

November 17, 1955
**Political Report, Minister Yong Shik Kim [Kim
Yong-shik] to the Office of the President**

Citation:

"Political Report, Minister Yong Shik Kim [Kim Yong-shik] to the Office of the President", November 17, 1955, Wilson Center Digital Archive, B-308-053, The Korean Diplomatic Mission in Japan, Reports from the Korean Mission to the United Nations and Republic of Korea Embassies and Legations, Syngman Rhee Institute, Yonsei University.

<https://wilson-center-digital-archive.dvincitest.com/document/123687>

Summary:

Report on: Japanese Politics, 3rd American-Japanese Mator's conference, Japanese government's extension of loan

Credits:

This document was made possible with support from Syngman Rhee Institute, Yonsei University

Original Language:

English

Contents:

Original Scan

REPUBLIC OF KOREA

KOREAN MISSION IN JAPAN

Tokyo, November 17, 1955

TO : Office of the President
FROM : Minister Yong Shik Kim
SUBJECT : Political Report

The items in this week's political report are as follows:

- I. JAPAN POLITICS.
- II. THE 3RD AMERICAN-JAPANESE MAYORS' CONFERENCE.
- III. THE JAP GOVERNMENT'S EXTENSION OF LOAN TO PRODUCTIVITY ORGAN.

I. JAPAN POLITICS.

The new conservative party, commanding a 64 per cent majority in the House of Representatives of the Japanese Diet, was formally inaugurated on November 15, as scheduled, following the dissolution of the Democratic and Liberal Parties on the previous day.

The new party was joined by all Democratic members of the Diet and all but two of the Liberals. Ex-premier Shigeru Yoshida and Eisaku Sato, one of his principal aides, decided to stay away from the coalition party.

The inaugural convention adopted resolutions on appointment of principal party executives, proclamation of the new party's platform and announcement of the rules for operation of the party functions. It was also decided at the convention that the new party will be named the Liberal-Democratic Party and will, for some time, be governed by a "provisional deputy committee" which will act in behalf of a president until one is elected in spring, next year. The Committee is composed of

1. Ichiro Hatoyama : Prime Minister and President of the defunct Democratic Party.
2. Taketora Ogata : President of the defunct Liberal Party.
3. Buki Miki : Executive Board Chairman of the defunct Democratic Party.
4. Banboku Ohno : Executive Board Chairman of the defunct Liberal Party.

And the posts of three executives are filled by the following three men:

1. Shinsuke Kishi : as Secretary-General of the new party.
(Secretary-General of the defunct Democratic Party)
2. Kojiro Ishii : as General Affairs Board Chairman of the new party.
(Secretary-General of the defunct Liberal Party)

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- 3. Mikio Mizuta : as Chairman of the Policy Research Board of the new party. (Chairman of the Policy Research Board of the defunct Liberal Party)

It was also agreed that Hatoyama will be in charge of administrative affairs as head of the Cabinet, while Ogata will be in charge of party affairs. Thus, it has come to be clear that the third Hatoyama Cabinet will be born out of the conservative merger when an extraordinary Diet session is convened on November 22.

With the inauguration of the Liberal-Democratic Party, the new lineup of party strength in the Diet, which will convene for its 23rd extraordinary session on November 22, follows:

LOWER HOUSE

Liberal-Democratic Party	.....	300
Japan Socialist Party	.....	154
Small Parties Club	.....	8
Independent	.....	2
Vacancies	.....	3
Total	.....	<u>467</u>

UPPER HOUSE

Liberal-Democratic Party	.....	118
Japan Socialist Party	.....	68
Ryokuhukai	.....	47
Independent Club	.....	13
Vacancies	.....	4
Total	.....	<u>250</u>

As appearing in the above table, the Liberal-Democratic Party commands 300 seats in the 467-member House of Representatives and 118 seats in the 250-member House of Councillors. The birth of the Liberal-Democratic group will usher in a completely new phenomenon in Japan's political history, in which a united conservative party and a united Socialist party will contend for the reins of government in a clear-cut division of political forces of Japan, according to political observers here.

It will especially be true that the Jap government backed up by a unified conservative political party will get firm on its foreign policy hereafter. In this sense, it will be necessary to carefully watch how the Jap government will act in the international community.

