, Sumitomo Shoji Co., Ltd.
1953-54	In the U.S.A.
May, 1955	Manager, Tokyo Office
November, 1956	President, Sumitomo Shoji Co., Ltd.
June, 1968	Auditor, Petro-Cokes Co., Ltd.
August, 1968	Auditor, Kyoto Grand Hotel Co., Ltd.
November, 1970	Chairman of the Board, Sumitomo Shoji Co, Ltd.

Other positions and awards

May, 1956- January 1958	Board of Trustees, Japan Committee for Economic Development
January, 1957	Governing Commissioner, Trade Party, Chamber of Commerce, Osaka
January, 1957	Commissioner, Committee of Fisical and Financial Policy, Committee of Industrial Policy, Chamber of Commerce
	Director, Osaka Trade Association Inc.
	Governing Director, International Commerical Arbitrating Association Inc.

October, 1957	Director, Japan Foreign Trade Council Inc
November, 1959	Commissioner, Committee of Trade
March, 1960	Board of Trustees, Japan Committee for Economic Development(Kansai)
October, 1960	Executive Director, Kansai Economic Federation
March, 1961- February, 1968	Commissioner, Committee of International Affairs, Chamber of Commerce, Osaka
April, 1961	Director, Committee of Trade Promotion
September, 1961	Director, Federation of Economic Organization
May, 1964	Executive Director, Federation of Economic Organization
November, 1964	Commissioner, Japan Australia Economic Committee, Chamber of Commerce, Tokyo
December, 1964	Director, Japanese Committee, BIAC
August, 1967	Commissioner, Japan-Inde Economic Committee, Chamber of Commerce, Tokyo
December, 1967	Financial Commissioner, Japan Association of World Exportion
March, 1968	Chairman, Committee of International Affairs, Chamber of Commerce, Osaka
November, 1962	Commissioner, Conference on Traders Export, Ministry of International Trade and Industry (MITI)
March, 1968	Commissioner, Council of Export Insurance, MITI
November, 1968	Commissioner, Conference of Invisible Export, Ministry of Transportation
May, 1962	Awarded by Governor of Osaka, Distinguished Man of Industry
May, 1964	Awarded by Prime Minister, Distinguished Man of Export Promotion
November, 1964	Received Ranju-Hosho in trade section of MITI

ADDRESS

4, Noyari-Yamada, Motoyama-cho
Higashi-Nada-ku, Kobe

Kazuo UEDA
Consultant, The Sanwa Bank, Ltd.

Born on January 20, 1903 in Takamatsu

- 1925 Entered the Sanwa Bank Ltd. after graduated from the Faculty of Law, Tokyo University
- 1947 Appointed as Director of the Bank becoming Executive Director after 1 month
- 1956 Managing Director of the Bank then to Vice-president
- 1960 President of the Bank
- 1971 Counsultant of the Bank

Kogoro Uemura
President,
Japan Federation of Economic Organizations (Keidanren)

Born in 1894, Mr. Uemura graduated in law from the pre-war Tokyo Imperial University and entered the Ministry of Agriculture and Commerce immediately thereafter in 1918. In 1940, Mr. Uemura retired from government service after filling various posts -- including deputy chief of the cabinet planning board where he was charged particularly with the energy problem. During World War II, he served as president of the Coal Control Agency.

In the post-war period, he joined the Keidanren where he has served in various capacities as vice president and chairman of various committees and councils of the organization. He has attended in various capacities many meetings of international economic organizations and has played a particularly important role in Japan-U.S. businessmen's groups and meetings. Domestically, business interests and companies in formulating a business position for presentation to the government or to foreign business interests.

Mr. Uemura also serves as chairman of the board for JAL, the national airlines, chairman of the Nippon Broadcasting Co., special adviser to Japan Development Bank and the Bank of Japan, and other directorships.

Hidetoshi UKAWA

Head, International Co-operation Division

Ministry of Foreign Affairs .

Born May 28, 1931

1953 passed the diplomatic service examination

1954 graduated from the Faculty of Law, Tokyo University

entered diplomatic service and was assigned to the Japanese
Embassy in the United Kingdom

1956 third secretary, the Japanese Embassy in Pakistan

1959 Economic Co-operation Planning Office, Economic Affairs Bureau

1964 second secretary, the Japanese Embassy in the U.S.A.

1966 first secretary, the Japanese Mission in Geneva

1969 head, International Co-operation Division

Shogo WATANABE
President, the Nikko Securities Co., Ltd.

Born August 31, 1915

- 1938 Entered the Industrial Bank of Japan, Ltd. after graduation
from Department of Economics, Tokyo University
- 1962 Executive Director, Nikko Securities Co., Ltd.
- 1966 Vice-president, Nikko Securities Co., Ltd.
- 1970 President, Nikko Securities Co., Ltd.

Other Position

Executive Director, Federation of Economic Organizations

Katsumi Yamagata
President, Koa Fire and Marine Insurance Co., Ltd.

Born February 18, 1902

- 1925 Entered Tatsumi Fire and Marine Insurance Co., Ltd, after graduation from Dept. of Law, Tokyo University
- 1943 President, Tatsumi Fire and Marine Insurance Co., Ltd.
- 1947 President Shinnihon Steamship Co., Ltd.
- 1957 President, Koa Fire and Marine Insurance Co., Ltd.
- 1950 President, Japanese Ship Owners Association for six terms.
- 1950 Elected member House of Councilors, in June. Attended San Francisco Peace Conference as a member of Japanese delegation.
- 1952 State Minister in Third Yoshida Cabinet
- 1952 Minister of Welfare, Fourth Yoshida Cabinet.

Other positions

President, Koa Fire and Marine Insurance Co., Ltd.
Chairman, Yamashita-Shinnihon Steamship Co., Ltd.
Chairman, Committee of Foreign Relations, Federation of Economic Organizations

Hiromu Yamamoto
The Sumitomo Trust & Banking Co., Ltd.

December, 1905	Born on the 6th
March , 1926	Graduated from Yamaguchi Commercial College
April, 1926	Joined Sumitomo Investment Co. Ltd.
May , 1947	Director, Sumitomo Investment Co., Ltd.
July, 1948	Managing Director, Sumitomo Investment Co., Ltd.
May 1960	Executive Managing Director, Sumitomo Investment Co., Ltd.
July, 1963	Vice-President, Sumitomo Investment Co., Ltd.
May, 1969	President, Sumitomo Investment Co., Ltd.

Other positions

June 1969	Director, Investors Club
June, 1969	Director, Osaka Bankers Association Inc.
June, 1969	Director, Federation of Economic Organizations
October, 1969	Executive Director, Federation of Kansai Economic Organizations
April, 1970	Director, Federation of Employer Association
May, 1970	Executive Director, Federation of Economic Organizations
April, 1971	Representative Director, Japan Committee for Economic Development(Kansai)

ADDRESS

2-16-15 Seikojin
Takarazuka City

Takeshi YASUKAWA

Deputy Vice-Minister

Born February 16, 1914

1938 passed the diplomatic service examination

1939 graduated from the faculty of law, Tokyo University and
entered diplomatic service

1939 assigned to the Republic of China

1946 assigned to the Central Liaison Office

1951 secretary, the Japanese Liaison Office in Ottawa
later first secretary at the Japanese Embassy in Canada

1953 chief, third section, International Cooperation Bureau

1957 counselor, the Japanese Embassy in the U.S.A.

1961 counselor, Emigration Affairs Bureau

1965 director-general, American Affairs Bureau

1967 councilor, the Minister's Secretariat

1967 ambassador to the Philippines

1970 deputy vice-minister

Fujio Yoshida
Councilor, Ministry of Finance

Born July 5, 1924

- 1947 Graduated from the Faculty of Law, Tokyo University
Entered the Ministry of Finance.
- 1950 Superintendent, Onomichi Tax Office.
- 1951 Chief, General Affairs Section, Fukuoka Tax Administration
Bureau.
- 1953 Assistant chief, Tax Section, Tax Administration Agency.
- 1956 Assistant chief, Second Section, Tax Bureau, Ministry of
Finance.
- 1960 Chief, Inspection Division, Yokohama Customhouse,
- 1961 Chief, Investigation and Inspection Division, Osaka Tax
Administration Bureau.
- 1962 Chief, Property Tax Section, Tax Administration Agency.
- 1964 Chief, Second Tax Administration Section, Tax Bureau
Ministry of Finance.
- 1966 Chief, Foreign Capital Section, International Finance Bureau.
- 1967 Councilor, Japanese Government Mission, OECD.
- 1971 Councilor, International Finance Bureau, the Finance Minister's
Secretariat.

C

JAPAN

BANK

Joined on August 13, 1952

SUBSCRIPTION

- (a) Initial - \$250 million (2,500 shares)
- (b) 1959 General Doubling - \$250.0 million
- (c) 1959 Special Increase - \$166.0 million
- (d) 1966 Special Increase - \$106.6 million
- (e) 1971 Special Increase - \$250.4 million
- (f) Present - \$1023.0 million (10,230 shares)

Release of 9% - \$92.07 million equivalent; released; all out on loan.

Voting Power - 10,480 votes

IFC

Joined on June 15, 1956

SUBSCRIPTION - \$2,769,000

Voting Power - 3,019 votes

IDA

Joined on December 27, 1960

SUBSCRIPTION

- (a) Initial - \$33,590,000
- (b) Contribution to First and Second Replenishments - \$107,730,000
- (c) Increase Authorized under Third Replenishment Resolution - \$144.0 million equivalent; Formal Notification received.

Release of 90% - Since Japan is a Part I country its entire subscription and contributions are available in convertible currency. Of the total up to and including the Second Replenishment, \$59,252,000 remained on September 30, 1971 to be called by IDA (pro rata with other Part I countries). Obligation under Third Replenishment not effective yet.

Voting Power - Present - 7,218 votes

After Third Replenishment Subscription - 30,541 votes.

