

Compelled by the situation the Indira Gandhi government had to take over wholesale trade in wheat as a first step towards state trading in agricultural produce. The measure met with stiff resistance not only from the followers of Charan Singh but also from the followers of the Congress itself. Congressmen themselves did not sell their wheat to state agencies. Indira Gandhi had to beat a retreat at the first opportune moment.

Thus the surpluses generated by wheat production continued to be cornered by the rich in the rural sector in collusion with the wholesale trade instead of these being utilised for rural development. The process of the rich becoming richer and the poor poorer continued in villages too. Charan Singh's ruralism is aimed at strengthening this system in which the rich have become richer by cornering all the benefits accruing from the measures taken so far for agricultural development and rural improvement.

Atrocities

During the emergency some anti-feudal measures were included in the 20-point programme. The motivation for this is not so important as the revelation made by the white paper on the misuse of the mass media during the emergency, that Vidya Charan Shukla had issued instructions for playing down these measures in the publicity drive. If these instructions reveal the true intentions of the emergency regime in regard to land reforms, Charan Singh's ruralism stands exposed by the callous stand he has taken on the question of atrocities on harijans.

By saying that the atrocities on harijans have been going on since time immemorial, that the entire society is responsible for these atrocities, or that there have been

less cases of atrocities in the three months since he came to power than in the same period last year, Charan Singh is only obfuscating the issue. The issue is not un-touchability. The issue is that the lands allotted to harijans are being taken back and the money-lender has returned to the village, and harijans are resisting both and getting burnt alive or killed in the process.

The allotment of lands to harijans or the abolition of bonded labour however did not mean that the emergency regime was more serious about land reforms than are Charan Singh and his supporters. The lands allotted to harijans were not the surplus lands of the rich farmers; they were the village common lands left after the rich had grabbed these lands. This is not what Nehru meant when he called for land reforms.

On the contrary, the anti-feudal measures included in the 20-point programme were part of the economic policy the other aspects of which found an advocate in Sanjay Gandhi. This policy had been forced on the previous government by the World Bank. The new government has accepted it willingly which is a feature distinguishing it from the previous government. But this policy runs counter to Nehru's emphasis on self-reliance, and the ruralism which Charan Singh advocates seeks to make India industrially dependent on the developed (neo-colonial) countries.

If the pursuit of policies aimed at undermining the national endeavour for self-reliance as visualised by Nehru makes Charan Singh a true successor of the emergency period anti-Nehruism, the ideological orientation of the RSS carries forward the emergency anti-Nehruism to the realm of ideology. The fact is that the Nehruite secularism of the previous leadership was proved by the emergency to be no more than a mask....

New Shifts In Japan

Japanese Prime Minister Takeo Fukuda last week announced a \$7.5 billion reflationary plan to be incorporated in the government's new supplementary budget. At the same time the Bank of Japan cut the discount rate to 4.25 percent in another step to stimulate Japan's domestic economy. Both measures are strongly supported by Japan's business leaders.

JAPAN

Despite this apparent consensus between Fukuda and business, a power struggle has ensued between Fukuda and his Atlanticist business supporters against the industrial forces in Japan centered around such giants as Nippon Steel and the Industrial Bank of Japan. The fight centers on the future of Japan's economy: will Japan push for a high-technology, development-oriented growth economy as industry and Japan's powerful Ministry of International Industry (MITI) contend or will the Japanese economy undergo a "structural reform" to

adapt to an era of "low growth" as Fukuda has publicly demanded?

The controversy surfaced last week when Fukuda announced that he wants to reorganize both the Construction Ministry and MITI along lines more "appropriate" to what he calls a low-growth era. Fukuda said he wanted a new "Energy Agency" which would be based on combining the Energy Department of the Industrial Section of MITI with the Atomic Energy Department of the Science and Technology Agency. The reorganization would virtually strip MITI of its postwar control over Japan's energy policy. Fukuda also called for reductions inside Japan's Construction Agency, a porkbarrel operation largely controlled by forces around ex-LDP premier Kakuei Tanaka.

Fukuda's moves coincided with the government's "compromise" agreement over Japan's nuclear facility at Tokaimura with the U.S. (See Energy Report).

A coalition of bureaucrats and LDP leaders led by LDP Secretary General Masayoshi Ohira and party faction leader Yasuhiro Nakasone, were quick to respond to Fukuda's challenge. Toshio Komoto, LDP leader, businessman, and ally of former premier Miki issued such a fierce attack on Fukuda that according to the

Sept. 5 *Mainichi Daily News*, "(Fukuda's) ideas were scrapped one after the other each time they met resistance."

