worse than rule under Henry Kissinger. According to one Japanese source, Fukuda now understands that "the U.S. and Japan do not share the same position on many issues. Above all, trade disputes and differences on defense policy on Korea and opposition to nuclear energy, Fukuda was forced to see that Washington regards Japan not as an equal ally but as a retainer. One Japanese reporter described the summit well: the meeting "marks the beginning of some kind of deep conflict and disagreement between the U.S. and Japan which will grow in the next coming years."

EXCLUSIVE

Japan — The Politics Of Oil

There is a war going on between Japan and the United States today — an oil war. Led by a group of Japanese industrialists dubbed the "shigenha," or "natural resources faction," major Japanese business missions are quietly fanning out throughout the world — to Saudi Arabia, Iran, Iraq, Venezuela, Central America, Australia and Canada. Their purpose: to secure for Japan a long term supply of natural resources — oil in particular — free from any interference from the Rockefeller-controlled multinational oil firms groups around the Exxon corporation.

Behind the missions is the sense of crisis in Tokyo over Japan's continued dependence on oil supplies from the United States, and in particular from the Rockefeller group. Many Japanese in high circles correctly view recent moves by the Carter Administration to restrict Japan's independent development of nuclear power as intimately related to a general U.S. foreign policy aimed to strangle future high-growth economic policy for Japan.

Japan's leading businessmen, the "zaikai," have felt Rockefeller's pressure on their vital oil lifeline before — most recently in 1974 when the international oil majors (not the "Arabs"!) refused to unload oil-laden tankers, and created a de facto oil embargo spreading economic panic across Japan. A deeper probe into the thinking of these industrialists will reveal an even greater terror, that evoked by memories of an earlier Rockefeller oil embargo. Japan was forced into World War II after the U.S. moved to cripple Japan's navy with an oil cutoff.

A member of the recent (and largely unsuccessful) Nagano mission to Saudi Arabia captured the Japanese fears of challenging the domination of the United States in a March 7 interview with the *Yomiuri Daily News*, Japan's second largest paper and a long-time advocate of greater Japanese control of resources. "Japan depends upon Saudi Arabia for one-third of its imported oil, while nearly all of the U.S. oil imports come from Saudi Arabia. Hence, there is a possibility of a struggle for oil taking place between Japan and the U.S. in the near future. Japan will be completely defeated in the struggle since the Japanese have made little contribution to industrialization efforts in Saudi Arabia, whereas the U.S. is on intimate terms with Saudi Arabia."

The business leader concluded: "Where shall we be if Saudi Arabia hesitates to supply oil to Japan in an emergency? I spend sleepless nights out of anxiety."

Japanese Dilemma

Of all the advanced nations, Japan is today in the worst position in the struggle against the multis. Japan lacks the historic ties that nations like Britain, France and Italy have with the Middle East and the Soviet Union. Even worse, Japan is only now attempting to put together a Japanese multinational modeled on ENI (the Italian state sector oil company). Until now Japan's independent oil firms have been a hodgepodge of small *refiners* mainly dependent on the U.S. multis for their supplies.

— Table 1 —

Ownership Of Refineries

FIRM — OWNERSHIP	% OIL REFINED
I. Refineries owned by international majors	
Nippon Oil — In 50-50 partnership with Caltex for refining arm	23%
Showa Oil — 50% owned by Dutch Shell	7%
Koa Oil — 50% owned by Caltex	4%
Toa Nemryo Kogyo — 50% owned by Exxon-Mobil	7%
II. Independents	
Idemitsu — family-owned	19%
Maruzen — Sanwa Bank group	12%
Daikyo — Industrial Bank of Japan group	8%
Toa — C. Itoh Trading Company	4%
III. Mixed	
Mitsubishi — 52-48 owned by Mitsubishi group and U.S. Getty Oil	10%
Asia Oil — Mitsubishi (Fukuda supporter) but under MITI's umbrella	2%
Others	4%

This fundamental Japanese weakness was highlighted during the 1974 crisis. At that time, the multis, despite the supposed "Arab" boycott, were having no difficulty supplying their own directly controlled firms like Nippon Oil (see Table 1) with cheap oil, but the Japanese-controlled firms were being charged exorbitant prices for crude. Then Ministry of International Trade and

Industry (MITI) chief Yasuhiro Nakasone opposed raising the domestic prices of oil, an act which would give the majors an unfair competitive advantage because of their ability to supply cheap oil. But in February 1974 Nakasone was forced to partially back down after receiving a threat from the Rockefeller oil majors that they would not send *any* oil to Japan if it did not raise domestic oil prices, even though Japan was already paying the majors the new market price for crude while MITI helped protect the domestic companies against any losses.

