

Japan shakes and the world shivers

Remors are beginning to be felt deep below the mighty edifice of Japan Inc. So far, they're only little ones. Hardly enough to even cause ripples in a cup of green tea. But sufficient to make us begin thinking about the unthinkable: Could Japan's ruling party be collapsing?

"So what?" many outsiders will reply. "Who cares about the obscure byways of Japanese politics or the fate of the Liberal Democratic Party (LDP). They're as interesting as watching a kabuki triple-feature."

Wrong. We should care, and very much. The LDP has ruled Japan, with one brief exception, since 1945. In reality, Japan has long been a one-party state. Japan's emergence as the world's leading trade and financial power is due in good part to the LDP's credo: What's good for Japanese business is good for Japan. Without the political stability, nurturing and continuity provided by the LDP, Japan could never have achieved its economic miracle.

But staying too long in power makes political parties corrupt and effete. This has happened to the LDP.

Japanese politics runs on business contributions. It's normal in Japan to bribe politicians and parties. At least until the Recruit scandal blew up.

Recruit was an up-and-coming firm that dished out money to just about anyone who seemed influential. Before going public, it made stock available to a bevy of leading politicians. When the issue appeared, the politicians made a bundle and a scandal erupted that outraged even cynical Japanese. In fact, as the Recruit affair unfolded, Japan's politicians began looking very much like a bunch of bribe-crazy Nigerian legislators. Three cabinet ministers have been indicted. Rumors



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are swirling that former prime minister Nakasone may go to jail. If so, he will join Recruit's chief and the head of Nippon Telegraph, Japan's version of AT&T, who was also involved in the scandal.

Last week, a red-faced Prime Minister Noboru Takeshita had to admit that his election campaign also got lots of money from Recruit. No wonder Japanese voters are fed up with the LDP.

Takeshita's popularity ratings have bathyscaped down to about 16%. Last week, the LDP was demolished in a provincial election. Worse, and more scarring, in another race an unknown Communist came within a sashimi slice of beating the LDP incumbent. This set off alarm bells all over Tokyo's financial district. What if the LDP collapsed and the opposition got into power?

Be calm, urged many political observers. Japan's opposition parties have been out of power so long they have become starry-eyed dreamers or extremists. Having no hope of gaining power makes parties promise all sorts of pie in the sky.

Fine, but what happens if the largest opposition party, the socialists, suddenly smells raw power in the air? It could very well temporarily adopt more moderate positions, just as West Germany's socialists have done. If

that happens, the LDP might simply absorb the socialists, or at least their left-wing platforms.

Maybe. The LDP is really a loose collection of political factions united under the banner of one party. In the past, the LDP has routinely sponged up serious political challengers. Yet things may be different this time. Voters are losing the old fear that if they didn't vote for the LDP the nation would starve. Many want a change from the worry LDP—which has grown so rotten it may collapse under its own dead weight.

So what will happen if the political rug is pulled out from under Japan? Chances are high that the result could be trouble. If the socialists get their act together and manage to win an election, whatever they do will threaten the continued prosperity of Japan Inc.—unless they transform into conservatives, as France's socialists seem to have done.

Anything that threatens to slow down the wheels of Japan Inc. will effect the rest of the world. Think, for good example, what a socialist victory would do to the Tokyo stock market. Or to Japan's super-heated real estate market. A blowout in either one would cause a worldwide financial panic that would make 1987's crash look like a Japanese tea ceremony.

Since much of the world, including Canada, now seems unable to function without Japanese capital, what happens in Tokyo should be of urgent interest to all of us.

Clearly, the LDP needs to purge itself, particularly of the elderly hacks who infest its upper ranks. But doing so would be un-Japanese. The alternative, however, may be even more un-Japanese if the socialists get in: Higher taxes, lower productivity, bigger government and—gasp!—a lazier Japan.