INCOMING CABLE

DATE AND TIME
OF CABLE: OCTOBER 30, 1971

LOG NO.: ITT TELEX/30

TO: INTBAFRAD

FROM: TOKYO

ROUTING	
ACTION COPY:	MR. ALDEWERELD
INFORMATION COPY:	MR. ROTBERG
DECODED BY:	

TEXT:

442 ALDEWERELD CONFIDENTIAL

1. MA EXTREMELY HAPPY TO REPORT PROGRESS - IF STILL PRELIMINARY - ON OUR EFFORTS FOR NEW BOJ LENDING FORMULA. AS YOU REMEMBER, WE ARE NOW APPROACHING 450 MILLION OVERALL CEILING WHICH THEY PLACED ON BOJ LENDING TO IBRD. (IT WAS ARRIVED AT LAST YEAR AS ROUGH EQUIVALENT OF THEN JAPANESE DEBT TO IBRD.)
2. GOVERNOR SASAKI IS PREPARING TO DISCUSS SUBJECT IN GENERAL TERMS ON PRELIMINARY BASIS WITH MCNAMARA SATURDAY NOV. 6TH MEETING WHEN MCNAMARA CALLS ON HIM HERE.
3. INOUE INFORMS ME UNOFFICIALLY NEW FORMULA WILL SET A NEW HIGHER OVERALL CEILING ON TOTAL LENDING TO IBRD. BUT IT UNLIKELY THAT WE WILL EVER OFFICIALLY BE INFORMED NEW CEILING. AND SASAKI WILL NOT DISCUSS THIS CEILING QUESTION WITH MCNAMARA.
4. BOJ IS ANXIOUS TO ENCOURAGE OUR BORROWING IN PUBLIC MARKET AS FIRST/COURSE. RE
NEW FORMULA WILL ABANDON IDEA OF A LIMIT OF 50 MILLION ONEACH TRANCHE TO WHICH - AS YOU REMEMBER - THE BOJ WAS PREPARED TO LEND DIFFERENCE BETWEEN WHAT WE RAISED IN CAPITAL MARKET AND 50 MILLION.
5. THEREFORE, NEW FORMULA BEING WORKED OUT WOULD PERMIT US TO BORROW ON BASIS OF SLIDING SCALE - THAT IS, BOJ BORROWING EACH TRANCHE WOULD BE PERCENTAGE OF WHAT WE WOULD RAISE IN MARKET. IT WOULD THEREFORE CREATE ADDITIONAL INCENTIVE FOR US TO EXPLOIT CAPITAL MARKET MORE EFFECTIVELY WHICH REINFORCES BASIC BOJ POLICY.
6. FOR YOUR PERSONAL INFORMATION, INOUE MENTIONED POSSIBILITY BOJ WOULD LEND US FROM THEIR COFFERS 50 PERCENT WHATEVER WE WOULD BORROW CAPITAL MARKET - THAT IS

FOR INFORMATION REGARDING INCOMING CABLES, PLEASE CALL THE COMMUNICATIONS SECTION, EXT. 2021

ORIGINAL

INCOMING CABLE

DATE AND TIME
OF CABLE:

LOG NO.:

TO:

FROM:

ROUTING

ACTION COPY:

INFORMATION
COPY:

DECODED BY:

TEXT:

PAGE TWO

WITH NO LIMIT ON SIZE OF EACH TRANCHE WE BORROW. BUT THIS STRICTLY PRELIMINARY
THINKING AND THERE NO CONCENSUS YET IN BOJ SO SUGGEST YOU TREAT IT ACCORDINGLY.

7. LOOKING FORWARD YOUR VISIT AND WARMEST GREETINGS.

SOEJIMA

MT

D

WORLD BANK AND IDA DISBURSEMENTS IN JAPAN

(As of June 30, 1971)

Japan has lent great strength to the World Bank and its affiliate, the International Development Association (IDA), and at the same time derived significant benefits from its membership in the two international institutions. Between 1953 and 1966, Japan received 31 World Bank loans totaling \$857 million. A substantial part of the disbursements under the Bank loans in Japan has also gone to Japanese suppliers. Another material benefit by Japan from its membership of the World Bank and IDA has been the orders obtained by Japanese industry for the supply of goods and services for projects being assisted by World Bank loans and IDA credits.

The following tables summarize Japanese contributions to the Bank and IDA and the disbursements in Japan under Bank loans and IDA credits as of June 30, 1971.

<u>World Bank</u>	<u>Amount in US\$ Millions</u>	
Japanese paid-in subscriptions to the Bank	102.3	+ 500
Bank of Japan loans to the World Bank	419.4	450
World Bank public bond offering in Japan	30.6	
Purchase of portions of World Bank loans by Japanese institutions	<u>202.2</u>	754.50
Cumulative total of disbursements in Japan under Bank loans to countries other than Japan	587.16	
Cumulative total of disbursements in Japan under Bank loans to Japan (estimate)	<u>722.22</u>	1,309.38 + 150 IDA
		1.5 billion

<u>IDA</u>	<u>Amount in US\$ Millions</u>	
*Japanese contributions to IDA		
In subscriptions	33.59	
First Replenishment	41.25	
Second Replenishment	<u>66.48</u>	141.32
Cumulative total of disbursements in Japan under IDA credits	<u>180.90</u>	

It is the policy of the World Bank and IDA to require their borrowers to obtain goods and services required for projects on an international competitive basis, unless special circumstances apply. In recent years, Japanese industry has been increasingly successful in obtaining orders for exports of goods and services to carry out projects financed by the Bank and IDA.

World Bank Disbursements

Total identifiable expenditures in Japan by Bank borrowers to June 30, 1971 was \$587.2 million -- well over 5 times the Japanese paid-in subscriptions of \$102.3 million to the Bank. In addition, Japanese industry is estimated to have received orders worth \$722.2 million under Bank loans in Japan.

* Soon after the end of the fiscal year 1970, the Executive Directors of IDA recommended and transmitted to member governments for approval of a proposal for a replenishment of the Association's resources for a three-year period. Twenty-one member countries plus Switzerland propose making available to IDA for lending on development projects in the poorer countries of the world approximately \$813 million per year. The first payment by the contributing countries is scheduled for November 8, 1971. Under the terms of the proposal, Japan would make an annual contribution of \$48 million. Agreements were also reached dealing with member countries' voting rights.

Recorded Bank Disbursements in Japan^{1/}

	<u>Amount in US\$ Millions</u>	
Cumulative total through June 30, 1963		133.58
Fiscal Years ending June 30:		
1965	36.21	
1966	43.27	
1967	54.07	
1968	56.55	
1969	79.32	
1970	72.85	
1971	<u>111.31</u>	<u>453.58</u>
Cumulative total as of June 30, 1971		<u>587.16</u>

Japanese Goods and Services for Bank-financed Projects

By June 30, 1971, the Bank had made 782 loans in 89 member countries. Japanese companies have supplied goods and services from projects in 61 countries under 299 of these loans.

Disbursements in Japan under Bank loans have covered a wide range of goods and services. The following tables give the cumulative total of disbursements to Japanese suppliers of equipment and services:

^{1/} Disbursements under Bank loans to Japan are not included.

World Bank Disbursements in Japan and
the Purpose of Bank-financed Projects

(Amount in U.S. Dollars as of June 30, 1971)

Electric Power	223,405,734
Transportation	201,501,587
Telecommunications	15,481,395
Agriculture	30,419,725
Industry (Manufacturing)	16,793,014
Development Finance Companies	78,755,430
Water Supply	11,509,005
Education	443,670
Multipurpose	6,217,541
Miscellaneous	2,638,748
TOTAL	\$587,165,849

World Bank Disbursements in Japan by
Category of Goods and Services
FY 1967-FY 1971

(Amount in U.S. Dollars)

Disbursements prior to July 1, 1966	\$213,057,992
Chemicals	46,322
Construction Materials	17,434,696
Construction Equipment	5,982,941
Mechanical Equipment	58,980,816
Textile Machinery	21,269,282
Agricultural Machinery	655,962
Electrical Equipment	148,003,029
Automotive Machinery and Equipment	4,015,277
Vessels and Floating Equipment	13,887,650
Materials and Equipment for Railways	72,671,799
School Equipment and Supplies	429,027
Civil Works	16,926,023
Consultants' Services	2,781,579
Freight and Insurance	5,488,672
Loan Charges	5,130,525
Miscellaneous	404,257
TOTAL	\$587,165,849

IDA Disbursements in Japan

The cumulative total of IDA disbursements as of June 30, 1971 was \$1,976.7 million. Of this amount, disbursements totaling \$357.2 million had gone to finance local expenditures or imports for broad development programs where the source of the items was not specified. The balance of \$1,619.5 million represented disbursements for imports from abroad by IDA borrowers. Japan's share in this total was \$180.9 million or about 11%. IDA disbursements in Japan at the end of June 30, 1971 were about \$40 million higher than Japan's contributions totaling \$141.3 million to IDA resources in the form of initial subscriptions and contributions under the first and second replenishments of the Association's resources.

IDA Disbursements in Japan

	<u>Amount in US\$ Millions</u>	
Cumulative total to June 30, 1964		39.09
Fiscal years ending June 30:		
1965	26.74	
1966	21.84	
1967	20.02	
1968	25.56	
1969	15.02	
1970	7.18	
1971	<u>25.43</u>	<u>141.79</u>
Cumulative total to June 30, 1971		<u>180.88</u>

By June 30, 1971, IDA had made 274 credits in 58 countries. Japanese firms have supplied goods and services to 19 of these countries under 69 credits.

WORLD BANK AND IDA DISBURSEMENTS IN JAPAN

(As of June 30, 1971)

Japan has lent great strength to the World Bank and its affiliate, the International Development Association (IDA), and at the same time derived significant benefits from its membership in the two international institutions. Between 1953 and 1966, Japan received 31 World Bank loans totaling \$857 million. A substantial part of the disbursements under the Bank loans in Japan has also gone to Japanese suppliers. Another material benefit by Japan from its membership of the World Bank and IDA has been the orders obtained by Japanese industry for the supply of goods and services for projects being assisted by World Bank loans and IDA credits.

The following tables summarize Japanese contributions to the Bank and IDA and the disbursements in Japan under Bank loans and IDA credits as of June 30, 1971.

<u>World Bank</u>	<u>Amount in US\$ Millions</u>	
Japanese paid-in subscriptions to the Bank	102.3	+ 500
Bank of Japan loans to the World Bank	419.4	450
World Bank public bond offering in Japan	30.6	
Purchase of portions of World Bank loans by Japanese institutions	<u>202.2</u>	754.50
Cumulative total of disbursements in Japan under Bank loans to countries other than Japan	587.16	
Cumulative total of disbursements in Japan under Bank loans to Japan (estimate)	<u>722.22</u>	1,309.38 + 150 IDA

1.5 billion

<u>IDA</u>	<u>Amount in US\$ Millions</u>	
*Japanese contributions to IDA		
In subscriptions	33.59	
First Replenishment	41.25	
Second Replenishment	<u>66.48</u>	141.32
Cumulative total of disbursements in Japan under IDA credits	<u>180.90</u>	

It is the policy of the World Bank and IDA to require their borrowers to obtain goods and services required for projects on an international competitive basis, unless special circumstances apply. In recent years, Japanese industry has been increasingly successful in obtaining orders for exports of goods and services to carry out projects financed by the Bank and IDA.

World Bank Disbursements

Total identifiable expenditures in Japan by Bank borrowers to June 30, 1971 was \$587.2 million -- well over 5 times the Japanese paid-in subscriptions of \$102.3 million to the Bank. In addition, Japanese industry is estimated to have received orders worth \$722.2 million under Bank loans in Japan.

* Soon after the end of the fiscal year 1970, the Executive Directors of IDA recommended and transmitted to member governments for approval of a proposal for a replenishment of the Association's resources for a three-year period. Twenty-one member countries plus Switzerland propose making available to IDA for lending on development projects in the poorer countries of the world approximately \$813 million per year. The first payment by the contributing countries is scheduled for November 8, 1971. Under the terms of the proposal, Japan would make an annual contribution of \$48 million. Agreements were also reached dealing with member countries' voting rights.

Recorded Bank Disbursements in Japan^{1/}

	<u>Amount in US\$ Millions</u>	
Cumulative total through June 30, 1963		133.58
Fiscal Years ending June 30:		
1965	36.21	
1966	43.27	
1967	54.07	
1968	56.55	
1969	79.32	
1970	72.85	
1971	<u>111.31</u>	<u>453.58</u>
Cumulative total as of June 30, 1971		<u>587.16</u>

Japanese Goods and Services for Bank-financed Projects

By June 30, 1971, the Bank had made 782 loans in 89 member countries. Japanese companies have supplied goods and services from projects in 61 countries under 299 of these loans.

Disbursements in Japan under Bank loans have covered a wide range of goods and services. The following tables give the cumulative total of disbursements to Japanese suppliers of equipment and services:

1/ Disbursements under Bank loans to Japan are not included.