At the height of the 1973-74 "oil crisis," the Japanese government, under Premier Kakuei Tanaka, a spokesman for shigenha interests, for the first time in its postwar history embarked on a major project to secure oil supplies from the Middle East free from U.S. control. In 1974 Tanaka sent MITI head Nakasone and cabinet member Takeo Miki (soon to become premier) on major missions to the Middle East. As a result of Tanaka's initiative, Japan today maintains established ties with socialist Iraq and expanded relations with other Arab and other OPEC nations.

Two Networks

Tanaka was ousted from power in the fall of 1974 as a result of a U.S. "Watergating" attack on him using trumped-up corruption charges. As *Chuo Koron* magazine writer Seiichiro Tahara phrased it is his series on the former premier, Tanaka was "the man who stepped on the U.S. tiger's tail." More accurately, Tanaka had "provoked the wrath" of Kissinger and his mentors, the Rockefellers.

Tanaka's downfall was no simple affair. His ouster, and the subsequent weakening of the shigenha's influence in the Japanese government, was directly aided by a pro-Exxon network inside Japan grouped around Japan's notorious former premier Nobusuke Kishi, long-time Atlanticist businessman Ataru Kobayashi and Japan's current premier Takeo Fukuda. These men, and the networks around them, have played a consistent role in sabotaging Japan's quest to break free from U.S. control since that struggle began in the mid-1950s. To appreciate the current power struggles going on in Tokyo one must first understand the role these men have played in harnessing the "shigenha."

The "Shigenha" Networks

The shigenha have not tried to hide the policy they are pursuing. Fundamentally the shigenha are industrial capitalists committed to high economic growth who are allied with members of Japan's ruling Liberal Democratic Party (LDP) and sections of Japan's powerful bureaucracy, in particular the Ministry of International Trade and Industry. All these forces firmly believe that the national interests of Japan and the wellbeing of every Japanese, are tied to a national policy of technological and economic growth. (See Table 2)

The key industrialists in this "pro-growth network" are:

Sohei Nakayama — Current counselor to the MITI-linked Industrial Bank of Japan, Nakayama is at the center of every current Japanese move for energy development. It was Nakayama who, under Tanaka, successfully established the Japan Oil Development Company after securing drilling rights in Abu Dhabi. The current head of the Japan-Mideast Businessman's Committee, he has reactivated the "Energy Policy Promotion Committee" in Tokyo as a lobbying group for the shigenha. He has very close ties with the Japan Line shipping group which carries oil from the Middle East to Japan. Nakayama was one of Kakuei Tanaka's major funders and has ties with former premier Miki and LDP leader Nakasone.

Yoshihiro Inayama — Inayama, the current chairman of Nippon Steel, the world's largest steel corporation, is the "zaikai" leader most responsible for developing independent Japanese oil ties with China. A long-time ally of MITI (which first helped to put Nippon Steel together in the late 1960s through a merger of Fuji and Iwata Steel), he is heading one of the two Japanese consortia which buy oil from China. The group includes independent oil firms (like Idemitsu, Maruzen, Kyushu, Kyodo, and Daikyo) as well as Nippon Steel and major electric power firms which also have MITI ties. Inayama also heads the Japan-DDR Businessman's Committee.

Hiroki Imazato — Co-chairman of Kakuei Tanaka's business advisory group when the latter was premier, Imazato, the board chairman of Nippon Seiko manufacturing company, represented Japan in negotiations with the Soviet Union on the huge Siberian Tyumen oil field development project which Tanaka was instrumental in pushing.

Hiroshi Anzai — Board chairman of the Tokyo Gas Company, Anzai has played a major role in promoting the development of the Sakhalin area of Siberia. Sakhalin has enormous natural gas reserves which the Japanese hope to exploit.

Around these men are other business leaders like *Soichi Matsune,* Chairman of the Board of the Alaska Petroleum Company; *Tatsuzo Mizukami,* top advisor to Mitsui and Company who is hoping to develop Vietnam's oil reserves; and Japan Chamber of Commerce and Industry head *Shigeo Nagano* who despite his past closeness to Exxon agent and ex-premier Kishi has encouraged Japanese economic development of Siberia. Nagano, also the honorary chairman of Nippon Steel, has played a leading role in Japan's economic relations with Australia, whose enormous supplies of uranium and coking coal for Japan's steel industry are vital for Japan's economic health. Men like Mizukami, Nagano and *Toshio Doko,* current president of the Japan Federation of Economic Organizations (Keidanren), are all to a greater or lesser degree supporters of the shigenha policy or what is sometimes called in Japan "natural resources diplomacy."

