Dismissal of Japanese foreign minister may spark political turmoil

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Populist foreign minister Makiko Tanaka's dismissal from the Japanese cabinet last week augurs a new round of factional in-fighting within the ruling Liberal Democratic Party (LDP) and a realignment of the political establishment as a whole.

Tanaka's removal nominally stems from an allegation that she lied to the Diet, the Japanese parliament. On January 24, she claimed that her administrative vice-minister Yoshiji Nogami informed her that the LDP factional powerbroker Muneo Suzuki had pressured foreign ministry officials into banning an aid worker from attending the recent international conference on Afghanistan in Tokyo.

Suzuki and Nogami denied the charge and publicly accused Tanaka of lying. In the following days, the Diet was dominated by accusations and counter-accusations that disrupted deliberations on a $19 billion emergency budget package. After meetings with senior LDP factional leaders, Prime Minister Junichiro Koizumi sacked both Tanaka and Nogami in the early hours of January 30 and had Suzuki step down from his post as the head of a parliamentary committee. He claimed that the move was necessary to enable the budget to be passed.

Far more is involved, however, than short-term political expediency on the part of Koizumi. Tanaka's exit has been in the offing since the September 11 attack on the US. She was prevented from attending an Asian foreign ministers' meeting, the G8 ministerial meeting, the UN General Assembly and the World Trade Organisation summit in Qatar. According to some reports, she was even excluded from cabinet meetings. Her only prominent action was a visit to Pakistan, where she toured a refugee camp. Tanaka, in other words, has been minister in name only, with decisions being made elsewhere.

Behind this state of affairs has been a steadily widening divergence over economic and foreign policy within the government.

The Koizumi cabinet, which was formed last April, has been an alliance between disparate layers within the LDP, ranging from Koizumi's ultra-nationalist Fukuda faction to so-called independents such as Tanaka. They came together with strong support in the media to oppose the powerful Hashimoto faction, which dominated the government throughout the 1990s, and to push for the free market restructuring of Japan's debt-ridden and stagnant economy.

Tanaka's backing for Koizumi—a factional careerist she once derided as a "weirdo"—was a critical factor in rallying rank-and-file LDP members behind his bid to become party leader. The daughter of former Japanese prime minister Kakuei Tanaka, she rapidly earned attention after entering the Diet in 1993 by scathing public denunciations of the LDP factional system and the inability of successive administrations to revive the economy. By the end of the decade, opinion polls consistently registered her as the country's most preferred prime minister. She has been touted as the potential Margaret Thatcher of Japan and encouraged in some circles to split from the LDP and form a new opposition party.

The alliance between Koizumi and Tanaka began to break down almost as soon as the new cabinet was formed. Koizumi's much talked about economic restructuring agenda has never gotten off the ground. Japan has slumped into its third recession in 10 years. Corporate bankruptcies and unemployment are at record highs, while exports, investment and share values are falling.

Under these conditions, Koizumi has backed away from his promise to eliminate the bad debts from the banking system within three years due to fears it would plunge the country into depression, push up joblessness and poverty levels even further and undermine political support. Bank reform would involve bankrupting thousands more companies which have no means of meeting debt obligations by expanding trading. Millions of jobs would be lost and the primary beneficiary would be foreign companies seeking to strengthen their position in the Japanese market.

Far from decreasing, the level of non-performing loans held by the banks has risen. *Financial Times* commentator David Pilling who is generally an advocate of banking reform, has been forced to concede it is unlikely to take

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place. On January 28 he noted: "The banks and the real economy have thus become locked together in a downward spiral, making it hard to fix one without repairing the other. It looks increasingly likely that the government will soon have to spend another round of taxpayers' money to recapitalise the banks."

Koizumi's commitment to cut government spending has also been largely abandoned in the face of demands within the LDP for stimulus packages, assistance for business and state bailouts for the banks. His privatisation plans have collapsed. The LDP factions have agreed to the sale of just four of the country's 74 state owned companies. Tanaka has consistently urged Koizumi not to buckle to what she calls the "resistance forces" inside the LDP and to press ahead with radical restructuring measures.

Koizumi's government is beginning to resemble previous LDP administrations that failed to implement restructuring pledges. It has lurched back toward protectionism. Throughout last year it engaged in a trade war with China, attempting to block lower cost Chinese producers from selling into the Japanese market. Over the past months it has done little to prevent the value of the yen falling sharply. The falling yen has provoked accusations in the US and China that Japan is attempting to bolster exports at their expense.

Koizumi's response to growing signs of economic downturn has been to stoke up nationalism and revive Japanese militarism in order to divert attention from the growing social tensions. Disregarding strong opposition from China and South Korea, he defended the publication of right-wing nationalist textbooks and visited the Yasukuni war shrine where convicted Japanese war criminals are interred. Since September 11 he has aggressively aligned Japan with the US war drive and rushed through legislation bypassing the constitutional restraints on the use of the armed forces.

The Japanese navy is currently taking part in actions with the US in the Indian Ocean and Koizumi is preparing new legislation to enable military operations in and around Japan. Relations with China and North Korea have deteriorated as a result of Koizumi's militarist push. Last year in December, both countries expressed alarm when the Japanese Coast Guard sunk an alleged North Korean spy boat in waters claimed by China.

Tanaka has increasingly come into conflict with Koizumi over the orientation Japan should take, particularly in relation to the Bush administration's aggressive, unilateral assertion of US interests. Whatever agreement they may have had on economic matters, on foreign policy Koizumi and Tanaka reflect the views of different sections of the ruling class. Koizumi speaks for a layer who, at this point, still see a close alliance with the US as the means of asserting Japan's strategic and economic ambitions, particularly against challenges from China. Tanaka represents those who question the continuation of Japan's postwar security dependence on the US and are agitating for a far more independent stance in Asia.

These basic policy differences, not her alleged emotional instability, explain Tanaka's erratic conduct as foreign minister. Ministry bureaucrats have sought to undermine her by leaking confidential memoranda expressing her concerns about the US national missile defence system and her dislike of Bush administration figures. Publicly Tanaka has criticised the slow pace of economic restructuring, opposed Koizumi over the textbook and shrine questions and supported Taiwan's reunification with China. Ultimately, her continued presence in the government was untenable.

Her dismissal comes at a time when the reckless nature of the US administration, exemplified by Bush's State of the Union address, has heightened fears among the ruling elite that Japan's interests could be compromised by Koizumi's support for Washington. The *Asahi Shimbun* described Bush's speech, particularly the naming of Iran and North Korea, as "worrying, tough, hard-line rhetoric", which has "dashed any hope for better US ties with these countries" and revealed Bush's "alarming belief in military might". The *Mainichi Shimbun* warned that the "global initiative [was] falling increasingly into the hands of the US and its European allies".

Tanaka's sacking could become the starting point for a move against Koizumi's administration. The stock market plunged below the 10,000 point level for the first time since September 11 due to investor perception that it made economic restructuring even less likely. The cabinet's approval rating has plummeted from 77.8 percent to 46.9 percent as Tanaka's social base among layers of the urban middle class reacted with hostility to her removal. Tanaka has already been invited to join the main opposition party, the Democratic Party of Japan (DPJ), and there is speculation she is in discussions with Ichiro Ozawa, the leader of the rightwing Liberal Party.

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