

then,
creases at least 3 percent.

The SNPMI, the association of small and medium-sized industries which backed Mitterrand's candidacy, now stands in opposition to everything the government does.

Minister Laurent Fabius at the recent Socialist Party convention in Valence testified to the change in mood.

As the crisis intensifies domestically and internationally, the unions will be forced to oppose the government as the latter forces austerity and slashes living standards. The major gains made by the generally oppositional union, Force Ouvrière, (left-wing trade union confederation) are eloquent testimony of things to come.

Mitterrand is in a hurry. He must smash institutions, reduce the opposition, divide the enemy, get control of the nation before the crisis gets out of control.

Mitterrand's race for power has been slowed by the Senate, which has adopted a strategy of constitutional resistance.

the constitutional power bases left to the opposition. When overruled by the National Assembly, the opposition-dominated Senate will have the Court as a final recourse.

Senate and Court, he would plunge into unconstitutional illegality.

The opposition is greater than he imagined. modern nations cannot be reshaped in six months; ism is not so easily reversible.

rand launched in early fall a scorched-earth policy. The police were purged, and were put under systematic permanent attack by Mitterrand's Interior Minister Defferre.

and in some cases, criminality. ment completely alienated the national police force of France, one of the best of the world.

parts of the police had reason to wonder at government policy when youth gangs were permitted to riot in the Lyons area by the government, which forbade the police to vigorously intervene.

At the same time, implicit support for Armenian, Latin American, and other varieties of terrorism has made the security forces furious:

attempting to destroy the state are free today to roam the streets seeking revenge.

onstrated against Defferre in Lyons three weeks ago has the government realized the full extent of the malaise. And the abolition of military security and military police has led to similar insecurity within the army.

The programs of the zero-growth utopians around Mitterrand can only be implemented in full under a dictatorship.

but clumsily.

creating new resistance.

JAPAN

Cabinet reshuffle strengthens Suzuki

by Richard Katz

Japanese Prime Minister Zenko Suzuki—who has condemned Federal Reserve Chairman Paul Volcker's high interest rates more than any other head of state—reshuffled his cabinet Nov. 30 in a fashion that strengthens his administration's ability to continue opposing Volcker.

In particular, faction of former Prime Minister Takeo Fukuda within the cabinet,

five major factions within the ruling Liberal Democratic Party (LDP). Fukuda is widely believed to be the "elder statesman behind the throne" who advised Suzuki on many of the foreign policy initiatives taken since this spring:

Helmut Schmidt in opposing Volcker; support for industrialization programs in the developing countries,

Card and provocative posture toward the U.S.S.R.

The success of the reshuffle means that Suzuki is very likely to be re-elected as LDP President and thus Prime Minister this coming fall, destabilizes his regime.

The most important single shift in the regularly scheduled midterm reshuffle was the replacement of Foreign Minister Sunao Sonoda by Yoshio Sakarauchi. Sonoda's style was an unusual bluntness in criticizing what Tokyo regarded as mistakes by Washington. He had been suddenly appointed last May when Suzuki dismissed Foreign Minister Ito and reversed Ito's policy of bowing to Washington even on mistaken policies. At the time of Sonoda's appointment, told *EIR*, "Sonoda was appointed because he talks big and will 'tell off' Washington. Then he will be replaced by a negotiator."

The person is Sakarauchi. A 69-year-old party politician who previously served as Minister of International Trade and Industry (MITI) and in the powerhouse post of LDP Secretary-General, he is known as a "fixer", much like Suzuki himself. He is expected to apply his talents to trying to "patch things up" with Washington,

while still holding onto policies that Tokyo believes are in its national interest and the interest of long-term U.S.-Japan partnership.

One mark of the reshuffle's success, at least from Suzuki's point of view, Haig and Volcker, led by the *Washington Post* and the Morgan-owned New York *Journal of Commerce (JOC)* immediately raised alarms at both the reshuffle and Suzuki personally. The *JOC* reserved its most venomous criticisms for the reasonable statement of Economic Planning Agency Director Toshio Komoto that the precondition for resolving trade disputes is economic expansion. Komoto, a faction leader who was retained during the reshuffle, is Japan's foremost public opponent of both Volcker and the low-growth Club of Rome ideas favored by Volcker, Haig and Treasury Secretary Donald Regan. Komoto had served as Suzuki's chief adviser at the October North-South summit in Cancún, Mexico.