—Table 2—

Key Individuals In The Oil War

AGENTS

Fukuda, T.: Current Prime Minister of Japan and a long-time ally of former premier Nobusuke Kishi

Ishizaka, T.: Former postwar Keidanren president, member International Advisory Board Chase Manhattan Bank

Kishi, N.: Japanese prime minister from 1957-60. A long-time postwar ally of the Rockefellers, Kishi has helped sponsor the career of both Fukuda and Kobayashi

Kobayashi, A.: A U.S. crony since the days of the U.S. occupation, Kobayashi was placed in charge of Japan's first major overseas oil development company, Arabian Oil.

Tanaka, T.: The new head of the Ministry of International Trade and Industry under Fukuda

Yoshida, S.: Japanese prime minister from 1946-54 (with a one year interruption)

SHIGENHA

Doko, T.: Current Keidanren president

Hatoyama, I.: Japanese prime minister in 1955-56

Imazato, H.: Backer of Sakhalin oil development projects in Siberia and a long-time business supporter of Kakuei Tanaka

Inayama, Y.: Nippon Steel lender, head of Japanese business committees with China and East Germany and a long-time ally of MITI

Kono, I.: "Gaullist" LDP leader and mentor of current LDP leader Yasuhiro Nakasone

Miki, T.: Japanese premier from 1974-76 who was overthrown and replaced by Fukuda

Morozumi, Y.: "Gaullist" MITI official

Nagano, S.: Honorary chairman of Nippon Steel, current head of the Japanese Chamber of Commerce and Industry

Nakasone, Y.: Former MITI minister under Tanaka, Nakasone is currently allied with former premier Miki inside the LDP

Nakayama, S.: Senior councillor to the Industrial Bank of Japan

Tanaka, K.: Prime minister of Japan from 1972-74

The Oil Companies

The Japanese independent refining companies, Idemitsu, Maruzen, Daikyo and Toa oil, also back the shigenha, although these companies are relatively weak due to their dependence on oil from the majors. It is these companies which are intended to be the core of MITI's recently announced policy to create a Japanese multi similar to Italy's ENI, a move which has ruffled the feathers of even independents like Maruzen. Perhaps the most interesting of these companies from a "political" standpoint is Idemitsu, a family-owned firm.

It was Idemitsu which in the early 1960s made a major drive, with the cooperation of the USSR, to oust the Rockefeller-dominated Nippon Oil as Japan's top refiner. At that time the Soviet Union was involved in a major deal with Italy's ENI, under the leadership of its president Enrico Mattei, to bust the Rockefellers' control by supplying cheap Soviet oil to Italy. Idemitsu was also aided by the USSR, which supplied the refining company oil 25 per cent cheaper than could be obtained in the Mideast. The move so infuriated Rockefeller that the U.S. Defense Department — which had major contracts with Nippon Oil — threatened to cut all purchases from Idemitsu unless it broke off ties with the Soviets. Since the U.S. Defense Department only accounted for 2 per cent of Idemitsu's sales, and the USSR supplied the firm with 20 per cent of its crude, the Japanese told the U.S. to buy its oil elsewhere.

MITI

The section of Japan's bureaucracy which oversees the development of Japan's heavy industry directly is the Ministry of International Trade and Industry. MITI's "responsibility" is the growth of a strong industrial infrastructure and it takes its "responsibility" very seriously. Since the late 1950s MITI has had a clear anti-Rockefeller oil policy. The ministry first moved to take control of the domestic refining market and at the same time began planning the creation of a Japanese "major" to rival the Seven Sisters. At every point MITI tried to secure major points of access to oil supplies outside U.S. control. This has led MITI to encourage Japanese cooperation with Iraq, the Soviet Union and China. The ministry has estimated that by 1985 these three countries, along with Saudi Arabia, will replace the multis as Japan's main suppliers of oil.

MITI's policy toward oil is in keeping with its general policy of promoting high-technology industry, especially through mergers. It was MITI, for example, which pushed through the merger of Fuji and Yawata Steel to form Nippon Steel, the world's largest producer, in the late 1960s. Today MITI is attempting to build a major Japanese computer industry, through a similar merger policy, to compete with IBM.

MITI's role has led many Japan experts to wonder if the ministry is actually running Japanese industry. One Japanese writer has likened its role to that of a "mama" in charge of "educating" Japan's heavy industry to perform well.

It is no accident that MITI today is under study by Chalmers Johnson, a notorious U.S. "academic" and member of the Committee on the Present Danger. For men like Johnson, MITI is a "den of iniquity" harboring hosts of "unrepentant" Japanese nationalists from the pre-war days.

Today MITI's official head is Tatsuo Tanaka, a long-time crony of Fukuda's. But the people who really run the show at MITI are the senior bureaucrats. These men, along with business leaders like Nakayama, are struggling to create a Japanese multinational oil firm in defiance of the Rockefellers, and are coordinating a push to get Japan's stalled nuclear energy development projects off the ground.

