

Upset for CFR in Japan

Prime Minister Ohira in trouble over parliamentary election setback

The best measure of the significance of Japan's recent elections, where Prime Minister Ohira's ruling Liberal Democratic Party suffered a crushing electoral loss in its fight to increase its control over the Lower House of Japan's Diet, can be found not in Tokyo but rather in the gloom the news has caused in policymaking circles in New York and Washington.

The Council on Foreign Relations elite expected and wanted a strong LDP showing that would give the LDP 271 seats, up from 249 seats. Such a show of force, the CFR hoped, would guarantee that Prime Minister Ohira, who enjoys strong support in both New York and Washington, would consolidate his rule over the LDP for at least two more years.

As the electoral results poured in from Japan on late Sunday night, it became clear that the CFR's scenario had backfired. Far from gaining 20 or so seats, the LDP lost a seat, dropping from 249 to 248, and the Japanese press was flooded with stories that Ohira was now facing the most serious crisis of his political life.

As of this writing, Ohira's political fate, as well as the future course of Japanese politics, is being decided in the backrooms of Tokyo. The situation is so volatile that while most observers feel Ohira will be able to retain his post as prime minister in a new government, the extent of his personal responsibility for the LDP defeat is so great that he may even be forced out of power. The depth of the Liberal Party's anger at Ohira was best expressed by former premier Takeo Miki, who angrily demanded that Ohira "take responsibility" and step down as prime minister. If Ohira does survive it will be largely due to the inability of the strongly anti-Ohira factions of the party to unify on one candidate to oppose him.

Equally worrying from Washington's point of view is not just the fact that Ohira is now weakened but the way he was weakened. Ohira became the most unpopular man in Japan over the past month by his insistence that, once the elections were over, he would enact a new value-added tax.

Ohira's commitment to the tax was understood in Japan as part of his attempt to implement an economic policy for Japan prescribed by the Brookings Institution. The plan hinges around both the lowering of

Japan's high-technology export market and the substitution of this market with a policy of artificially stimulating Japan's "internal market." For an economy already so heavily dependent on deficit bond flotation (over 40 percent of Japan's budget is currently financed via national bonds), the increased tax was deemed necessary by former Finance Ministry bureaucrat Ohira to avoid an even further dangerous increase in debt

Election results in Japan

The 1979 results are election totals. Since the results were announced, five independents have joined the LDP and five more are expected to do the same.

By party	1979	1976
Liberal Democratic Party	248	249
Socialist Party	107	123
Komeito	58	55
Communist Party	41	19
Democratic Socialist Party	35	29
New Liberal Club	4	17
United Social Democratic Party	2	3
Independents	11	7

By members of parliament	1979	1976
Tanaka	48	43
Fukuda	49	52
Ohira	47	32
Nakasone	39	42
Miki	30	33

The above chart shows the factional strength of the five major leaders of the LDP in light of the electoral results. The LDP has for years been organized around major leaders.

while bowing to Washington's demands.

Ohira's tax hike demand was denounced by over 80 percent of the LDP's own candidates as well as by Japan's big business federation, Keidanren. It was Ohira's tax stand, which even he himself was forced to modify late in the campaign, which is the single most important reason the LDP failed to do better in the vote.

The tax issue was so to speak the "straw that broke the camel's back" both in business circles and in the general public. Now, no matter what else happens, Ohira's political momentum has been shattered.

Shifts in foreign policy

Equally significant, Ohira in the past few weeks has also come under significant pressure to realign Japan away from Washington on foreign policy questions. The Japanese government's recent endorsement of Jordanian King Hussein's plan for a comprehensive Middle East peace (which occurred after Japan's Foreign Minister met Hussein at the UN in late September) is a reversal of the Ohira government's previous posture for a Camp David separate peace. Ohira's partiality to Washington's Camp David policy had threatened Japan's vital oil supplies from the Mideast.

Ohira has also been forced to back away from his Peking and State Department supported policy of keeping Japan-Soviet relations on the back burner. In the past few weeks Tokyo has gone out of its way to shore up its ties with the Soviet Union in careful avoidance of the Cold War atmosphere that has been coming out of Washington. The gains posted by the Japanese Communist Party, Japan's most nationalistic and both anti-Washington and anti-Peking party, which increased its parliamentary seats from 17 to 39, is another indication of the growing mood in Japan.

Despite this recent trend in Japanese foreign policy to restore a balance to Japanese foreign policy, there still remains a significant vacuum at the core of Japanese foreign policy, particularly regarding the European Monetary System. Ohira's predecessor government, that of Takeo Fukuda, had been a staunch supporter of the European Monetary System and European efforts to develop nuclear power and create the political condi-

tions to industrialize the Third World. But now, even the most anti-Ohira forces in Japanese ruling circles have continued to avoid a decision to support the new monetary system purely out of the fear of alienating the United States even further. This confusion over a positive foreign policy to replace Ohira's propitiation is most visible in the lack of unity inside the LDP itself over a clear anti-Ohira candidate.

This is not to say that all factions inside Japan are not acutely aware of the growing conflict between the EMS and the International Monetary Fund. As an Asahi Daily News special survey on the IMF conference at Belgrade noted, "Another matter for concern for the U.S. is that the European Monetary System has somehow or other managed to get started... Even the power of the U.S. is not enough to affect the EMS." Yet not one significant voice in Tokyo was raised in protest at the government's decision to endorse at Belgrade the U.S.-supported proposal to support the IMF's own reserve currency, the Special Drawing Right.

Despite that fact, the result of the election guarantees that Japan from here on in will be in a far better position to respond to the EMS motion than it was when Ohira's power went unchallenged. According to most observers, the weakening of Ohira will become apparent when (assuming he retains the premiership), he will be forced to give significant party and cabinet posts to his factional enemies in the name of "party unity." These enemies, most significantly the factions around former premiers Fukuda and Miki, have in the past shown themselves far more open to taking an independent policy stand away from Washington.

The weakening of the U.S. grip over Japan which occurred last week was best reflected in an October 11 editorial on the elections in the New York Times. According to the Times, "Americans think Japan should be redressing the balance (of payments) by admitting more foreign goods, consuming more at home and spending more for national defense and foreign aid. But these steps would require strong political leadership." The Times then bemoans the fact that Ohira's weak showing makes such a result impossible. The "predictable result" of the election on U.S.-Japanese relations "will be continued tension."