World Bank Disbursements in Japan and
the Purpose of Bank-financed Projects

(Amount in U.S. Dollars as of June 30, 1971)

Electric Power	223,405,734
Transportation	201,501,587
Telecommunications	15,481,395
Agriculture	30,419,725
Industry (Manufacturing)	16,793,014
Development Finance Companies	78,755,430
Water Supply	11,509,005
Education	443,670
Multipurpose	6,217,541
Miscellaneous	2,638,748
TOTAL	\$587,165,849

World Bank Disbursements in Japan by
Category of Goods and Services
FY 1967-FY 1971

(Amount in U.S. Dollars)

Disbursements prior to July 1, 1966	\$213,057,992
Chemicals	46,322
Construction Materials	17,434,696
Construction Equipment	5,982,941
Mechanical Equipment	58,980,816
Textile Machinery	21,269,282
Agricultural Machinery	655,962
Electrical Equipment	148,003,029
Automotive Machinery and Equipment	4,015,277
Vessels and Floating Equipment	13,887,650
Materials and Equipment for Railways	72,671,799
School Equipment and Supplies	429,027
Civil Works	16,926,023
Consultants' Services	2,781,579
Freight and Insurance	5,488,672
Loan Charges	5,130,525
Miscellaneous	404,257
TOTAL	\$587,165,849

IDA Disbursements in Japan

The cumulative total of IDA disbursements as of June 30, 1971 was \$1,976.7 million. Of this amount, disbursements totaling \$357.2 million had gone to finance local expenditures or imports for broad development programs where the source of the items was not specified. The balance of \$1,619.5 million represented disbursements for imports from abroad by IDA borrowers. Japan's share in this total was \$180.9 million or about 11%. IDA disbursements in Japan at the end of June 30, 1971 were about \$40 million higher than Japan's contributions totaling \$141.3 million to IDA resources in the form of initial subscriptions and contributions under the first and second replenishments of the Association's resources.

IDA Disbursements in Japan

	<u>Amount in US\$ Millions</u>	
Cumulative total to June 30, 1964		39.09
Fiscal years ending June 30:		
1965	26.74	
1966	21.84	
1967	20.02	
1968	25.56	
1969	15.02	
1970	7.18	
1971	<u>25.43</u>	<u>141.79</u>
Cumulative total to June 30, 1971		<u>180.88</u>

By June 30, 1971, IDA had made 274 credits in 58 countries. Japanese firms have supplied goods and services to 19 of these countries under 69 credits.

IDA Disbursements in Japan and the
Purpose of IDA-financed Projects

(Amount in U.S. Dollars as of June 30, 1971)

Electric Power	\$17,471,032
Transportation	91,101,706
Telecommunications	18,070,997
Agriculture	7,985,656
Industry (Manufacturing)	36,871,036
Development Finance Companies	2,336,215
Water Supply	4,623,955
Education	991,394
Multipurpose	1,121,483
Engineering Surveys	319,827
	<hr/>
TOTAL	\$180,898,301

IDA Disbursements in Japan by
Category of Goods and Services
FY 1967-FY 1971

(Amount in U.S. Dollars)

Disbursements prior to July 1, 1966	\$87,673,283
Chemicals	860,052
Construction Materials	2,213,371
Construction Equipment	2,241,135
Mechanical Equipment	10,440,932
Textile Machinery	1,448,219
Agricultural Machinery	5,617,220
Electrical Equipment	21,909,080
Automotive Machinery and Equipment	14,590,085
Vessels and Floating Equipment	1,498,358
Materials and Equipment for Railways	29,439,258
School Equipment and Supplies	457,823
Civil Works	502,941
Consultants' Services	818,821
Freight and Insurance	1,065,651
Miscellaneous	122,072
	<hr/>
TOTAL	\$180,898,301

Bank Borrowings

The Bank augments its capital by selling its own bonds in the world's capital markets. It also sells loans from its portfolio to other investors, as a means of promoting international investment and of recovering its own capital. By June 30, 1971, the Bank had outstanding borrowings of \$5,424 million in the form of bond issues denominated in U.S. dollars, Canadian dollars, Deutsche mark, Italian lire, Japanese yen, Kuwaiti dinars, Libyan pounds, Netherlands guilders, pounds sterling, Swedish kronor, and Swiss francs.

The Bank of Japan has made five loans totaling ¥ 151,000,000,000 (\$419.4 million) to the World Bank. In addition, the Bank made its first public offering on the Japanese market, a 7-3/4% issue of ¥ 11,000,000,000 (\$30.6 million), payment for which was scheduled for after June 30, 1971.

Japanese institutions have also purchased portions of World Bank loans totaling \$202.2 million. Of this amount, \$162.2 million of World Bank loans to Japan was purchased by The Bank of Japan.

IBRD Information and Public Affairs Department
Washington, D.C.
August 1971

E

9/21/71

BRIEFING PAPER

ANNUAL MEETING 1971

JAPAN

DECLASSIFIED

APR 03 2013

WBG ARCHIVES

1. Principal Members of Delegation

Mikio Mizuta (Governor, Bank & Fund)
Minister of Finance

Tadashi Sasaki (Alternate Governor, Bank & Fund)
Governor, The Bank of Japan

Takashi Hosomi (Temporary Alternate Governor, Bank & Fund)
Vice Minister of Finance for International Affairs
Ministry of Finance

Koichi Inamura (Temporary Alternate Governor, Bank & Fund)
Director-General, International Finance Bureau
Ministry of Finance

Shiro Inoue (Temporary Alternate Governor, Bank & Fund)
Executive Director, The Bank of Japan

Yusuke Kashiwagi (Temporary Alternate Governor, Bank & Fund)
Special Adviser to the Minister of Finance
Ministry of Finance

2. Aid Performance

Total Japanese flows increased from \$246 million in 1960 to \$1,822 million in 1970, the second largest in volume after the U.S.A. and amounting to 0.93% of GNP. In 1970, as in the past, official and private export credits constituted a major portion (40%) of total flows. Grant aid declined slightly in absolute terms and the technical assistance program remains small.

The multilateral component of the official aid program has increased significantly in 1970, due to the purchase by the Bank of Japan of \$200 million worth of IBRD securities. Contributions to the Special Fund of the Asian Development Bank totalled \$51 million in 1970. As of December 31, 1970, Japan has provided \$200 million (19.9%) of ADB subscribed capital and \$71.3 million (55.9%) of ADB Special Fund resources.

Japan has committed itself to reach the 1% GNP target by 1975 and is studying a plan to increase official development assistance to 0.50% of GNP (compared with 0.23% in 1970). On the basis of recent trends, it appears that export credit growth will play a dominant part in reaching the 1% target.

3. Attitude to IDA

Japan has formally notified the Association of the acceptance of its 6% share in the Third Replenishment. It has also pledged an advance contribution of \$48 million in case the Third Replenishment has not become effective by November 8, 1971.

4. Capital Market Prospects

The Bank has raised funds in Japan by one public issue of ¥11 billion (\$30.6 million equivalent) and has received five loans from the Bank of Japan for a total of \$419 million equivalent.

In view of present market conditions in Japan and the size of official reserves it was agreed to have a second public issue in late September, again combined with a loan from the Bank of Japan for a total of \$50 million equivalent.

reevaluation. In this context, the delegation may wish to discuss the Bank Group's proposed lending in South East Asia. The lending program for countries in South and East Asia for FY1972-76 is shown in Table II. It can be pointed out that although countries in South and East Asia will receive a declining proportion of total IDA credits the absolute amounts of lending proposed of \$3.7 billion over 1972-76 compares with credits totalling \$2.3 billion through 1971. In particular, the Philippines is expected to become eligible for IDA credits for the first time while IDA credits to Indonesia are expected to amount to \$600 million over 1972-76 compared with \$227 million through 1971.

JAPAN: FLOW OF DEVELOPMENT FINANCE BY CALENDAR YEAR

(US \$ million)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970a/1971b/</u>
Official Development Assistance											
- Bilateral	79	96	77	128	106	226	235	346	308	340	372
- Multilateral	26	12	9	9	10	17	48	38	48	96	87
- TOTAL	<u>105</u>	<u>108</u>	<u>85</u>	<u>138</u>	<u>116</u>	<u>244</u>	<u>283</u>	<u>384</u>	<u>356</u>	<u>436</u>	<u>458</u>
- As % GNP	.24%	.20%	.15%	.20%	.15%	.28%	.28%	.32%	.25%	.26%	.23%
Other Official											
- Bilateral	34	115	84	33	95	110	(183)	(200)	(303)	366	493
- Multilateral	4	-1	-2	3						10	201
- TOTAL	<u>38</u>	<u>114</u>	<u>83</u>	<u>36</u>	<u>95</u>	<u>110</u>	<u>183</u>	<u>200</u>	<u>303</u>	<u>376</u>	<u>694</u>
Total Official	<u>144</u>	<u>221</u>	<u>168</u>	<u>174</u>	<u>211</u>	<u>353</u>	<u>466</u>	<u>584</u>	<u>659</u>	<u>811</u>	<u>1152</u>
- % Grant Element					64%	53%	56%	56%	76%	68%	67%
- As % GNP	.33%	.42%	.29%	.26%	.27%	.40%	.46%	.50%	.47%	.49%	.59%
Private											
- Investment & Loans	77	94	69	76	38	87	86	66	91	152	283
- Export Credits	26	66	49	18	41	45	73	148	299	300	387
TOTAL NET DISBURSEMENTS	<u>246</u>	<u>381</u>	<u>286</u>	<u>267</u>	<u>290</u>	<u>486</u>	<u>625</u>	<u>798</u>	<u>1049</u>	<u>1263</u>	<u>1822</u>
- As % GNP	<u>.57%</u>	<u>.71%</u>	<u>.49%</u>	<u>.40%</u>	<u>.36%</u>	<u>.55%</u>	<u>.62%</u>	<u>.67%</u>	<u>.73%</u>	<u>.76%</u>	<u>.93%</u>

a/ Provisional

b/ DAC Estimate. Not adjusted for de facto revaluation.

Source: DAC

TABLE II

BANK GROUP LENDING TO MAJOR RECIPIENTS OF JAPANESE DEVELOPMENT ASSISTANCE ^{a/}

		Through 1971	1972	1973	1974	1975	1976	Total 1972-76
Burma	IBRD	33.0	-	-	-	-	-	-
Cambodia	IDA	-	3.0	3.0	3.0	4.0	4.0	17.0
Ceylon	IBRD	94.4	-	-	-	-	-	-
	IDA	23.9	15.0	15.0	15.0	15.0	15.0	75.0
China	IBRD	329.4	75.0	75.0	75.0	60.0	50.0	335.0
	IDA	15.3	-	-	-	-	-	-
India	IBRD	1146.5	40.0	-	-	40.0	-	80.0
	IDA	1514.4	375.0	375.0	375.0	540.0	540.0	2205.0
Indonesia	IDA	227.4	100.0	100.0	100.0	150.0	150.0	600.0
Iran	IBRD	618.5	145.0	175.0	140.0	140.0	145.0	745.0
Korea	IBRD	194.5	47.0	55.0	65.0	65.0	70.0	302.0
	IDA	65.3	18.0	20.0	20.0	20.0	20.0	98.0
Malaysia	IBRD	306.1	42.0	78.0	52.0	53.0	55.0	280.0
Pakistan	IBRD	635.2	-	-	-	-	-	-
	IDA	538.0	100.0	100.0	100.0	150.0	150.0	600.0
Philippines	IBRD	244.0	47.0	40.0	60.0	40.0	30.0	217.0
	IDA	-	10.0	20.0	20.0	29.0	30.0	109.0
Singapore	IBRD	115.3	22.0	18.0	25.0	20.0	25.0	110.0
Thailand	IBRD	393.9	55.0	55.0	55.0	55.0	55.0	275.0
Total	IBRD	4110.8	473.0	496.0	472.0	473.0	430.0	2344.0
	IDA	2384.3	621.0	633.0	633.0	908.0	909.0	3704.0
	Total	<u>6495.1</u>	<u>1094.0</u>	<u>1129.0</u>	<u>1105.0</u>	<u>1381.0</u>	<u>1339.0</u>	<u>6048.0</u>

Memo Items:

- IBRD as % Total IBRD lending	25.2%	22.4%	22.0%	21.8%	22.7%	21.3%	22.0%
- IDA as % Total IDA lending	70.0%	60.7%	63.1%	61.5%	65.6%	65.6%	63.6%

a/ Source: Standard Table IV (9/2/71).