During the 1973-74 crisis, MITI developed a plan for taking control of all Japanese imports of oil. The plan would have channeled all imports through the semi-governmental Japan Petroleum Development Corporation. Such a takeover would have totally broken up the majors' advantages in sending cheap oil to their own refineries. The MITI group hammered out the takeover plan in an exhausting five day planning session, only to be told later that the move was cancelled.

To fully appreciate MITI's influence it must also be kept in mind that a high percentage of former MITI officials leave the ministry to take top jobs in Japan's heavy industry. The former president of Nippon Steel is one such example.

The Tanaka Era

Pro-development forces inside Japanese industry lacked a firm political "voice" to lead shigenha policy until the ascension of premier Kakuei Tanaka to power in 1972. Tanaka and the shigenha's increasing power were the direct result of the growing dollar crisis highlighted by a series of Nixon "shocks" — in particular the U.S. announcement on August 15, 1971 that the Bretton Woods system had collapsed.

The shift in U.S. global policy away from a commitment to capitalist industrialization after August 15, to a policy of zero economic growth was met with growing resistance from key Third World nations. The 1972 Algeria summit of the non-aligned group, where the Mideast nations took the lead in stressing the necessity for technological advancement from the West in exchange for natural resources, had a profound effect on the resource-conscious Japanese.

It was in this context that Tanaka, in 1972, defeated Takeo Fukuda, ally of Exxon agent Nobusuke Kishi, for the post of LDP president and new leader of Japan. Crucial to Tanaka's victory was LDP leader Yasuhiro Nakasone, who swung his faction to Tanaka, insuring Fukuda's defeat. As a political reward Tanaka made Nakasone the new head of MITI.

In the struggle Tanaka was backed by such shigenha leaders as Hiroki Imazato, a proponent of joint Japanese-Soviet development projects, and Tatsuzo Mizukami, now a senior advisor to the Mitsui zaibatsu's trading company. Both men co-chaired Tanaka's business advisory group.

With Tanaka in power the shigenha policy took off. The Japanese did not limit themselves to outflanking Rockefeller's blackmail. They used oil-for-technology deals with OPEC countries as the leading edge of a general economic strategy aimed at industrializaing the Third World and spurring technological advancement in Japan. Japan's business policy, as outlined by the MITI-linked group of business leaders, the Industrial Structure Council, was to transform Japan into a high-technology capital goods exporting nation, through a policy of industrial infrastructure development for the Third World.

A major shigenha organizer under Tanaka was new MITI minister Nakasone. For years Nakasone had been a leading advocate of Japanese energy development including both oil and nuclear energy. Nakasone was and is a firm supporter of joint Japanese-Soviet development of nuclear and fusion power. Nakasone's role is not surprising when one considers that he now heads the faction formerly led by Ichiro Kono, conservative LDP politician who was a nemesis of the U.S. throughout the 1950s and 1960: It was Kono who, as early as 1962, first began discussions with the Soviet Union on Siberian development projects.

During the summer of 1973, before the October Mideast war, U.S. National Security Advisor Henry Kissinger proposed a bloc of oil consuming countries to confront OPEC. U.S. Secretary of State William Rogers arrived in Japan that summer to put pressure on Japan to join the bloc. To drive home Japan's dependence on the U.S., Kissinger and Treasury Secretary John Connally ordered an embargo of U.S. grown soybeans, a vital feedgrain, to Japan.

Nakasone forthrightly rejected the Kissinger policy. In a June 19, 1973 interview in the Japanese magazine *Economist*, Nakasone outlined Japan's policy: "(The OPEC countries have adopted the) principle of not selling oil to any country which does not cooperate in their industrial construction, or not allowing such a country to mine oil. In fact the phenomenon of selling "direct deal" (not through the majors) to a country which cooperates in their industrial development has appeared...This led Japan to offer positive cooperation...The majors side, taking this Japanese bid as a threat, advanced that consumer country bloc idea...European countries do not agree to the consumer bloc idea...European majors are unfavorably disposed. The consumer bloc idea is Dulles diplomacy in oil...We have no intention to follow servilely any idea that is not reasonable globally..."

In the same interview Nakasone outlined Japan's own understanding of the *global* necessity for economic growth. He told the magazine: "How to dispose of the oil dollars in such a way as will contribute to the world economy is an important problem. We must think of this not merely as an 'oil-producing countries vs. oil consuming countries' problem but as a problem of the world economy. I think herein lies one point of resources diplomacy . . . There are many plans and desires to start oil refining, petro-chemical, electronic and auto industries in the Mideast countries, to promote fisheries there and construct their tanker fleets. The (Japanese) government wants to have them materialized by all means."