Fukuda's plan, states the *Mainichi*, "is now very obscure." The paper concludes that the reorganization "drama, thus, turned out to be an 'acid test' to measure the degree of Prime Minister Fukuda's leadership." Fukuda was so badly burned in the fight that he felt compelled to publicly call for a joint Japanese-U.S. effort to develop fusion power at the just concluded Japanese-American Assembly conference!

In his speech to the Japanese-American Assembly, Fukuda also made clear his view of Japan's future. He warned that "the current economic recession was more serious than the one experienced during the 1930s which led to World War II." Fukuda then warned that the "stagnant economy" of the West could tilt the balance of power in favor of the Communist nations. Therefore, he has decided to maintain Japan's alliance with the U.S. at all costs. His problem is that unless the pro-growth forces around MITI are broken up, the natural bent of Japanese industry will lead the country into a break with the bankrupt dollar empire.

Perceiving a growing alliance of MITI and heavy industry leaders with more centrist pro-Wall Street elements in Japan's banking community (such a Fuji Bank and the Bank of Tokyo) Fukuda felt compelled to intervene to disorganize this alliance before he lost more ground.

Alliance for Zero Growth

Fukuda's economic policy has been outlined by the pro-zero-growth "Industrial Planning Council" headed by textile magnate Takeshi Sakurada. A recently released IPC report called on Japan to reduce its exports from 13 percent to 8 percent of Japan GNP, a demand which conforms to Brookings Institution recommendations. The IPC report also calls for drastic reductions in the auto, shipbuilding, steel, and electric industries. IPC argues that these cutbacks are "inevitable" given the continuing slump in the world economy. Sakurada, who is also president of the Japan Employers Federation, couples his industrial triage policy with demands of no increases in workers wages as well.

Behind both Fukuda and Sakurada stands a coalition which includes Trilateral Commission member and Sumitomo Chemical head Norishige Hasegawa, the head of Mitsubishi trading company Fujino, Mitsui Bank, and Tokyo Electric power company, along with pro-Fukuda elements in the Finance Ministry. The group has links with Japan's Standard Oil-financed former premier Nobusuke Kishi and possesses allies in Japan's "opposition parties," especially among pro-U.S. Eda elements within the Japanese Socialist Party.

The Center

In itself Fukuda's own base is not that substantial. The

key to his success until now is his group's successful alliance with the more economically powerful "centrist" forces in Japan's business community, who have believed that good relations with the U.S. are the sine qua non of Japanese economic policy. This economic "center" is located around the Bank of Tokyo, Fuji Bank, Mitsui Trading Company, Nomura Securities and Sony Corporation. This group has ties to Citibank, Bank of America, Morgan Guaranty, and Chase Manhattan. Both Tanaka and current LDP Secretary General Ohira along with former Miki foreign minister and Ohira faction member Kiichi Miyazawa have the backing of this "center" group.

This "center" group — although tied to the nationalist "natural resources faction" — has steered clear of seriously opposing Wall Street on many crucial issues, such as expanding economic relations with the Soviet Union. That "détente" with the U.S. has now broken down under the weight of the incessant U.S. demands for Japanese economic triage.

The "center" is now looking for opportunities outside the parameters agreed by the U.S. For example, the Japan Committee for Economic Development (Keizei Doyukai) last week proposed the creation of a new investment fund in Southeast Asia which would be aimed at attracting Arab capital in particular to develop energy-intensive heavy industry throughout the region. It is thought that Doyukai plans to use the offer of a joint investment fund to attract U.S. banks such as Bank of America into the region.

The "Shigenha"

The shift now going on inside the "centrist" group will strengthen the long time anti-Fukuda "shigenha" industrial group. A top "shigenha" political leader Yasuhiro Nakasone will visit the U.S. beginning Sept. 18. A long time nuclear power advocate and former head of both MITI and the Japanese Defense as well as Science and Technology agencies Nakasone, in alliance with former prime minister Miki, represents the bulwark of the anti-Fukuda group inside the LDP. In his bid for the premiership, Nakasone must tighten his alliance with both the "shigenha" and the "centrists" who combined make Tanaka premier.

The "shigenha" group is centered around firms like Nippon Steel and the Industrial Bank of Japan-Japan Line group. It also has diverse ties with Western groups like the Italian ENI firm, Dresdner Bank, the Bank of America, and the Rothschilds. The Industrial Bank of Japan has been involved in a Rothschild-dominated European consortium since the mid-1960s and it is a Rothschild-controlled firm, Rio Tinto Zinc, which supplies Japan with a great deal of its uranium. This group is now pushing for greater ties with the Middle East, China, and the Soviet Union.

— K. Coogan