JAPAN

IFC Brief - November 1971

I. Membership

Japan is a founder member of IFC. With a subscription of US\$2.77 million (2.6% of total), Japan is the ninth largest shareholder of IFC with a voting power of 3,019 shares (2.3% of total).

II. Existing Investments

None.

III. Other Matters

1. IFC has joined Japanese companies in investments in Chile, Ethiopia, Indonesia, Malaysia, Nigeria, and Sudan. These investments totaled approximately \$105.41 million, with Japanese companies contributing \$42.75 million and IFC \$25.78 million as follows:

<u>Country</u>	<u>Project</u>	<u>Sector</u>	<u>Total Project Cost</u> \$ Mil.	<u>Japanese Investments</u> \$ Millions	<u>IFC Investments</u> \$ Millions
Chile	Minera Sagasco SA	Copper Mining	32.50	10.00*	10.90
Ethiopia	Cotton Company for Ethiopia SC	Textiles	10.44	2.96	3.13
Indonesia	P.T. Unitex	Textiles	11.00	6.25	3.30
	P.T. Primatexco	Textiles	7.00	3.50	2.50
Malaysia	Malayawata Steel Berhad	Steel	28.95	17.20	3.69
Nigeria	Arewa Textiles Ltd.	Textiles	9.52	2.50	1.57
Sudan	Khartoum Spinning & Weaving Co. Ltd.	Textiles	<u>6.00</u>	<u>.34</u>	<u>0.69</u>
			105.41	42.75	25.78

2. Mr. Nishihara has informed Mr. Gaud that Japan will support an increase in IFC's share capital.

* Representing loans to be repaid in copper concentrates

F

MEMORANDUM FOR THE RECORD

SUBJECT: Japan

① Copy in R.D. Annual Meeting BeBlk pr 1971
② ~~circulate~~
③ Files - Japan General vol 1971 Annual Meeting Bonn - ~~re-write~~
W. H. Goodman
File 1971 Annual Meeting Brief

The Japanese Finance Minister, Mr. Mizuta, called on Mr. McNamara at the Sheraton Park Hotel on Monday, September 27, 1971, at 4:00 p.m. He was accompanied by Mr. Tadashi Sasaki, Governor of the Bank of Japan, and by Mr. Inamura, Mr. Inoue, Mr. Yoshida, Mr. Akita, Mr. Hattori, and Mr. Sugisaki. Mr. Knapp, Mr. Aldewereld, Sir Denis Rickett, Mr. Goodman, and Mr. Soejima were also present.

Mr. Mizuta said that he had served as Minister of Finance ten years ago and remembered the help and cooperation which Japan had received at that time from the World Bank. He was glad that Japan was now, in turn, able to help the World Bank.

Mr. McNamara said that this help had been of the utmost value both for the Bank, to which Japan had made an increased capital subscription, and for IDA. Japan had not only increased its share in the Third Replenishment but had also agreed to make an advance contribution. Finally, the Japanese capital market had been open to the Bank which had been able to borrow from the Bank of Japan and from the Japanese public some \$500 million since February 1970. In all these ways Japan's cooperation with the World Bank Group had been of the greatest value and he hoped that it would continue in the future.

In reply to a question from Governor Sasaki, Mr. McNamara outlined recent and prospective borrowing operations by the World Bank. A £10 million sterling loan had been issued in the London market in August, the first since 1959. This had been extremely successful, subscriptions having exceeded the amount offered by 70%. The German capital market had also been an important source of funds, particularly since 1968. These had been obtained through public issues, through private placements, and through the issue of World Bank bonds to the Bundesbank. The German Government had just approved a further substantial issue in the German market. Other countries, in whose markets the Bank had borrowed, were The Netherlands, Canada, Austria, Belgium, and Switzerland. Appreciable amounts had also been raised in the oil-producing states of the Middle East. An issue of 25 year bonds in the amount of \$175 million had recently been made in the U.S. market and he hoped that the Bank would be able to borrow again in that market early next year. He had every confidence that the Bank would be able to meet its borrowing program which provided for gross borrowings of \$1.4 billion in the fourteen months, May 1, 1971 to June 30, 1972.

Mr. McNamara asked whether it was true that the Japanese Government was examining the possibility of increasing its official development assistance to .5% of GNP.

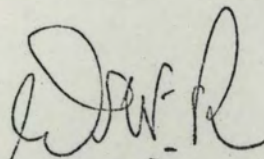
Mr. Mizuta said that the Government did not intend to set a specific target but hoped to conform to the average of advanced countries. Japanese official development assistance was of the order of 0.23% as compared with the average for advanced countries of .33%. Mr. McNamara thought that this latter figure was, in fact, nearer to .4%. He welcomed the Minister's statement and said that such action by Japan would give other governments an incentive to increase their official development assistance. ✓

Mr. Mizuta said that if Japan were to achieve the target of 1% of GNP for its total flow of funds to developing countries, this would require a total of \$2.3 billion. This, in turn, implied a comparable surplus on current account. Other countries in the Group of Ten did not appear to welcome this prospect. Japan would not be able to achieve the 1% target if they were pressed to agree to an excessive revaluation of the yen.

Mr. McNamara said that he felt sure that the Minister knew how much the World Bank admired Japan's achievement in economic growth which set an example to the whole world and had given them the capacity to fulfill the role of a world power. This they were doing through their support not only for multilateral, but also for bilateral, aid.

In reply to a question, Mr. McNamara said that he was most grateful for the invitation of the Japanese Government to visit Japan at the beginning of November. He accepted this invitation with pleasure but would quite understand if the Japanese Government wished to postpone the visit and would be ready to adjust his schedule accordingly.

Mr. Mizuta said that he thought that it was probable that no difficulty would arise. It was agreed to work on that assumption unless and until it proved necessary to change it.



D. H. F. Rickett
September 28, 1971

MEMORANDUM FOR THE RECORD

March 31, 1971

From: Denis Rickett

Subject: Discussion with Mr. Kashiwagi

Mr. Kashiwagi, Vice Minister for International Affairs in the Ministry of Finance, Japan, called on Mr. McNamara on Monday, 29th March, at 5 p.m. He was accompanied by Mr. Hattori, Japanese Executive Director. Mr. Aldewereld and Sir Denis Rickett were also present.

Mr. Kashiwagi raised, first, the subject of Bank borrowing in Japan. This should be discussed by Mr. McNamara with Mr. Fukuda at the Annual Meeting. The object should be to reach agreement on the amount to be borrowed; on its relation to the general funding program for the Bank; and the Bank's medium-term prospects. The Bank of Japan, as a source of funds for the World Bank, must now be considered as being more or less exhausted. In future it would be necessary to go to the commercial sector or to think of some other way of raising money.

Mr. McNamara said that the Bank was trying to develop a program, covering five years at a time, based on projections of Bank lending commitments and disbursements, on the one hand, the required cash position, on the other, and, hence, the world-wide borrowing requirements. It should be completed within two or three months. The first stage dealing with liquidity was already finished though, admittedly, in a somewhat primitive form which he hoped to refine and develop later. Originally it had been the Bank's policy to keep liquid assets equal to the whole of the undisbursed commitments on loans. Since 1963, however, the liquid assets had been drawn down and it was now proposed that they should be maintained at about 50 per cent of undisbursed commitments (\$2.4 billion liquid assets as compared with \$4.7 billion undisbursed commitments). An attempt had been made in the paper to analyze the reasons for which liquidity was needed. By early May he hoped to have worked out a lending program as well as a forecast of income up to 1978. The Bank's present borrowing operations were based on the idea that as much as possible should be done to forestall the sharp rise in borrowing requirements which would be needed in later years.

Mr. Kashiwagi said that the balance of payments prospects for Japan looked good for the next few years. They would give preference in the export of capital to the multilateral institutions. There were, however, other claimants such as the Asian Development Bank and it was, therefore, necessary to work out a program.

Mr. McNamara said that net borrowing in FY 1972, 1973, and 1974 would be approximately \$800 million a year of which, say, 75 per cent might be obtained from other markets than Japan. Thus, the Bank hoped to raise \$200 million in the Japanese market. This would continue the experience of FY 1969 and 1970.

Mr. Kashiwagi said that the private market in Japan was, as yet, largely unexplored and was very limited. They would have to consider what other sources might be available. Mr. McNamara said that he was content to leave it in the hands of the Japanese Government. The information for which Mr. Kashiwagi had asked would be contained in papers circulated by June 1st next.

Mr. Kashiwagi said that it might be useful for the Bank to have some further discussion with the Ministry of Finance before Mr. McNamara met the Minister at the Annual Meeting. He then turned to the date of a possible visit by Mr. McNamara to Japan and said that any time would be convenient to the Japanese Government. There would, however, be a Cabinet reshuffle at the end of June or beginning of July. They would be delighted to arrange for a visit by Mr. McNamara at any time that fitted in with his other travel plans.

Mr. McNamara said that he was, of course, in their hands but it might be best to think of a visit shortly after the Annual Meeting. He added how delighted we were by the work being done by Mr. Soejima as head of the Tokyo office.

Mr. Kashiwagi then asked about the prospects for Congressional action in the United States on the Third Replenishment of IDA.

Mr. McNamara said that ultimately the prospects were good but the timing was bad. There seemed to be no possibility that the U.S. would deposit its notification by July 1st. They had given priority to the legislation to provide additional funds for International Financial Institutions, including the Asian Development Bank, and the IDA legislation had not yet been submitted to Congress. From his discussions, however, with the Secretary of the Treasury, he felt confident that the legislation would be passed. The problem remained of providing IDA with additional commitment authority after June 30th next by which time the present funds would be fully committed.

Mr. Kashiwagi said that the Japanese Diet had approved the legislation for Japanese participation in the Third Replenishment. There might be difficulty for them in making an advance contribution since no mention of this possibility had been made to Parliament on this occasion.

Mr. McNamara said that his objective had been to get a firm commitment from the U.S. Administration first. He would discuss the matter with other governments later. The World Bank was most grateful to Japan for all the co-operation which it had received.

Mr. Kashiwagi said that Japan was also grateful to the World Bank since, in their time, they had been the Bank's largest borrower.

cc: Mr. Aldewereld

E Japan 7/20

MEMORANDUM FOR THE RECORD

Annual Meeting 1970 - Discussions with Part I Countries - Japan

The Japanese Finance Minister, Mr. Takeo Fukuda, called on Mr. McNamara at the Royal Hotel on Sunday, September 20, at 4:00 p.m. Mr. Fukuda had with him Governor Sasaki, Mr. Kashiwagi, Mr. Okumura, Mr. Inoue, Mr. Hattori and Mr. Yamazaki. Mr. Aldewereld and Sir Denis Rickett were also present.

Mr. Fukuda began by saying how much the Japanese Government welcomed the decision of the World Bank to open an office in Tokyo. He hoped very much that Mr. McNamara would be able to come to Tokyo for the opening ceremony on November 4th.