The Crisis

Nakasone travelled to the Mideast in 1973 to discuss oil for technology deals; the government of Abu Dhabi and Sheikh Yamani of Saudi Arabia proposed that Japan pay for oil in yen (and the Europeans pay in marks) due to the lack of confidence in the dollar. Yamani also offered a deal which would have the oil producers buy from Japan an amount of technology up to the amount of oil they sold. (Yamani also invited Sohei Nakayama to serve as co-chairman with him of a Japan-Saudi Economic Cooperation Committee.) While Nakasone and MITI were generally agreeable to the proposal, severe U.S. pressure, exerted through the Ministry of Finance, blocked it.

Tanaka was also on the move. The premier made a trip to the Soviet Union in 1972 to discuss energy development projects with the Russians. There were three critical projects under discussion: (1) Tyumen Oil, in which Japan would get 25-40 million tons of oil annually, compared to present annual consumption of 280 million tons (2) Sakhalin offshore, in which Japan would get half of the oil discovered at 8 per cent below world market prices and (3) a huge natural gas project in Yakutsk. Japanese cooperation with the Soviet Union for the development of Siberia is a central demand of the "core" group of shigenha leaders Sohei Nakayama, the senior advisor to the Industrial Bank of Japan, as well as Nippon Steel head Yoshihiro Inayama and Tanaka business advisor Hiroki Imazato.

Today many of these projects are still only on the drawing board. Not surprisingly the major problem for both the Soviets and the Japanese has been the U.S. government. Despite support for the deals from U.S. companies like Gulf Oil, a group of U.S. banks, led by Chase Manhattan, has refused to fund the projects.

Tanaka's other major policy thrust was aimed toward Europe. The Japanese understood at a very early point that expanded ties with Europe (as well as the Third World) would be absolutely crucial for Japan. As far back as the early 1960s the shigenha saw themselves as Asian allies of men like former ENI head Enrico Mattei and then French president Charles de Gaulle. This sentiment had been voiced openly by Nakasone, who is fond of telling reporters that he hopes to become "Japan's de Gaulle."

Tanaka went on a European tour (England, West Germany, France) in early October 1973. Besides negotiating on the oil question, Tanaka also sought European-Japanese cooperation on the development of nuclear energy — a favorite project of Nakasone.

Prior to Tanaka's visit, resources faction leaders Sohei Nakayama, H. Imazato, current Keidanren president Toshio Doko and leading MITI official Yoshishige Morozumi (who had spent many years in France) met with executives of Europe's major independent oil firms to secure cooperation. Around this time, discussion began on forming a consortium of European state-owned firms together with Japanese independents to purchase oil from OPEC directly, without going through the Rockefeller controlled majors

The Oil Hoax

While Tanaka was in Europe, the Rockefellers struck back. In October the Arab-Israeli war broke out. The war was immediately followed by Rockefeller's oil hoax. There was no Arab oil embargo against Japan or Europe. The actual embargo was carried out by the international majors, who refused to allow oil-laden tankers to unload. The 400 per cent price rise was engineered by the majors partly as a "bribe" to OPEC. The subsequent outflow of "petrodollars" from the Mideast wound up either in U.S. banks or as fresh props to the wobbly Eurodollar market. Thanks to the hoax, the U.S. dollar gained a new lease on life at the expense of the economies of Europe and Japan.

In the crisis, Kissinger again began pushing his old "consumer bloc" energy scheme, aimed at enforcing energy consumption cutbacks. This was unveiled under a new name — the International Energy Agency (IEA).

The IEA met fierce opposition from a Japan unwilling to align itself against the Mideast in a bloc with the U.S. It was only after Kissinger threatened to end Japan's military security agreement with the United States that the Japanese finally capitulated. Simultaneously MITI was forced to back down from its decision to put Japan's oil distribution network under its direct supervision.

Tanaka Fights Back

In 1974 Tanaka sent two missions to the Mideast to secure oil supplies, one led by Cabinet minister Miki and the other by Nakasone. The Japanese government also began making significant overtures to the Palestine Liberation Organization. Today Japan is the only advanced nation to recognize the PLO. All of which led Kissinger to complain that Tanaka must obviously be anti-Semitic!.

Tanaka's overture to Iraq was the most successful result of this Mideast push. Tanaka also solidified ties with his allies in Indonesia's state oil company. Tanaka visited Indonesia in January 1974. In desperation both the CIA and the Fukuda faction inside the LDP helped organize riots in Jakarta against Tanaka. On top of being an "anti-Semite" Tanaka was now also a "Japanese imperialist." Later these same forces would also label Tanaka "corrupt" in the notorious "Bungei Shunju" and Foreign Press Club attack against the premier which led to his downfall in the fall of 1974. Tanaka was replaced by Takeo Miki.

