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## Japanese Elections

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# Kaifu II—but still no government

by Uwe Parpart

Following the Liberal Democratic Party's surprisingly large margin of victory in the Feb. 18 lower house elections, Prime Minister and LDP president Toshiki Kaifu, on Feb. 27, was reelected to his office by 286 out of a possible 512 lower house votes, reflecting the LDP's somewhat reduced, but still comfortable absolute majority.

In the general election, the Japan Socialist Party (JSP) of Takako Doi had increased its strength from 85 to 136 seats, but principally at the expense of the smaller Komei, Democratic Socialist, and Communist parties, which between them lost a total of 33 seats. Clearly, in spite of money and sex scandals embroiling leading LDP members through much of last year, Japanese voters opted for continuity rather than Socialist Party experiments.

Still, despite his hard-fought and hard-bought (over \$300 million) election victory, Mr. Kaifu is widely regarded as only a transitional prime minister. He belongs to the LDP's smallest (Komoto) faction, represents no particular domestic or international policy direction, and will likely be replaced by one of the party's "old guard" leaders this coming autumn—or earlier, if he encounters serious difficulties in domestic budgetary questions or upcoming trade and security relations negotiations with the United States.

Waiting in the wings is former Foreign Minister Shintaro Abe, whose LDP faction made significant gains in the Feb. 18 elections, increasing its numbers to 62 lower house members and moving up from fourth to second place in factional rank. The Nakasone faction, now under the new leadership of Michio Watanabe, dropped from second to fourth place, the group of former finance minister Kiichi Miyazawa is third, and ex-Premier Noboru Takeshita's faction (the old Tanaka faction) stays in the lead.

suffered an embarrassing defeat in upper house elections, Mr. Takeshita promoted Mr. Kaifu as a "Mr. Clean," charged with rebuilding the LDP's tarnished image; that job is done now, and, unless a rumored serious illness keeps Mr. Abe on the sidelines, he will accede to the premiership in the course of this year.

The Kaifu II cabinet, presented to the public on Feb. 28, while including 10 newcomers among 18 cabinet ministers, nonetheless also underlines the transitional nature of the undertaking: Retained from Kaifu I were Foreign Minister Taro

Nakayama, an international economics expert, and Finance Minister Ryutaro Hashimoto of the Takeshita faction. Flanked by the new Ministry of International Trade and Industry (MITI) appointee, Mr. Kabun Muto, whose international business experience will be called upon in trade negotiations, they make a team, which has the task of seeing the government budget through parliament and concluding the Structural Impediments Initiative (SII) talks with the U.S. before the early summer G-7 Economic Summit. Mr. Kaifu will represent Japan at that summit, and the end of the summit may well mark the end of his tenure as prime minister.

At the time of this writing, on March 3, Mr. Kaifu is beginning his discussions in Palm Springs, California with President George Bush, with SII and the United States's \$50 billion trade deficit with Japan on top of the agenda. According to Mr. Linn Williams, Deputy U.S. Trade Representative and head of the U.S. SII delegation, "The major reason for a meeting on such an abbreviated schedule is the trade issue, and the sense of a lack of movement, based in some part on a lack of political guidance. That is a primary reason why President Bush wanted the meeting now instead of two months from now."

### U.S. seeks to exploit weakness

It appears that the Bush administration has spotted a "window of opportunity": A weak Japanese prime minister is being called on the carpet and will be asked for concessions. Aside from rectification of trade imbalances, which largely reflect the decrepit state of U.S. industry, Mr. Kaifu will, of course, also be called upon to assure the continued flow of Japanese capital into the United States and refrain from the temptation of redirecting these capital flows into Europe, a possibility Mr. Kaifu explored during his early January trip to the EEC nations as well as to Poland and Hungary.

It is well understood in Washington that under the leadership of a strategically more astute and potential near-future Prime Minister Abe, easy bailout deals with Japan for the U.S. economy may be more difficult to come by. Just in case the Japanese government might not fully understand the Bush administration's desires, U.S. Secretary of Defense Richard Cheney during his recent Tokyo visit surprised his hosts with the announcement that "I cannot overemphasize the importance of success of the SII." No misspelling involved—he meant SII, not SDI.

The most worrisome aspect of Kaifu II to many Japanese observers is that after 18 months of scandals and inaction, it will be at least another six to nine months before Japan will have a government capable of decisive international action. Fast-moving events in Eastern Europe and a widely expected renewed and relatively near-term world financial crisis make this intolerable. As one analyst put it, "at an historic juncture, we have no government, no foreign policy—by default, our foreign and economic affairs are being conducted by our trading companies and stocks and bonds salesmen."