Mr. McNamara said that he would very much like to do this. He had, however, a number of other commitments to visit member countries and was not, at present, certain whether he could manage to visit Tokyo at that time. He would certainly do his best to come.

Mr. Fukuda said that in his speech at the Annual Meeting, he intended to make a very positive declaration of support for the International Investment Insurance Agency. He hoped that in due course the setting up of this agency might lead to an international convention on the treatment of private foreign investment. Mr. McNamara said that he was glad to know that the Minister was in favour of setting up the agency. He agreed that the treatment of foreign investment was becoming an increasing problem, for example, in Latin America.

Mr. Fukuda then spoke about the problem of inflation, particularly of the cost-push type resulting from excessive wage demands. He thought that this was a world problem which could only be solved by international cooperation. If there was a failure to deal with it, it might even affect the balance of power relations between the West and the East since it might appear that the problem had been more effectively dealt with in the Eastern bloc countries.

Mr. McNamara agreed that inflation was a problem which affected rich and poor countries alike. He instanced the General Motors strike in the United States at the present time. The World Bank had made particular efforts to try to help the developing countries to moderate inflationary tendencies. As for the comparison between the Western and the Eastern economies in this regard, the Eastern bloc countries were not exposed to free competition and the result of this form of protection was to produce a good deal of inefficiency and misallocation of resources. This could be seen from the case of Yugoslavia which had been subjected to considerable strains when they decided to open their markets to free competition from Western countries.

Mr. McNamara went on to say how much he had welcomed the support of the Japanese Government to the Third Replenishment of IDA both in regard to the total of the replenishment and to the Japanese share in it. He felt sure that this action would be found to be in the interest of Japan. The replenishment of IDA at a much higher level

would make possible the extending of increased credits, for example, to Indonesia.

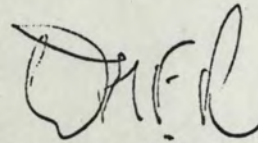
Another direction in which the leadership of the Japanese Government had been most valuable was in the move which had taken place at the DAC High Level Meeting in Tokyo and beforehand towards the untying of aid. The Japanese declaration of policy had undoubtedly influenced the attitude of the United States on this question.

Finally Mr. McNamara said how useful it had been for the World Bank to be able to borrow in Japan. He hoped very much that further such operations would be possible.

Mr. Fukuda said that the Japanese economy was somewhat overheated. It was, however, growing rapidly in scale and this should make it possible for them to continue, and indeed to increase, their aid programme. Japan no longer aspired to exercise military power. For them the building up of their aid programme represented the best means by which they could exert influence internationally. He asked Governor Sasaki to reply to the question about further World Bank borrowing.

Mr. Sasaki said that he would be pleased to discuss this further with World Bank representatives during the present week.

Mr. McNamara said that the World Bank was in a unique position in being able to tailor the form of their borrowing both as regards amount, denomination, maturity and interest rate. They would be seriously interested in further borrowing operations and either he or Mr. Aldewereld would like to discuss it with the Governor this week. The World Bank was making a determined effort to tap fresh sources of funds in all member countries. For example, they hoped shortly to complete a borrowing of £10 million in Libya which had originally been arranged in August 1969 just before the change of government. The help which the Bank of Japan had already given had been most valuable.



D. H. F. Rickett
Vice President
September 22, 1970

July 6, 1970

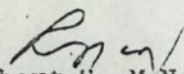
Extract from Conversation with Minister Kashiwagi, July 6, 1970

During my conversation with Kashiwagi, I stated I hoped the Bank could borrow additional sums from Japan during the next six months. In reply, Kashiwagi said:

1. Japan's foreign exchange reserves will not increase significantly during the next two or three months.
2. Japan expects such reserves to increase during the Fall and at that time would be prepared to consider additional loans to the Bank.
3. Since the Bank would have to pay 8-1/2 to 9% ~~for it~~ to borrow in Germany today, Japan hopes that the yield on new Bank borrowings in Japan can be higher than 7+%.

I told Kashiwagi I understood the charge to the Bank for three- to five-year money borrowed from Japan would be 7.4% today in contrast to the 7.14% we paid on our last loan. But I stated we would be happy to pay a higher rate of interest for loans with longer maturities. He replied that the Central Bank could not loan for periods in excess of five years and that the longer maturities would have to come from the private market. At present, the longest maturities on private issues are seven to ten years. Moreover, Kashiwagi said Fukuda wants the Asian Development Bank to have the opportunity to undertake the first foreign private issue since World War II.

In conclusion, I repeated that we were quite flexible and would be prepared to tailor our borrowings, both in maturity and interest, to Japan's requirements -- for example, we would be prepared to pay more than 7.4% for a flat five-year maturity from the Central Bank.


Robert S. McNamara

cc: Mr. Aldewereld

Records

May 8, 1970

Douglas J. Fontein *DJF*

Visit of Dr. Ryosuke Ono and Professor Kei Wakaizumi

On Wednesday April 29, Dr. Ryosuke Ono and Dr. Kei Wakaizumi, respectively the Chairman of the Board of Trustees and Professor of International Relations of Kyoto Sangyo University called on Mr. McNamara. I was also present. Dr. Ono first asked Mr. McNamara for his views about the potential of countries in South East Asia and about Japanese and U.S. interests in the area. Mr. McNamara said that the countries in South East Asia had considerable possibilities of economic growth. On the other hand they often lacked political stability. Mr. McNamara said that Japan obviously had a vital interest in their development. However, this interest should not be limited to purely commercial considerations but should be a broadly-based program to help these countries cope with the many problems inherent in the process of development. One of the best ways in which Japan could help was through its support of multilateral institutions such as the Asian Development Bank and the World Bank group. In the United States there was general disillusionment with foreign aid and the extent of future U.S. assistance to countries in South East Asia would depend heavily on what Japan would be willing to do.

Mr. McNamara went on to say that most of the resources required for development came from the developing countries themselves, who contributed more than 85% of the investment funds required. However, the importance of the Bank group's assistance should not be measured solely by the amount of its financial assistance, but should also take into account the technical assistance and institution building aspects of its operations.

Dr. Ono then inquired about Mr. McNamara's views on Indonesia. Mr. McNamara said that Indonesia was a most important country in the area with vast natural resources and a population of 115 million. We had been unable to operate in Indonesia until it had put its house in order; but since September 1968 until the end of this fiscal year we would have lent about \$120 million.

Dr. Ono then asked about Mr. McNamara's views on Mainland China. Mr. McNamara said that the world could not continue to ignore its existence and that he hoped Mainland China would take its place in the community of nations. Dr. Ono ventured that a possible solution might be to recognize the existence of two Chinas (Mainland China and Taiwan.) Mr. McNamara agreed.

DJFontein:gwh

cc: Messrs. Goodman/Street
Messrs. Kraske/Baig
Mr. Christofferson

Files

March 30, 1970

S. Aldewereld (signed) S. Aldewereld

Visit of Mr. Kashiwagi to Mr. McNamara at 3:30 PM on
Tuesday, March 24

Mr. Y. Kashiwagi, Vice Minister of Finance for International Affairs, was accompanied by Mr. Suzuki, Executive Director, and Mr. M. Matsukawa, Counselor, Ministry of Finance. Mr. Aldewereld was also present. The following subjects were discussed.

1. Mr. McNamara started the conversation by expressing his appreciation for the second borrowing which the Board had approved this morning.

Mr. Kashiwagi said that because of the favorable balance of payments of Japan he was glad that this transaction could still take place in March because he expected interest rates to go up in April. As far as future Bank borrowings were concerned, Mr. Kashiwagi said that he expected a continued surplus in the Japanese balance of payments, although much would depend on economic development in the United States. Anyhow, he hoped that "maybe an occasion would occur again" for additional borrowings by the Bank.

2. Mr. Kashiwagi expressed his appreciation for the Bank's decision to establish an office in Tokyo and for Mr. McNamara's recent statement to the Board to this effect. Mr. McNamara told Mr. Kashiwagi that he believed the appointment of Mr. Soejima would be acceptable and that the establishment of the office would be the responsibility of Sir Denis Rickett, who would address the problems after his return to Washington. It was agreed that possibly the best way in which to make progress in the establishment of the office was for the Bank to send someone over to Tokyo for this purpose.

3. The conversation turned to IDA. Mr. Kashiwagi raised the question of the geographical allocation of IDA funds. He said that his authorities are in agreement with the IDA allocation to India and Pakistan but that they were very much interested in allocations to countries east of India. He mentioned specifically Indonesia, Korea and Vietnam. With respect to Vietnam, both Mr. McNamara and Mr. Kashiwagi agreed that so long as peace was not established in that country it would be unwise for IDA to get involved, but that once peace would be restored, the possibility of IDA assistance would look much brighter. Mr. Kashiwagi also hoped that IDA assistance would be forthcoming for countries such as Cambodia and Burma. In respect to Mr. Kashiwagi's question about the possibility of IDA assistance for Thailand and Malaysia, Mr. McNamara felt that in the present circumstances, he could not visualize IDA assistance to these countries.

March 30, 1970

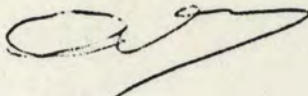
Mr. Kashiwagi then asked Mr. McNamara's opinion about the possible U.S. congressional reaction to the U.S. Administration's concurrence with a \$1 billion IDA replenishment. Mr. McNamara said that, in his opinion, Congress would go along with the Administration. Mr. Kashiwagi then referred to a difficulty in which Japan might itself find in the event of an IDA replenishment of \$1 billion. He said that their voting rights would increase from 5-1/2% to 6% under schedule B which would mean that at the level of \$1 billion the Japanese contribution to IDA would triple from its present level. It might prove politically difficult to get this higher amount through the Diet. In the circumstances, Mr. Kashiwagi asked Mr. McNamara's views about the possibility of the staging of IDA contributions so as to "soften the blow" for the Japanese authorities. Mr. McNamara said that maybe he could consider a replenishment schedule of \$800 million in the first year, \$900 million in the second year, and \$1000 million in the third year. Mr. Kashiwagi said that, although the matter had not been discussed with his Minister, he would prefer staging of \$600 million, \$800 million and \$1000 million. Mr. McNamara suggested to Mr. Kashiwagi that he discuss the question of the level of IDA replenishment with his Minister and that then Mr. Suzuki be informed about the outcome of these discussions. Mr. Suzuki would then talk with Mr. McNamara and/or Sir Denis. This should take place before the scheduled meetings of the Deputies in April. Mr. Kashiwagi agreed to Mr. McNamara's suggestion.

Original: Mr. McNamara
cc: Mr. Knapp
Sir Denis Rickett
Mr. Ripman
Chron. file

OFFICE MEMORANDUM

TO: Files

DATE: December 1, 1969

FROM: S. Aldewereld SUBJECT: Japan

The purpose of this memorandum is to report on a meeting with representatives of the Japanese Government which took place on Monday, December 1, from 10 to 10:30 AM in Mr. McNamara's office. Present were: (for the Japanese) Mr. Kashiwagi, Vice Minister for International Affairs; Mr. H. Nakajima, Embassy of Japan; Mr. T. Yamanaka, Bank of Japan; and Mr. M. Matsukawa, Ministry of Finance; and Mr. Suzuki, Executive Director. Representing the Bank were Mr. McNamara and Mr. Aldewereld.

Mr. McNamara opened the discussion by expressing his gratitude for the decision of the Japanese authorities to prepay part of the outstanding Japanese loans and for the support the Japanese authorities are giving to the Bank Group in general. He also referred to the question of the increase in the capital of the Bank and said that this was a sensitive issue inasmuch as it involved a change in the voting power which might mean that India would lose its permanent seat on the Board.