II. THE 3RD AMERICAN-JAPANESE MAYORS' CONFERENCE.

The Third American-Japanese Pacific Coast Mayors' Conference was held in Yokohama, Japan for the entire three days from November 2. Some 51 American delegates and their wives and city officials from 33 Japanese cities situated at the coast of the Pacific attended the conference which got under way at the Hotel New Grand in Yokohama.

The American delegation, headed by Mayor Allan Pomeroy of Seattle, Washington, included mayors from Eugene, Honolulu, Sacramento, Calif., Richmond, Long Beach, Hollister and San Diego. Great interest in shipping and port facilities held by the coastal cities was seen in the inclusion in the American delegation of Port Director John Bate of San Diego and port officials from Seattle.

Plenary session formally opened with Mayor Dail of San Diego being the first American speaker. Dail and Governor Yasui of Tokyo City addressed the convention on the administration of a large city area.

Second day at a "free discussion", mayors of the both countries were

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allowed to review the forms of city government in Japan and the West Coast states of the U.S.

They discussed, in particular, matters relevant to:

- (1) Development measures to arouse more citizens to their concern in city administration,
- (2) Exchange of information of the achievement of university study on major city problems.
- (3) Marketing and merchandising opportunities between the two countries with emphasis on how to do business with the U.S.,
- (4) Promotion of sight-seeing enterprises in Japan and the U.S., and
- (5) A long-range future program for the Mayors' Conference.

After the three days of formal sessions, the delegates and their wives started off on a tour of West Japan.

III. THE JAP GOVERNMENT'S EXTENSION OF LOAN TO PRODUCTIVITY ORGAN.

The Jap government will shortly extend a loan of ¥150-million out of collateral funds for Japan's purchase of US surplus farm goods for this fiscal year to the Japan Productivity Headquarters to assist the latter's activities. The International Trade and Industry Ministry agreed with the Finance Ministry on the loan extension.

Just as in the case of a similar loan to the Japan Electric Power Development Corporation, decided earlier, the annual interest rate will be four per cent and the term 33 years plus a three-year payment deferment period. Of the loan, ¥40-million would be used to meet expenses for a World Bank coal-mining survey to Japan. The remaining money is for other operational funds of the headquarters, including the expenses of a proposed mission to the U.S.

The Jap government is contemplating another collateral fund loan of about ¥10,000-million to the headquarters for financing in an effort to rationalize small enterprises.

With a view to materialize a petro-chemical industry, Japan is going to establish new firms with submission of applications for technical tie-ups with foreign companies.

Oil refining and chemical industry circles are almost certain that the Jap government will formulate its basic policy on a petro-chemical industry to elevate industrial productivity to a great extent.

Plans for various firms interested in petro-chemical industries are as follows:

1. Mitsui Petrochemical Industry—This was formed in July by eight Mitsui-affiliated firms, including the Mitsui Chemical Industry Company. It received authorization from the International Trade and Industry Ministry November 1 to carry out a polyethylene technical tieup with a West German firm. A plant will be constructed at the former Iwakuni navy fuel arsenal at a cost of ¥8,000-million. Under the first phase, the yearly production target is 3,600 tons.

2. Maruzen Oil Company—Facilities for the production of butanol with the aid of American technical know-how are under construction at the Shimozu plant in Wakayama Prefecture. The manufacture of butanol and other petrochemical products is planned from the fall of next year at the ¥600-million-plant. 171

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3. Mitsubishi Oil Company--Equipments are being put in at its Kawasaki refinery to turn out benzol and other products from 1957.

4. Japan Petrochemical Industry--Preparations are being made to build a plant at Yokohama for the manufacture of acetone and other products from August next year, at the earliest. The firm recently got under way with Yaichi Sasaki, president of the Japan Oil Company, as its head.

5. Sumitomo Chemical Company--It applied for Government approval on November 8 for a technical assistance contract concluded with the Imperial Chemical Industries of Britain to produce polyethelene. A ¥3,000-million plant is planned at Niihama, Ehime Prefecture. It is scheduled to be completed in 1958. The production goal is 5,500 tons a year.

6. Nippon Soda Company and the Asahi Electrochemical Company--Both firms will receive ethylene gas from the Tokyo Gas Company's Senju plant to use as raw material.

7. Mitsubishi Petrochemical Company (provisional name)--Three Mitsubishi firms, including the Mitsubishi Chemical Industries, are planning this composite petrochemical company.

Henry Platt Klein

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