Prior to the reshuffle, the Haig-Volcker-Regan faction tried to destabilize Suzuki. Beginning with Haig's advice to Reagan to refuse Suzuki's request for a personal meeting at Cancún, this faction used defense and trade issues to try to create the impression that U.S.-Japan relations would be damaged unless the reshuffle produced a cabinet which supported their own policies.

Haig's deputy Walter Stoessel warned in Tokyo that Congress would link the defense and trade issues. Heritage Foundation-linked Sen. Jesse Helms (R-N.C.) circulated a memo which personally defamed Suzuki and Sonoda as "leftists" and proposed threatening Japan with "trade reprisals" unless Japan did "more" on defense.

Donald Regan next went to Tokyo to warn of trade reprisals unless Japan lowered its trade surplus with the United States, which could hit \$15-\$17 billion this year. Suzuki and Komoto repeatedly pointed out that, while Japan restrained its exports in particular a 10 percent absolute drop in auto shipments to the United States, the major cause of the overall trade imbalance is the disruptive currency, trade, and investment effects of Volcker's high interest rates. The administrations's escalated rhetoric on the trade issue, according to a Senate Finance Committee source, led to an unleashing of protectionist sentiment on Capitol Hill. This in turn produced a sense of a U.S.-Japan trade crisis right before the reshuffle.

A balanced coalition

The Haig-Suzuki-Volcker faction hoped their tough tactics would lead either to a knock-down, drag-out fight that would destabilize Suzuki, or at least result in greatly increasing the power of the Kissinger-associated Japanese politician Susumu Nikaido. Nikaido did in

fact get the powerful job of LDP Secretary General. However, Nikaido obtained this post as part of a carefully designed all-faction cabinet. His power is being kept within bounds.

The overall character of the cabinet is a balance in the fashion of what the Japanese regard as "national-interest consensus." The 21 posts are divided as follows: four each for the most important factions of Suzuki, former Prime Minister Kakuei Tanaka and former Prime Minister Takeo Fukuda (an increase of one for Fukuda);

Yasuhiro Nakasone and Toshio Komoto; nonfaction ministers. Fukuda increased his power (and thus policy influence) not only by obtaining the powerful MITI minister's post for his "crown prince," Shintaro Abe, but also by taking away the powerful patronage-loaded Construction Ministry from the Tanaka faction, and obtaining one of the three LDP executive posts for his faction.

The cabinet is also heavily loaded with men known as party politicians rather than former Ministry bureaucrats.

tend more than Foreign Ministry bureaucrats (for example), to balance what they regard as national interest with the ever-present need to maintain good ties with Washington whenever the two goals conflict.

Haig's trade-war response

The Haig-Volcker-Regan faction's response to the reshuffle was seen immediately at the Dec. 1 Senate International Trade Subcommittee hearings on trade and the auto industry. Unprecedentedly harsh attacks on Japan's successful

the three administration witnesses:

of State Robert Hormats (a Carter holdover), Commerce Undersecretary Lionel Olmer (a Kissinger holdover), and Deputy Special Trade Representative David Macdonald. Hormatz and Olmer in particular tried to promote the impression that U.S. exporters' inability to get equal market access in Japan on some items was the major cause of America's trade deficit with that country, a ludicrous proposition never before advanced. Hormatz and Olmer, echoing a notorious Carter-era speech by the former, demanded that Japan virtually restructure its entire domestic economic and business system, i.e., the system Suzuki represents. Ironically, this system was created by Japan in the 1870s and 1880s on the model of the economics of Alexander Hamilton and Abraham Lincoln.

Fired up by weeks of administration-led crisis-mongering, Sens. Robert Dole (R-Kans.) and John Danforth (R-Mo.) then threatened to legislate measures including a special tax on Japanese products sold here, unless Japan "opened its markets." Under the guise of trade frictions, a political assault has been launched.