Mr. Kashiwagi said that the purpose of his visit was to deal with three questions:

- 1) the additional purchase of participation certificates;
- 2) purchase of medium term World Bank bonds by the Bank of Japan;
and
- 3) a representative office in Tokyo.

Mr. McNamara said that he would prefer to talk about the third point on another occasion because the question of the establishment of an office would hinge on the Bank's ability to find first-class people which was not an easy task. He added that such an office should be a help rather than a bother to Japan. Mr. McNamara said that he would envisage the office as operating in close association with Japan on economic and political questions of the area but that contrary to the Paris office he did not see a possible Tokyo office as a regional office. When Mr. Kashiwagi asked whether Mr. McNamara would visualize that consortia meetings could take place in Tokyo, Mr. McNamara's answer was affirmative.

On the matter of additional purchases of participation certificates, Mr. Kashiwagi said that the Bank of Japan had decided to buy the outstanding 3 - 4 year and 4 - 5 year maturities of all the Japanese loans which would amount to approximately \$80 million equivalent. They would like this transaction to be consummated in December. Mr. McNamara said that he was pleased to hear about this and that he also would like to conclude this transaction this month.

With respect to the possible purchase by the Bank of Japan of medium term World Bank bonds, Mr. Kashiwagi said that during January, February and March the expectation was that reserves would not increase substantially but that

December 1, 1969

in April of 1970 the Bank of Japan plans to buy from the World Bank the yen equivalent of \$100 million in maturities of 3, 4 and 5 years. If the development of the balance of payments would be better than foreseen, this transaction could be consummated earlier than April. Mr. Kashiwagi raised the question whether the World Bank and the Bank of Japan could have a side deal under which the World Bank would purchase back the bonds from the Bank of Japan prior to maturity. Mr. McNamara said that this would be a difficult thing but that he would think about it. Mr. McNamara promised to have a draft agreement about the proposed World Bank issue submitted to the Japanese authorities by January 1, 1970; discussions about the transaction could take place subsequently either in Washington or in Tokyo. Mr. Kashiwagi added that in the event of such a borrowing, the Japanese authorities would wish the proceeds to be used quickly. Mr. McNamara said that this would be no problem.

The conversation then turned to the IDA Third Replenishment. Mr. Kashiwagi started by expressing his disappointment that in the preparation for the Third Replenishment the question of the Japanese voting power did not seem to be adequately covered.

Mr. McNamara said that Japan's contributions were such that they were indeed entitled to more votes than at present but that this should be done within the voting power of the Part I countries; in other words the voting power of the Part II countries should not be reduced. This matter would be taken up at the December 15 meeting of deputies. Mr. Kashiwagi agreed. As far as the amount of the Third Replenishment is concerned, Mr. Kashiwagi said that it should be higher than the Second Replenishment but that obviously much would depend on what the United States would do. He also said that he considered that the terms of IDA loans were too soft and that they should be geared more to the nature of the project financed.

Mr. Kashiwagi turned again to the question of the capital increase in the Bank and said that the Japanese authorities have certain views about the relationship between the selective increase in the Fund and that of the Bank. He added that the Japanese authorities would like to pay their selective increase all at once rather than by installment. With respect to the general increase in the capital of the Bank, they might prefer that all the Japanese money would go to IDA rather than part to IDA and part to the Bank.

cc: Mr. McNamara

December 1, 1969

in April of 1970 the Bank of Japan plans to buy from the World Bank the yen equivalent of \$100 million in maturities of 3, 4 and 5 years. If the development of the balance of payments would be better than foreseen, this transaction could be consummated earlier than April. Mr. Kashiwagi raised the question whether the World Bank and the Bank of Japan could have a side deal under which the World Bank would purchase back the bonds from the Bank of Japan prior to maturity. Mr. McNamara said that this would be a difficult thing but that he would think about it. Mr. McNamara promised to have a draft agreement about the proposed World Bank issue submitted to the Japanese authorities by January 1, 1970; discussions about the transaction could take place subsequently either in Washington or in Tokyo. Mr. Kashiwagi added that in the event of such a borrowing, the Japanese authorities would wish the proceeds to be used quickly. Mr. McNamara said that this would be no problem.

The conversation then turned to the IDA Third Replenishment. Mr. Kashiwagi started by expressing his disappointment that in the preparation for the Third Replenishment the question of the Japanese voting power did not seem to be adequately covered.

Mr. McNamara said that Japan's contributions were such that they were indeed entitled to more votes than at present but that this should be done within the voting power of the Part I countries; in other words the voting power of the Part II countries should not be reduced. This matter would be taken up at the December 15 meeting of deputies. Mr. Kashiwagi agreed. As far as the amount of the Third Replenishment is concerned, Mr. Kashiwagi said that it should be higher than the Second Replenishment but that obviously much would depend on what the United States would do. He also said that he considered that the terms of IDA loans were too soft and that they should be geared more to the nature of the project financed.

Mr. Kashiwagi turned again to the question of the capital increase in the Bank and said that the Japanese authorities have certain views about the relationship between the selective increase in the Fund and that of the Bank. He added that the Japanese authorities would like to pay their selective increase all at once rather than by installment. With respect to the general increase in the capital of the Bank, they might prefer that all the Japanese money would go to IDA rather than part to IDA and part to the Bank.

cc: Mr. McNamara

*Translation of Japanese
version*

Memorandum on the conversation between Mr. Sato and Mr. McNamara at Blair House
4:30 - 5:30 p.m. November 20, 1969

Also Present: Sir Denis Rickett, Vice-President, IBRD
Minister Nakajima, Embassy of Japan

1. 1) Mr. McNamara first thanked the action of the Japanese Government in agreeing to prepay maturities on World Bank loans to Japanese Borrowers falling due over the next few years up to an amount of \$100 - \$150 million. Then Mr. McNamara stated his intention to ask the Executive Directors of the World Bank, in the near future, to recommend to the Governors that they should authorize an increase in Bank subscriptions to correspond with the selective increases of the IMF quota which is likely to be decided soon. If this was approved, he said, Japan would become the fifth largest shareholder in the Bank and would, in consequence, have the right to appoint its own Executive Director on the Board and this change would be helpful for both the increase of Japan's influence in international economic affairs and the future enlargement of World Bank's activities in Asia.

2) Mr. Sato then asked what would be the position of the other countries now in Japan's Group and of India in case Japan would appoint its own Executive Director. Mr. McNamara answered that regrouping among Asian countries would become necessary and that since the Indian Government was unhappy about the prospect of losing the right to appoint a Director, there was likely to be some controversy on the matter in the Bank Board, although this was an effect resulting from the change of positions between the two. Mr. Sato said that he remembered there had been some controversies among the members of Japan's Group about the appointment of Executive Director and Alternate Executive Director while he had been the Minister of Finance, and expressed the hope that Japan would be given due regard when it would become the fifth largest shareholder.

President has seen

3) Mr. McNamara said that the Bank Group considers it necessary to increase aid in South-East Asia, taking into account the problem of Indonesia and the future increase of cooperation with the Mekong Committee and ADB. Therefore, he hoped that Japan would increase its subscription in the Bank.

2. 1) Mr. McNamara, explaining then about the Bank Group's recent policy, especially about its policy on aid to Indonesia, said that while the Bank Group did not give any attention to Indonesia before last year, they gave her aid on four occasions since Mr. McNamara became the President of the Bank Group. Thus, in FY 1969, IDA credits had been extended to her amounting to \$50 million; in FY 1970 this amount might be increased to \$60 - \$70 million (with a service charge of 3/4 and maturity of 50 years).

2) Mr. Sato responded that the Japanese Government considered aid to Indonesia as an important matter and that they therefore continued to approach this matter with a positive attitude. For example, they decided recently to support Mr. Abs's recommendation on the rescheduling of Indonesia debt, if other countries also supported it. Nevertheless, he considered that there would be a variety of problems concerning aid to Indonesia in the coming years. Mr. Sato was aware that a figure in the neighborhood of \$600 million was being talked about, but Mr. Sato had not yet talked with Mr. Fukuda, the Minister of Finance on the subject, and the Japanese Government has not reached any decision. Mr. Sato considered it necessary to have a thorough discussion among the interested governments before taking any action for the continuation of aid of such a large amount. Japan has to date borne, for instance, 1/3 share of the total amount of new loans for Indonesia, but it seemed unreasonable to extend aid for a single

country without any limit. Therefore, Mr. Sato favored the idea to have some kind of limit there. He also stated that he had confidence in President Suharto and that wanted to continue to support the latter's Government. Nevertheless, he thought it necessary to give further thought to the way aid was being given to Indonesia in the long run.

3) Mr. McNamara welcomed the decision of the Japanese Government which had been taken on the so-called "Abs recommendation," and agreed with the Prime Minister's remark that further consultations should be held among the interested countries on the prospective need of economic aid to Indonesia, as well as on its terms and conditions. Mr. McNamara told the Prime Minister that he was well aware that, in spite of the rapid growth of the economy and the remarkable increase in foreign exchange reserves, the level of per capita income of Japan was still low compared with that of many countries in Europe, and that he knew that the Japanese Government was faced with a ^{heavy domestic} ~~variety of fiscal~~ demands, domestically. Nevertheless, he hoped, not as the President of the World Bank Group, but personally, that the Japanese Government would feel that it was in their interest to increase their aid program, and within that program, to increase the proportion devoted to multilateral aid - particularly through the Asian Development Bank and the World Bank Group. Mr. McNamara pointed out two reasons which he thought justified the above. Firstly, serious debt-service problems were confronting countries in South-East Asia, not only Indonesia, but also India, Pakistan and Korea. Unless assistance was given to these countries on soft terms, through multilateral organizations, it would be difficult for private investors and exporters of Japan to continue to operate in those countries. Secondly, although the U. S. economy

✓
the
as UK

✓

continue to maintain its strength, the American people were now less willing than before to accept foreign commitments, as an unfortunate consequence of the war in Viet-Nam. This would mean that they would ^{give less foreign} ~~be unable to continue giving~~ aid to Southeast Asia, unless their effort was supported by substantially higher contributions from other countries, particularly from Japan. He viewed that such contributions from other countries, if they were provided through multi-lateral organizations, would be particularly effective in triggering U. S. aid. In this connection, Mr. McNamara stressed the importance of a Third Replenishment of IDA resources.

4) Mr. Sato expressed his agreement with the broad lines of Mr. McNamara's observations. He told Mr. McNamara that he was evaluating the establishment of the ADB as a success, and that he appreciated highly the operations of IDA. The Prime Minister stated that if the present rate of growth in the Japanese economy would be maintained - and he thought this would be quite possible⁸, as well as desirable - the level of foreign aid contributions by Japan would increase further. In this connection, he recalled the speech given by Mr. Takeo Fukuda, Minister of Finance, at the Sydney Meeting of the ADB, and also the speech delivered by Mr. Kiichi Aichi, Minister for Foreign Affairs, at the Bangkok Meeting of the ECAFE. The Prime Minister emphasized the need for drawing up a master plan for reconstruction when the war in Viet-Nam was over. Foreign aid would then be requested not only by Indonesia, but also by many other countries, and he considered it necessary to draw up a comprehensive plan in order to be able to view all these requests in their proper perspective. Mr. Sato asked Mr. McNamara to pay more attention to the problem of well-balanced geographical distribution of financial

*Double
Asia in
ms 64 -*

resources from the World Bank Group, since it seemed to him that the operations of the Group had been less active in Southeast Asia than in other areas. The Prime Minister pointed out that problems which would arise when the war in Vietnam was over would encompass, not only problem of how to provide aid for the development program in the neighboring areas, but also the big problem of how to cope with disequilibria in the balance of payments in the neighboring nations, which would be likely to occur as a result of a cease-fire. He expressed his hope that Mr. McNamara give these problems full consideration, if it were only to forestall chaos and upheaval in Asia in the 1970's.