The Fukuda Question

Since 1974, Japan's oil and energy development policy has stagnated. It is not that Miki himself lacked shigenha ties. As the *Yomiuri Daily News* pointed out, Miki's problem was his government's own perpetual instability due to the Rockefellers' manufactured Lockheed scandals. The nest of Rockefeller agents inside Japanese industry and the LDP, led by Miki's Economic Planning Agency director Takeo Fukuda, was another headache for Miki. In December 1976 Fukuda succeeded in his ambition to replace Miki as premier.

Today Japan's industrialists have two major tasks before them: to develop an alliance with Europe, the Middle East and the Third World on behalf of a new monetary system; and to prevent the group of "Caltex" agents led by Fukuda from interfering. This means getting rid of Fukuda and his cronies permanently.

Like all Japanese who lived through World War II, Fukuda is terrified of the United States. Since for Fukuda the United States *is* the Rockefellers, he and his mentor Nobusuke Kishi have followed a consistent policy of maintaining Japan's alliance with the Rockefellers at all costs — even if it now means the destruction of Japanese industry.

Fukuda's main hostility to "resources diplomacy" as practiced by Tanaka and Nakasone was captured in a speech he gave in the summer of 1973, as reported in the July issue of *Current* magazine:

"Of the difficult problems, the biggest is resources . . . I think the world situation today strikingly resembles that before the War . . . During the 15 years before that War the world was in an economic war, which was touched off by the Hoover shock resulting from the Hoover (international government debt) moratorium of 1929. (Actually the Hoover moratorium did not occur until 1930 but Fukuda, ever the banker, rewrites history in order to blame the debt moratorium for the Great Depression. — ed) . . . This led to World War II . . . The monetary war now underway internationally is another similarity with the prewar days. The monetary war is a trade war; it does not concern the tactics of currency

— Table 3 —

International Creditors Of Japanese Oil Firms

FIRM — JAPANESE CORPORATE AFFILIATION	LEADING FOREIGN CREDITORS
I. Resource Faction Firms	
Idemitsu — family-owned	Bank of America (BOA) Gulf Oil
Maruzen — Sanwa Bank	BOA, Union Oil (U.S.)
Nippon Mining — Industrial Bank (IBJ)	Gulf, CFP (France)
Kyushu — Nippon Steel	BP, ELF (France) Pertimina (Indonesia)
Daikyo — IBJ	CFP, Shell (U K) and regional U.S. banks
Fuji Oil — C. Itoh, Dai-ichi Kangyo Bank, Kyodo Oil	Gulf
Kansai — Sanwa, Maruzen	Mobil
II. Atlanticist or Rockefeller Firms	
Nippon Oil — Mitsui	Caltex
Kyokuto — Mitsui	Mobil
Koa — Nippon Oil	Caltex
General Sekiyu Seisei — Toa Nemtryo Kogyo	Exxon, Chase Manhattan
Seibu	Shell
Showa — 50% Shell-owned	Shell
Nichimi	Exxon
Teikoku — Dai-ichi Oil	Chase Manhattan, Exxon
III. Mixed Firms (or not definite)	
Toa Nemryo Kogyo — IBJ-Fuji	Mobil, Exxon
Mitsubishi Oil — Mitsubishi, Getty	CFP, regional U.S. banks
Asia Oil — Kyodo-Mitsubishi	Mobil, Exxon, CFP
Kashima — Tokyo Electric, Mitsubishi	Mobil, Mellon Bank

Source: Japan Petrole

manipulation. My view is that this trade war will soon develop into a resources war . . ." Fukuda's solution to the crisis? Japan must "change our direction to stable growth."

The fact that a coward like Fukuda is now Japan's premier does not mean that the Rockefellers have great strength *inside* Japan. Indeed since the mid-1950s the Rockefellers' actual internal power has been consistently weakened.

The Rockefellers' attempt at internal control of Japan's oil industry began in the late 1940s. In February 1949 Standard Oil Vacuum (Exxon and Mobil) bought 51 per cent of Toa Nemryo Kogyo. In march, Mitsui's Nippon Oil and Caltex (Texaco and California Standard) began initiatives leading to Caltex 50 per cent ownership two years later. In June 1951, Royal Dutch Shell bought 50 per cent of Showa Oil. Today, these three firms plus another Caltex subsidiary, Koa Oil, refine about 41 percent of the oil used in Japan. Nippon Oil, Japan's leading refinery, refines 23 per cent. Not accidentally, Kishi and Fukuda kept their offices at Nippon Oil's headquarters in the 1960s.

During the same period, all oil, both foreign-owned and independent, was under the control of the Ministry of Finance (MOF) because of the control on foreign exchange. The MOF has been a bastion of pro-Rockefeller sentiment, due to its dependence on the U.S. and London banks.

