

What's Behind The Cabinet Shakeup?

Japanese Prime Minister Takeo Fukuda's announcement last week of a near-total reshuffle of Japan's cabinet had been long anticipated as an important signal of what kind of policies the new government will pursue, especially in regard to the difficult trade negotiations Japan is now facing with the Carter Administration.

Japanese cabinets are never simply appointed by the

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Prime Minister, but reflect an intricate process of negotiations between both the various factional groupings inside the ruling Liberal Democratic Party (LDP) itself, the business community and, to a slightly lesser degree, the country's powerful government bureaucracies to achieve some degree of "consensus" on the new government's policies. Fukuda's new cabinet is no exception to that rule.

What is most striking about Fukuda's new government is the clear influence Japan's top business leaders (collectively termed the "zaikai") had on its formation.

The zaikai has been long arguing for a policy of granting certain real economic concessions to the United States, particularly by simplifying Japan's complex system of "indirect tariffs" and other bureaucratic obstacles to free trade. Japan's business community, led by Toshio Doko, the president of the country's main business federation, has, at the same time, taken an emphatic stand in favor of economic growth, the rapid development of advanced technologies — in particular fission and fusion power—and a strong push for strengthened economic ties between Japan and both China and the Soviet Union. These business leaders totally oppose the attempts of U.S. Special Trade Negotiator Strauss's office to force Japan to restructure its economy along low-growth lines.

Striking as well are the simultaneous moves taken by Fukuda to consolidate his position within the LDP against low-growth supporters of LDP Secretary General Ohira, by ending an intra-party feud with the faction of fusion-power advocate Yashuhiro Nakasone.

Three of Fukuda's four new ministers specifically in charge of economic affairs directly reflect zaikai thinking. They are Toshio Komoto, the new head of the powerful Ministry of Trade and Industry (MITI); Kiichi Miyazawa, new chief of the Economic Planning Agency; and Nobuhiko Ushiba, who will head a new post as Minister in charge of External Economic Affairs.

Both Ushiba and Miyazawa are highly skilled diplomats, and considered top experts in dealing with the United States. The appointment of both men is a clear

signal that Japan is fully willing to engage in serious trade negotiations with Washington.

Komoto is also highly regarded as an "internationalist" politician. However, Komoto's elevation to MITI head is due to widespread zaikai demands on Prime Minister Fukuda to personally drop his own extreme fiscal conservatism and pursue an active high-growth policy. Komoto, a firm supporter of former Prime Minister Takeo Miki (Komoto was head of MITI in Miki's cabinet), had been the major spokesman for business demands inside the LDP and was Fukuda's main economic critic. Himself a businessman who heads a major shipping company, Komoto's role in MITI will be to push for increasing domestic demand by expanding Japan's electric power industry, especially nuclear power. It was Komoto who first proposed that Japan reduce its surplus with the United States by offering to purchase a billion dollar's worth of U.S. uranium stockpiles.

The return to government of men like Komoto, Miyazawa, and Ushiba (Japan's ambassador to the U.S. during the Nixon era) will strengthen those forces both in the U.S. business community and in Washington who want to maintain friendly relations with the United States' number one ally in the Pacific and weaken the "extremists" in the U.S. cabinet like Vice-President Mondale, Treasury Secretary Blumenthal, and Special Trade Negotiator Strauss, who are using the protectionism issue against Japan as a smokescreen for their actual policy of manipulation against the dollar.

The influence of Komoto in the Cabinet will further weaken the hold of such bureaucrats as Fukuda and Japan's new Minister of Finance Tatsuo Murayama, a long-time Finance Ministry technocrat and low-growth cothinker of Fukuda's. Japan's Kyodo wire service reported that most business leaders hope Murayama would "brush aside such bureaucratic thinking"; one knowledgeable Japanese observer commented that "Komoto will have more influence than the Ministry of Finance" in the new cabinet.

The Fight Inside the LDP

Fukuda's shift toward a more industrialist-centered government stemmed from the need to greatly improve his own ties with industry and to prevent a group inside the party led by current LDP Secretary General Masayoshi Ohira and elements of former Prime Minister Tanaka's faction inside the LDP to dump him and put Ohira in as the new premier.

Ohira is now being strongly backed by Peking, which is trying to discredit Fukuda politically, denouncing him for wrecking Japan's ties with China by his refusal to immediately sign an anti-Soviet peace treaty with Peking. Before the Cabinet reshuffle, Ohira and Fukuda

held a bitter four-hour meeting in which Ohira tried to prevent Fukuda from changing both the cabinet and the top leadership of the LDP at the same time. Fukuda ignored Ohira and shifted Komoto from his post on the LDP executive board to MITI. Even more significant, Fukuda appointed Yasuhiro Nakasone, probably the leading advocate of nuclear fusion power inside the LDP, to one of the party's three top executive posts. Nakasone supporters also received such important posts as head of the new Construction Ministry in the new cabinet.

Until now, Fukuda and Nakasone have been bitter political rivals. The new alliance between the two is one

more signal of the increasing strength of the growth-oriented elements inside the new government which guarantees that the LDP will enter the elections in 1978 with a strong, fairly stable coalition backing the Prime Minister.

Thanks to that fact, Fukuda now has a great deal more breathing space to resist the pressures from Ohira and his Chinese supporters. In return for that, however, the Prime Minister has paid a price. From now on, it won't be Fukuda but the zaikai itself which will be calling a lot of the shots from Tokyo — starting with the composition of the new cabinet.

How The New Cabinet Lines Up

Here, the new Japanese cabinet ministers and the faction each minister is associated with. Traditionally the ruling Liberal Democratic Party has been subdivided into factions, each grouped around a prominent party leader. While the factions have been formally dissolved as part of a recent series of party reforms, they continue to play a significant role in political affairs.

<i>POST</i>	<i>APPOINTEE</i>	<i>FACTIONS</i>
Prime Minister	Takeo Fukuda	—
Justice Minister	Mitsuo Setoyama	Fukuda
Foreign Minister	Sunao Sonoda	Fukuda
Finance Minister	Tatsuo Murayama	Ohira
Education Minister	Shigetami Sunada	Nakasone
Health and Welfare Minister	Tatsuo Ozawa	Tanaka
Agriculture-Forestry Minister	Ichiro Nakagawa	(Independent)
International Trade and Industry Minister	Toshio Komoto	Miki
Transport Minister	Kenji Fukunaga	Ohira
Posts and Telecommunications Minister	Yasushi Hattori	Ohira
Labor Minister	Katsushi Fujii	Miki
Construction Minister	Yoshio Sakurachi	Nakasone
Home Affairs Minister	Takenori Kato	Fukuda
Chief Cabinet Secretary	Shintaro Abe	Fukuda
State Minister	Sakonshiro Inamura	Mizuta
Director General, Administrative Management Agency	Seijuro Arafune	Shiina
Director General, Defense Agency	Shin Kanemaru	Tanaka
Director General, Economic Planning Agency	Kiichi Miyazawa	Ohira
Director General, Science and Technology Agency; Chairman, Atomic Energy Commission	Tasaburo Kumaga	Fukuda
Director General, Environment Agency	Hisanari Yamada	Tanaka
State Minister for External Economic Affairs	Nobuhiko Ushiba	(No faction)