5) Mr. McNamara assured that the World Bank Group would follow the policy to the effect that larger share of its financial resources than before would be given to Southeast Asia, and expressed his conviction that chaos or upheaval in Asia could certainly be avoided.

6) Mr. Sato raised the question of world-wide over-production of food, which was confronting both the United States and Japan. He explained that it would make Thailand unhappy if Japan would give food-aid to Indonesia, following what it had already done for Korea and East Pakistan, in the form of "lending" excess rice, and that it would make U. S. feedstuff exporters unhappy if Japan would convert its excess rice into feedstuff. He asked for Mr. McNamara's view on this question. Mr. McNamara replied that he thought it important to eliminate excessive *subsidies* protection to agriculture and to make agricultural products competitive in the international market. ✓

In concluding their meeting, Mr. Sato expressed appreciation of the usefulness of the conversation. He said that he would discuss Mr. McNamara's points with Minister Fukuda on his return. At the same time, he requested Mr. McNamara to write to Minister Fukuda and inform him thereon. Mr. McNamara accepted his request.

ANNUAL MEETING 1969

MEETINGS WITH GOVERNORS OF PART I COUNTRIES

JAPAN

Mr. Fukuda, Finance Minister of Japan, called on Mr. McNamara this afternoon at 4:00 p.m. He was accompanied by Mr. Usami, Governor, and Mr. Mayekawa, Executive Director, of the Bank of Japan; Mr. Kashiwagi and Mr. Murai of the Ministry of Finance; and Mr. Nakajima, Financial Minister, Japanese Embassy and Mr. Suzuki, Japanese Executive Director. Mr. McNamara had with him Mr. Aldewereld, Mr. Shoab and myself.

Mr. Fukuda said that the Japanese economy was showing signs of overheating and he must take action to cool it down. Last year there had been a growth of output of 14.3%, this year it might, perhaps, be even more. It was his duty to be firm. As Japanese economic power expanded, however, they would take steps to increase their aid to developing countries. Last year aid had been increased by more than 23%. They wished to give special emphasis in the Japanese aid programme to the neighbouring countries of Asia. He had recently said that aid to Asia, at present \$500 million a year, would be doubled over the next five years. He felt that the World Bank and its Affiliates did not give sufficient importance to Asia and asked that special consideration might be given, particularly to the needs of Indochina and of Indonesia. There were many discussions about aid and an authoritative report from the Pearson Commission would shortly appear. The Japanese view was that just as national systems of social security, if pushed too far, could make people lazy, so in the international field it was necessary to expect "self-help". The terms and amount of aid should be discussed case-by-case and not uniformly across-the-board.

Mr. Kashiwagi explained the Japanese attitude to the Third Replenishment of IDA. While they supported this in principle, there were a number of questions to be answered:-

- (1) The amount involved;
- (2) Should not any increase in the resources of IDA take the form not of contributions but of additional subscriptions to the capital of IDA (which would carry with them an increase in voting rights);
- (3) Alternatively, might not the funds be placed at the disposal of IDA in the form of trust funds or loans which would be used in countries or for purposes designated by the contributing country;
- (4) There should be further discussion of the geographic allocation of IDA funds and the terms of IDA lending. The Japanese Government was not convinced that uniform terms should be applied to IDA credits.

On these questions they would formulate their ideas more firmly in the course of the coming months and be ready to put them forward in the negotiations.

Mr. McNamara replied as follows:-

- (1) He agreed on the need for more Bank Group lending in Southeast Asia but such an increase had already taken place. In Indonesia the increase had been dramatic - \$50 million had been lent in one year and this might be increased in 1970, say, to \$70 million. This would amount to some 12-1/2% of the total funds available to IDA. The Bank Group had not

emphasized publicly the increase in its lending to Southeast Asia since this region included India and Pakistan and it had been found necessary to reduce the percentage of IDA funds going to those countries;

- (2) The immense increase which was taking place in Bank Group activity in Southeast Asia would only be possible with the support of the Japanese Government. This was needed in a number of ways:-
 - (a) for individual projects such as the Pusri Fertilizer Project;
 - (b) through greater support for IDA;
 - (c) through greater support for the IBRD;
- (3) The World Bank Group would be ready to undertake a programme of reconstruction in South Vietnam as soon as the war was over. The South Vietnamese Government had already asked the Bank to send a team of economic advisors but he had doubted whether this would be wise while the war was still going on. Mr. Fukuda agreed;
- (4) He agreed that there could not be uniform treatment across-the-board for borrowers from the Bank and IDA. They must insist that nations help themselves and carry out certain reforms in their institutions in the running of certain sectors of the economy. There were some differences of view in the Bank Board about the emphasis which should be placed on "self-help";
- (5) A Third Replenishment was need for IDA at a substantially increased level. Agreement should be reached between governments by 30th June 1970. If one year was allowed for legislative approval, this would allow the arrangements to enter into effect by July 1st 1971. He would be writing to the Minister shortly asking him to nominate a Deputy to participate in the negotiations;
- (6) He was making a study of the possible need for an increase in the Bank's capital. Special increases in the subscription of certain countries would, in any event, be needed to keep in step with the special increases which they would be given in their IMF quotas. He was, however, considering whether, in addition, there should be a general increase in the subscribed capital of the Bank. Twenty per cent of this might be called up in accordance with the Articles of Agreement though the call could, no doubt, be spread over several years.

In reply to a question, Mr. Fukuda said that the Japanese Government had not yet made up its mind about the amount needed for the Third Replenishment of IDA. The U.S. Government had not yet taken any decision on this point.

Commenting on the possibility of an increase in the Bank's capital, Mr. Kashiwagi said that Japan wished to have a larger subscription to the Bank in line with the special increase in its Fund quota and to be given, in consequence, a larger say in the Bank's affairs. As to a general increase both in the uncalled and called capital, this was a new problem and he would like to study it further. It would, of course, raise the question of the distribution of the available resources, all of which had to come through the budget between Bank loans on hard terms and IDA credits on soft terms.

A discussion followed on the Pusri Fertilizer Project. Mr. McNamara emphasized the importance of this project - the foreign exchange component of which was some \$75 million. Of this, \$25 million might come from the United States, \$10 million from the Asian Development Bank and \$25 million from IDA. Could the balance of \$15 million be provided by Japan? A decision was needed urgently and, in any event, not later than February next.

Mr. Fukuda said that they had already received a request on this subject and had studied it. There were, however, two opinions in the Japanese Government, one of which was favourable while the other was that the project would lead to an over-production of fertilizer in Indonesia and that the means of distribution and transport which were inadequate, should be improved first. They would, however, continue to study the project.

Mr. McNamara said that he would be glad to make information available to the Japanese Government based on the appraisal of the project which the Bank was carrying out.

Finally, Mr. McNamara asked whether the Japanese Government could consider facilitating the prepayment of some part of the Bank loans made to Japanese borrowers.

Mr. Kashiwagi said that one had to consider the position not merely of the Japanese Government but of the individual borrowers.

Mr. McNamara emphasized that the Bank would be very flexible and would adapt its procedures in any way which the Japanese Government wished. He would like to arrange for this question to be discussed urgently by the Bank's staff with Mr. Suzuki so that he might, if necessary, raise the matter again with the Minister.

D. H. F. Rickett
Vice President
September 29, 1969

G

ECONOMIC GROWTH OF JAPAN

The modernization and development of Japan in the past hundred years and its rapid postwar economic growth should be analyzed and understood by the World Bank whose main function is to foster development in a vast number of developing countries. A study of the development process of the only developed country of non-Western origin should provide information useful to other developing countries in formulating their economic and social policies.

Although her modernization has been spectacularly rapid, Japan has followed basically the same pattern of development as the Western countries. Her leaders have been determined to emulate Western institutions and techniques.

It should also be recognized, however, that Japan has created several unique, and quite rational, institutions, such as her higher education system and her mobile social hierarchy with an extremely competent elite class. These institutions are quite non-Western and may in time have a considerable impact on developed countries as well as developing nations.

There is a vast literature on Japanese development and economic growth, both by Japanese and non-Japanese. Many factors contributing to Japan's rapid development and growth have been listed and studied. Among these are:

- 1) Rapid importation of foreign technology;
- 2) Low labor cost, combined with a sufficient quantity of labor of high quality;
- 3) High savings ratio;
- 4) Efficient bureaucracy; and
- 5) Paternalistic management-labor relations.

None, however, are at the heart of Japan's modernization and spectacular economic growth. In analyzing the phenomenon, it is essential to grasp the process as one of "modernization" in the true sense of the word. In that respect, it is insufficient to look only for Japanese peculiarities. As R. E. Ward has pointed out, the modern society is the one in which man acquires (i) the ability to influence his natural and social environment and (ii) an optimistic view as to that ability to control and manage his environment. It is this optimism that has made for progress in modern societies, and the Japanese development process is no exception in that regard.

In this short note I will examine Japanese modernization from that viewpoint.

Modernization began in the Meiji period (1867 - 1911). The leaders of Meiji period, most of them in their thirties, were deeply impressed by the national wealth of modern Western countries which were built upon the principle of individual freedom. They were firmly determined to construct the foundation of modern Japan through the formation of new institutions and modern industries. They made effective use of the traits of the Japanese people. The merits of the Japanese character were utilized to full advantage. Certain apparent defects were also put to effective use. An example is the case of students overseas whose lack of sociability seemed to be a defect. Precisely because of this lack, however, the Government investment in scholarships overseas always bore fruits; that is, Japanese students sent overseas almost always came back.

It was the qualities of the Japanese people, however, that contributed most to development: the superb ability and industriousness in seeking out advanced knowledge and techniques; a tendency for collective decision making (Japanese history is unique in the world in that it has rarely produced heroes or dictators); and a pragmatic approach toward economic and political systems. It is particularly important to note that pragmatism in dealing with knowledge and techniques is a national trait of the Japanese people. Japanese, by nature, are technocrats rather than philosophers. This approach should be of interest to modern leaders of developing countries who in some cases tend to look upon Western democracy and industrial structure as a kind of ideal rather than as a useful system of knowledge or techniques to assimilate.

Japanese history, when viewed in this way, has been a continuous process of assimilation of alien civilizations and cultures. Back in the 4th and 5th centuries, when Japan was first formed on these islands as a "nation," it successfully absorbed the Korean culture. During the following 400 and 500 years Chinese influence was so great that aristocrats at that time used "Chinese characters" and worshipped the Buddha imported from China. These characters have since become Japanese-Chinese characters, and imported Buddhism has gradually transformed into a uniquely Japanese Buddhism, such as "Zen" Buddhism which became the ruling ideology in the period from the 12th to the 17th centuries. Some even argue that Japanese Christians are Japanese before they are Christians and that Japanese communists are Japanese before they are communists. The Japanese ability for assimilation even dilutes such absolute ideals or beliefs, and this has been a very useful asset in the process of modernization.

Given these basic principles, the two major objectives of Meiji leaders were (1) to form the most efficient educational and bureaucratic system to utilize the existing human resources most effectively and to invest in human capital in the most profitable manner; and (2) to mobilize non-human resources on an urgent basis so as to achieve as rapid capital investment as possible without depending upon foreign capital.