The Counterattack

Despite this the Japanese have largely pushed back the Rockefellers' influence. Under the leadership of former premier Ichiro Hatoyama Japan first began to move away from the U.S. embrace. Hatoyama and his close ally Ichiro Kono finally managed to oust the pro-U.S. Shigeru Yoshida in late 1955, and Hatoyama became the new premier.

Faced with the stagnation of Japanese industry at the end of the Korean War procurements boom (in 1953-54) Kono and Hatoyama proposed a policy similar to today's oil-for-technology strategy. They used this policy to force open relations with the USSR, and infuriated John Foster Dulles, U.S. Secretary of State and partner at Standard Oil's law firm, Sullivan and Cromwell, with talk of development projects with the Soviet Union. Dulles threatened never to return Okinawa if Japan ever went ahead with such deals.

In order to block Hatoyama and Kono, the U.S. mobilized its top agent networks to overthrow the Japanese government. The agent web centered on three men: Fukuda's mentor, war criminal Nobusuke Kishi; then Keidanren head Taizo Ishizaka of the Moral Rearmament Movement, a member of the International Advisory Board of Chase Manhattan Bank; and their pupil Ataru Kobayashi. (See Table 2)

Kobayashi was chosen by Kishi and Ishizaka to play a major part in their struggle to prevent the shigenha from ever gaining real access to oil supplies outside the control of the United States. Kobayashi's value for Kishi was his notoriously pro-American attitude. A minor pre-war business figure, Kobayashi was an underling to Mitsui Bank President Seihin Ikeda. (Ikeda himself played the role in Japan comparable to that of Nazi Finance

Minister Hjalmar Schacht.) Ikeda at that time had his own extensive ties to both British and Standard Oil networks.

After the war Kobayashi was picked up by the Occupation. In 1949 Washington sent Detroit banker Joseph Dodge to run Japan's economy and end rampant inflation. As part of the program, Dodge established the Japan Development Bank (JDB)to supply foreign exchange to industry. Given the dearth of foreign exchange, the JDB exercised tremendous political leverage. Kobayashi was recommended as head of the JDB to Prime Minister Shigeru Yoshida by Jiru Shirasu. Shirasu, whose own Wall Street connections preceded the war, was Yoshida's liaison to U.S. military intelligence.

As John Roberts points out in his book *Mitsui*: "Being of non-zaibatsu background and conspicuously pro-American, he (Kobayashi) was acceptable to the occupation authorities. Yoshida endorsed the appointment . . . and Kobayashi, as the shrewd and forceful president of the Development Bank became custodian of the U.S. Aid Counterpart Fund ($800 million) . . . It was by means of this reservoir of industrial funds that he extended his influence into every sector of Japanese business."

Hatoyama Vs. Kishi

When in December 1956 the Hatoyama government fell, under pressure from Kishi, Ishizaka, and Kobayashi orchestrated from the U.S., Japan's ability to develop an independent industrial policy was severely set back. After a brief interim government, Kishi himself marched into power in February 1957.

But Hatoyama and Kono had made a significant impact on Japan's business circles, an impact Kishi could not ignore. Due to business pressure, Kishi was forced to establish Japan's first government backed overseas oil company in the post-war era — Arabian Oil. Initially led by an old Manchurian adventurer, Taro Yamashita, Arabian Oil in December 1957 obtained a concession in Saudi Arabia that today supplies about 6 per cent of Japan's imported oil. Yamashita was soon replaced as Arabian Oil head by Ataru Kobayashi.

Despite the pedigree of Kobayashi, the Rockefeller majors were *still* enraged. For one thing, the Arabian Oil site in Saudi Arabia was the first time in postwar history that any firm not directly controlled by Aramco had succeeded in establishing sites there. Even a Kobayashi who would later loyally help run the Kishi-Caltex networks in Indonesia, and actively collaborate with the CIA there, was hardly enough to appease the U.S. multis in 1957.

Outflanking the Rockefellers

Today MITI and its allies are very close to "capturing" Arabian Oil for the shigenha, and last year Kobayashi finally retired as chairman of the company. When the president moved up to the chairmanship, a former high MITI official took his place.

This was the result of a long MITI-led struggle centered on the development of a Japanese group created to explore for world oil. In April 1962, under the Ikeda administration, Japan's Diet passed MITI's Petroleum Enterprise Law, which transferred control over the oil industry from the MOF to MITI. One of the key provisions of the law gave MITI power to control refinery construction through the issuance of licenses. MITI liberally used this power to increase the capacity of the national firms relative to the ones owned by the international majors. Not surprisingly, Nippon Oil opposed this law specifically on the basis that it would antagonize the international majors.

Kono . . .

MITI's ability to pass the oil reorganization bill was a direct result of the downfall of the Kishi regime in July 1960 and the rise of the Ikeda government, and the return of Ichiro Kono, under Ikeda, to a position of power.

