
Japan

Summit may have ruined Nakasone

by Linda de Hoyos

Japan is postponing its decision on participation in the U.S. Strategic Defense Initiative, Foreign Minister Shintaro Abe announced May 13. The discussions of leading cabinet members and military leaders—to deliberate on the reports of Japan's third and largest delegation to the United States to investigate the SDI program—failed to reach a final decision, although the delegation had returned with their thumbs up for Japan's strategic commitment to the SDI.

The displacement of the SDI to the "back burner" in Japan is a direct result of the Tokyo summit of the heads of state of the OECD nations, May 4-6. At that summit, the Reagan administration "sunk" the chances of Prime Minister Yasuhiro Nakasone to succeed in his bid for a third term, and "sunk" with him the chances for an early decision on the SDI. Just before the summit, in an interview with NHK television May 2, Nakasone issued his own personal commitment to the SDI, saying: "What is called SDI is . . . a new weapons system that opens the way to ending nuclear weapons. . . . Mr. Reagan is trying to create such a system. He is saying that when it becomes available, he will show it to the Soviet Union and tell them to have the same thing. When both sides have it, they will eventually dismantle their nuclear weapons. The SDI is thus dedicated to an ideal."

Although the betrayal of Prime Minister Nakasone, at the hands of the Reagan administration and with the acquiescence of President Ronald Reagan, is far less dramatic than that administration's betrayal of Philippines President Ferdinand Marcos, the premises of the policy were the same: forego all strategic considerations to enforce the Trilateral Commission economic policy, on behalf of the New York and allied banks, no matter the consequences to the allied nation.

In the case of Japan, the State Department—as if acting on orders from Moscow, which has howled with rage at the prospects that Japan might become involved in the SDI—has been waging a protectionist trade war against its export industries and against its currency, the yen.

The tenor of U.S. economic policy toward Japan was put forward aptly enough by Trade Representative Clayton Yeutter before the summit: "Japan is playing a very dangerous game in the conduct of international law. A nation cannot be all exports and no imports. Something has to change, and if it isn't done voluntarily with Japan, it will inevitably provoke

protectionist responses from some of its trading partners." In late April, Sen. Jay Rockefeller (D-W.Va.), demands of the State Department, recommended that Japan become an "import-consuming society"—a call to turn Japan into the same kind of industrial scrapheap as the United States. The Japanese people should spend more, save less, and import more goods, he said. "The pressure, the protectionist bills that have been put out [by the U.S.]," a kiss of death, "have gotten through to Japan's Prime Minister at least."

The free fall of the dollar over the last months, putting a plug on the flow of Japanese exports, has brought the economy "to the point of no return," in the words of one Japanese observer, as manufacturing firms and export companies go belly-up in the face of decreasing orders. The yen went as high as 164 to the dollar, with Don Regan's Merrill Lynch citing 135 as the still higher rate desired. Aside from the trend for yen revaluation, the fluctuations alone have wreaked havoc on trading.

With Nakasone's failure to impress his colleagues at the summit with the necessity to stabilize currencies, Japan's banking and corporate leaders have reportedly withdrawn their support for him. According to Kyodo news service, corporate leaders had a "deepened apprehension over the future direction of the yen as a result of the summit talks." Rectifying the yen's high exchange rate, said Yutaka Hirata, president of Unitika, Ltd., "is a life or death matter." Prime Minister Nakasone in the view of these leaders, must take responsibility for the summit's failure. The corporate community's view is expected to "kick off a general reaction" in the ruling Liberal Democratic Party against the prime minister.

The summit, therefore, has killed Nakasone's plan to dissolve parliament and press for general elections along with the Upper House elections scheduled for this June. This was Nakasone's only chance to remain in power for a third term—by outflanking the LDP leaders opposed to his tenure with a clear victory in general elections. Despite the problems with the economy, Nakasone has enjoyed increasing personal popularity, the result of his insistence that now, 40 years after the defeat in World War II, Japan begin to take its place as a leader in world politics, in keeping with its economic achievements.

The crucial turning point now for Japan will be the Upper House elections, slated for June. If the LDP wins a strong showing in those elections, according to a well-placed Japanese observer, then Nakasone will stay in office until LDP party elections in late October (the LDP president automatically becomes the party's candidate for prime minister). That case, a decision on the SDI will be likely before Nakasone steps down next winter. If, however, the LDP registers a poor showing, then Nakasone will be forced to leave office immediately, and a caretaker government will take over. In that case, the decision for Japan's participation in the SDI "might become extremely difficult."