The importance of human resources in the process of development cannot be overemphasized. If we look at the development of such countries as Israel, Australia, Taiwan, Korea and Malaysia, we find that the quality and quantity of human resources are the decisive factor in development process. We would probably classify the requirements for human resources into two categories; (1) the existence and continuing flow of a competent elite of managers (the requirement of a continuing flow is very important since it is impossible to continuously supply able managers without a mobile and dynamic social hierarchy), and (2) the existence of a large, well educated middle class. The coexistence of these two classes of educated human resources is one of the necessary conditions of development. It may be possible to supply competent leaders or managers without organizing a high-quality national educational system, but the latter can only be created through a continually high investment in human resources. Mass without leaders (rather than a single leader) is dangerous, and leaders without an educated mass are miserable.

I.

Leaders of the Meiji restoration were fortunate in that they inherited a substantial accumulation of human capital. As far as the level of stock in human capital was concerned, Japan in the 1860s was by no means a backward country. Mainly through the influence of Confucianism, a national ethic of the Tokugawa period (1600 - 1867), peasants and merchants in that feudal period had a strong desire to acquire elementary education, and the number of elementary schools at the time of the restoration was approximately 12,000. The quality of elementary education far surpassed other areas of Asia and was at least as high as that in Western countries at that time.

The rate of illiteracy at that time was already extremely low and, in addition, the country had a unified national language, a great advantage compared to China then or other developing countries of today.

Because of these historical assets, the elementary school system established in 1873 which, for the first time in the Japanese history, made four years of elementary education compulsory for all Japanese, had successfully increased its enrollment (the number of elementary schools reached 24,000 by 1876) very significantly and thus set the foundation for further modernization in the nation's educational systems.

It is noteworthy that although the ideals of educational reforms were very radical, the Government approach toward the establishment of such systems was quite pragmatic. Realistic calculation of financial resources available initially limited the number of years of compulsory education to only four years, and this limit was successively raised as available resources increased. It was only after World War II, however, that the compulsory years were increased to nine. Reflecting these limitations on resources, number of students per class reached as high as almost one hundred,

and most schools used double sessions. Right after World War II, students were "packed like sardines" in classrooms, and the size of class is still far from optimal. "Free education" was one of the objectives of educational reform, but again financial conditions long limited the realization of that principle only to "tuition free." It was only ten years ago that school supplies became free. In such pragmatic approaches, one can find a good example of basic tactics of leaders of the Meiji era who always gave priority to rational calculations over the irrational explosion of ideals.

By 1888 the basic educational system of the country was established. The system consisted of universities, senior high schools, teachers-training schools, professional schools, and industrial training schools. The objective of this hierarchy of schools topped by a few national universities was (1) the creation of an elite of managers in various areas and (2) the formation of a national consensus through compulsory education and training of professionals and technicians (particularly in this area, education was quite practical and was designed to train technicians of various crafts). What was quite important and interesting here is the establishment of national universities (with Tokyo Imperial University at the top) which supplied a reservoir of top elite and which through a system of fair entrance examinations functioned to destroy the feudalistic class hierarchy in the society. Keio University, established by Yukichi Fukuzawa, supplied many entrepreneurs with the aggressive and free spirit of modern managers, and Waseda University provided a good number of journalists and non-bureaucratic politicians.

Along with the establishment of universities, we should also mention here the early formation of academic circles through the efforts to top ranking scientists (such as Shibasaburo Kitazato who contributed to the establishment of the medical science association and Hantaro Nagaoka and Kotaro Honda who directed the physical science association). These circles took on the character of research centers at the universities later made it possible to introduce and rapidly digest up-to-date foreign technologies and contributed to the development of unique domestic technologies.

As to the formation of the national elementary system, we would just cite here a part of a national ordinance promulgated by the Ministry of Education in 1873: "Education covers most of the aspects of our life. We should first all study and learn according to our ability and then engage in various professions to earn a living. Thus, education is the basic asset of every one of us which we should all first acquire."

This educational system has been almost the only source of elite class members throughout the hundred years since the Meiji Restoration. With a compulsory education system, the free tuition principle and the system on fair entrance examinations, the country could recruit from every class of the society the fresh supplies of top leaders needed so desperately in the process of rapid modernization. The diploma of the national universities has been the only necessary passport to climb the ladder of the social hierarchy to the top, and the diploma has been open to everybody

in the country through the efficient educational system. No country in the modern era has been as mobile and as free as Japan in the past one hundred years as far as the educational system is concerned. The leaders of the Meiji Restoration went far beyond the vested interests of their own class and used this educational system to make the society open to everybody. This desire of these national leaders to carry out modernization by the bands of elite of managers selected from as wide a social class as possible has contributed a major source of dynamism in the society. Even the peasants at least once in their life think of sending their sons to national universities, thus joining a class of the top elite in the country, and if their sons are really brilliant, the dream often comes true. The ideal enunciated in "Encouragement of Studies" by Yukichi Fukuzawa, the founder of Keio University, that men are created equal and it is only the difference of level of education that determines their functions in the society has been institutionalized in this educational system.

We would mention here two other points which are quite instructive and which were important in the establishment of national educational system. One was the wise decision of Arinori Mori, Minister of Education between 1886 - 1890, to differentiate the starting salaries of graduates of Harvard and other top foreign universities and of graduates of Tokyo Imperial University in favor of the Tokyo University graduates.^{1/} This helped significantly to establish the prestige of the national university. One has to graduate from a national university to become a part of the establishment of the Japanese society.. A Western diploma is helpful if one also has the diploma of a national university but not without it.

The other point was that most of the students sent overseas came back, and the investment in this area was never wasted. This was partly due to the strong sense of responsibility to return on the part of students and, as mentioned earlier, partly due to lack of sociability of the Japanese. Differences of curriculae which made it impossible to exchange credits between foreign and Japanese universities was also a cause of this trend.

In connection with the efficiency of the human investment, we should touch upon the "paternalism" within Government and individual enterprises. "Paternalism" is the management principle of basing management-labor relations upon a protective benevolence by management toward labor as against the dependency and loyalty of labor to management which was patterned after the master-servant relation of the feudal period. The principle was institutionalized around the life-long employment system and the seniority system (priority of seniority over professional ability). "Paternalism" itself, of course, was a leftover from feudal period, but leaders of modernization changed this demerit into a merit by heavily investing in on-the-job training. Because of the life-long employment system and the resulting extremely low mobility in the labor force, investment in on-the-job training rarely leaked out of the particular organization, and managers

^{1/} This fact cannot be proved by any written data although it is widely recognized in Japan.

could almost always reap the fruits within the enterprises. Accordingly, Japanese firms have great advantages in being able to carry out long-range human investment which is impossible in firms with mobile labor forces, and this long-term investment within government and enterprises complemented the national educational system quite efficiently. Even at present, the first five to six years of so-called career government officials (mostly top graduates of national universities) in the organization are considered to be an investment period, and no one expects short term returns for these long-range investments. Thus, this feudal "paternalism" was utilized to increase the quantity and quality of human resources by supplementing the formal educational investment with a vast amount of short to extremely long investment in human capital within government and enterprises.

Also, this "paternalism" helped to stabilize the society and economy by always maintaining full employment; with the life-long employment system, employees can never be fired for external reasons such as the worsening of business conditions. The uniform wage cut (not monthly salary but mostly year-end bonus) has been the only measure for combatting recessions. The society paid for their stability at the cost of inflexibility. (It should be noticed, however, that because of the "paternalism" employees take it for granted that their salaries will be reduced at the time of recession. The word inflexibility may therefore be inappropriate here.)

II.

The biggest problem for the leaders of the Meiji period was how to mobilize national resources to achieve as fast a capital accumulation as possible. Two major significant reforms which made possible this almost impossible task should be mentioned here:

(1) The early liquidation of the assets and rights of the old ruling class (warrior class) through exchanging their rights to agricultural products for government bonds and then resorting to hyper-inflation to nullify these debts. This revolutionary measure was quite unique in the Japanese history. After concentrating all these economic resources in the hands of the Central Government by 1878, Government set out upon so called Matsukata deflationary policies to build the foundation for the fiscal and monetary policies of the government. This economic revolution had been operated so efficiently that the cost was only a few insurrections of dissatisfied warriors.

(2) The extremely severe exploitation of low productivity agricultural resources by the heavy land cultivation tax established in 1873. The tax had been so heavy that the peasants' burden was at least as high as in feudal period, and peasants riots were quite common in early Meiji period. Sometimes dissatisfied warriors led these disillusioned peasants against the Government. However, looking back, this cruel exploitation was

a necessary evil to mobilize maximum national resources for as fast a capital accumulation as possible when no other resource mobilization measures deemed possible. After 1890, agriculture as an industry declined, and light to heavy industries began to prosper.

Through such drastic measures, Japan could reduce costly foreign borrowing to the minimum. Substantial foreign borrowing occurred only at the time of war when the country was forced to accept a much higher interest rate than the prevailing one in London and New York markets.

Added to these drastic measures, the Government made every effort to encourage savings, and Matsukata deflationary policies completely regained the confidence of the masses in the Government and the monetary system. The Government, thereafter, adopted the policy of fostering a reliable network of financial institutions, both public and private, and not a single bank went bankrupt in this country for many years. Of course, three hundred years of unprecedented peace before the restoration had fostered deep-rooted confidence in the Government among the masses and a temporary distrust by hyper-inflation was easy to cure.

This deep-rooted confidence in the Government led naturally to confidence in money and this, coupled with the Government's continuous stress on savings through every educational channel, made savings more than a rational economic choice. Savings for an ordinary Japanese became a most important credential of the good citizen. The Government, on the other hand, set up an exhaustive network of post offices where postal savings were encouraged by door-to-door canvassing. In every remote country side, there was a post office to encourage savings. This use of network of post offices for encouragement of savings was quite ingenious, and the postal savings system has played a major role in mobilizing small individual savings into an important fund for modernization of industries.

In this probably lies the answer to the questions of the foreign analyst as to the high savings ratio in Japan and as to why Japanese save at an interest of 5% when the rate of inflation is 6 - 7%. Motives for savings by the Japanese are not merely economic. They can buy pride and security even at the cost of a minus real interest rate.

III.

In this short note, I have only sketched the major causes of rapid Japanese modernization and economic growth. There exist a number of other important points in the process to be mentioned, such (i) dynamic entrepreneurship, (ii) collective decision makings by government officials and business leaders, which in recent days has come to be called "Japan Incorporated," and (iii) the pattern of industrialization which utilizes vertical integration of industries (heavy to light industries were fostered at approximately the same period as against a typical modernization pattern of initially light and then later heavy industries).

I should not go in details at this point but instead should stress again at the conclusion the fact that this successful modernization has been the result of the efficient management of the leaders of the country, and particularly of the leaders of Meiji Restoration who were young and dynamic and who were capable of thinking of national, and not of their own class, interests. The leadership of the early Meiji period gradually deteriorated into the miserable and hopeless World War II, and this deterioration of leadership was at least temporarily suspended after the War when young and dynamic leaders replaced the old managers. In the postwar period the dynamism of aggressive business leaders, elevated to their posts after the War, has been particularly remarkable.



CONFERENCE BOND

Bibliography

Shinohara, Miyoei

Growth and Cycles in the Japanese Economy, Tokyo Kinokuniya, 1962

Edwin O. Reischauer

Japan, Past and Present, Charles E. Tuttle Company, Inc.

The United States and Japan, Cambridge, Harvard University

Japan and America Today, Stanford, Stanford University Press

Maruyama, Masao

Thought and Behavior in Modern Japanese Politics, London,
Oxford University Press

UNESCO

Japanese National Commission for (ed.):
The Role of Education in the Social and Economic Development of Japan,
Tokyo, Ministry of Education