Kishi fell largely because Japanese business was fed up with both his refusal to expand trade with the Soviets and Chinese as well as his pro-militarist, low-growth stance which the United States found so pleasing. Kishi was replaced by Hayato Ikeda. Ikeda's government was essentially a centrist amalgam of the two warring factions. This was reflected in his cabinet. Both Ichiro Kono and Kishi's pro-U.S. brother Eisaku Sato held posts under Ikeda. Ikeda's economic policy, however, was definitely high economic growth. In this policy he was supported by most honest U.S. as well as Japanese businessmen. But Kishi and Fukuda attacked high growth as "destructive" of the traditional Japanese ideology of "thrift and austerity."

Central to the entire period were developments in both France and the United States. As a result of the Council of Foreign Relations push for "limited nuclear war" against the Soviet Union as early as 1957, leading European statesmen like Charles de Gaulle began to develop an "independent" policy for Europe. Europe's fears were also fed by the outbreak of the worldwide 1958 recession.

They had a profound effect on Japan. The Japanese did not overlook, either, the role that the Soviet Union was playing in aiding Italy's ENI head Mattei in his struggle to weaken the same U.S. multis who tried so hard to prevent Japan's own ventures into the Middle East.

In May 1962 Agriculture Minister Ichiro Kono visited the Soviet Union, ostensibly for fishery talks. But during the tour he met privately with Nikita Khrushchev. The Japanese press reports that they discussed potential Japanese cooperation in the development of Siberia. Kono's move came at the same time that the Soviets and Idemitsu were working together to send cheap oil to Japan in order to weaken Rockefeller's Nippon Oil. It was in the month prior to Kono's trip that the Diet passed MITI's Petroleum Enterprise Law.

. . . Or Kennedy?

The Rockefellers launched a quick but unsuccessful counterattack against the "Gaullists" inside the Ikeda government. Following the July 1962 elections, Kishi's brother Sato presented Premier Ikeda with an ultimatum: either he dismiss Ichiro Kono or Sato would resign. Ikeda took the threat very seriously and fired Sato. And Sato's motive for all this?

A month later, in the August 3 issue of *Shukan Asahi*, Sato revealed the reason for his ultimatum. In May, former premier Shigeru Yoshida had visited the U.S. and met with President Kennedy. Upon his return he told Sato that the Americans wanted Kono out of the government on the grounds that he was too pro-Soviet. From then on Sato and Yoshida worked to depose Ikeda and replace him with Sato; they finally succeeded in late 1964.

The Ikeda regime opened up another Pandora's box for the Rockefellers which they have yet to close. Despite Sato's accession to power, MITI was still on the offensive. In 1965 MITI set up Kyodo Oil, an umbrella group consisting of private independent refiners but under direct MITI influence. Initial members included Nippon Mining (a firm linked to Sohei Nakayama's Industrial Bank of Japan), Toa Oil (in the group of the C. Itoh Trading Company which itself has links to Italy's state-owned ENI), and Mitsubishi's Asia Oil. Today the Kyodo group refines 18 per cent of Japan's oil.

MITIs first major challenge to the Rockefellers outside Japan came in 1967. In that year the Diet passed another MITI-sponsored law which created the Japan Petroleum Development Corporation (JPDC). The JPDC was not involved in direct exploration itself but funded private consortium exploration and production ventures. The chairman of the JPDC, Yoshito Shimada, is an ally of Sohei Nakayama. By the seventies the JPDC had established or funded over 30 foreign exploration ventures. In the Mideast, the JPDC backed major ventures . In the Mideast, the JPDC backed major ventures by Sohei Nakayama and Tanaka advisor Hiroki Imazato. In the early 1970s MITI proposed a merger of these firms with Arabian Oil, but Kobayashi refused.

From the very beginning, as well, the shigenha tried to some degree to conduct joint ventures with Europe's anti-Rockefeller oil firms. H. Imazato's Japan Oil Development Corp. (JODOC) launched several cooperative ventures in the Mideast with British Petroleum, France's CFP and the American independents Cities Service and Sunoco. Imazato's Sakhalin Oil Corp. projects in Siberia also involve cooperation with Gulf Oil and Occidental Petroleum. C. Itoh Trading Company established links with Italy's ENI. Other firms with whom cooperation has been conducted or discussed include West Germany's state firm VEBA-Deminex, Belgium's Petrofina and France's state-owned ELF.

Today the shigenha are on the march again inside Japan. This time, unlike the Tanaka years, the monetary crisis is terminal. In order to defend Japan today her industrialists must develop not only "economic" ties with Europe, but the political ability to move against the. enemy. In 1977 the question is not merely the control of oil — it is the future of Japanese heavy industry itself which is at stake.