

Japan in Chaos Over Privatization Effort

by Kathy Wolfe

Japan's Prime Minister Junichiro Koizumi on Aug. 8 called elections for Sept. 11, after the Diet (parliament) rejected his "postal privatization," a set of bills similar to George Bush's Social Security deregulation. Koizumi's plan, written by the International Monetary Fund (IMF) and referred to by critics as "surgery without anesthesia," would privatize \$4 trillion in postal savings. This would put a chunk of Japan's \$14 trillion in savings within reach of Goldman Sachs, Citibank, and Fed Chairman Alan Greenspan, who want it to bail out their global debt.

But, as in the 1997 "Asia crisis," Japan's nationalist "Meiji reflex" kicked in, and 81 members of Koizumi's own ruling Liberal Democratic Party (LDP) refused to vote for the bills. Koizumi summarily dissolved parliament and called for a public referendum on privatization. Years ago, Koizumi vowed to destroy the LDP, and party leaders warn that he's doing just that, as the divided LDP could be smashed. Of the LDPers who voted against the postal bill, Koizumi tossed 37 rebels off the party slate, and is running anyone he can find against his former colleagues.

Unlike the back-room boys, who know Japan has already been forced to buy up almost \$1 trillion in U.S. debt with its savings, Japan's apolitical citizens are apathetic about the postal issue. Polls, however, suggest that two-thirds of voters oppose Koizumi's deployment of troops to Iraq—not to mention the furor were Dick Cheney and George Bush to demand that Japan join a nuclear war against Iran on the 60th anniversary of Hiroshima.

The platform of the main opposition, the Democratic Party of Japan (DPJ), includes pledges to withdraw troops from Iraq by December—following Spain, Poland, and Italy. Japan's elite is strongly opposed to war with Iran, numerous diplomats have told *EIR*, off the record. A new leader is likely to mend fences with China and both Koreas, with which Koizumi has destroyed relations. If the six-party talks with North Korea fail, and Washington seeks coercive sanctions, "we may not get a leader who is as cooperative as Koizumi," Thomas Berger, a Japan expert at Boston University, told Reuters Aug. 16.

'Anything Could Happen'

"The good news is that opposition to the neo-cons is growing in Japan, as shown in the revolt against postal privatization." This is similar to the revolt which Lyndon LaRouche

catalyzed inside the United States, a Japanese analyst linked to anti-Cheney networks in the Tokyo defense establishment told *EIR*. "But the bad news is," Japan in chaos, in a world in chaos, is prone to fascism. "The election crisis is hyper-unstable, anything could happen."

To form a government requires a 241 majority in the 480-seat Diet Lower House. On Aug. 8, the LDP and its Buddhist Komeito coalition partner, combined, had 283 seats; but Koizumi just fired 37 of them, and more may quit. Looked at the other way, the opposition DPJ had 176 seats. If it could win as few as 35 new seats and form a coalition with the 37 rebel LDPers, it would have 241 seats. The DPJ will field 290 candidates. Although it has ruled out a coalition with the rebels or the Buddhists, anything can happen. The polls show Koizumi and the DPJ neck and neck.

"Because a revolt is growing, we should expect the neo-cons to stage some incident," the source warned, either a financial scandal or even terrorism. In May, the source had warned of a serious incident such as the sarin gassing in 1995, which injured over 3,000 in the Tokyo subway. Now, he says, this is not as likely, because of the extensive exposure of the threat by him, *EIR*, and other networks this Summer. Although either could occur, he thought it more likely that financial scandals against Koizumi's opponents would be cooked up, a frequent method in Japan to cripple politicians. "DPJ President Katsuya Okada is almost as bad as Koizumi," he said. "His policies don't really differ much. Okada is close to Tony Blair, and he has said he wanted to model the party on Tony Blair." The DPJ, in fact "is entirely neo-con in basic orientation."

It's far from clear whether the DPJ can take power, or whether its economic policy is any better than Koizumi's, although after all this public exposure, it could not hand the public savings right over to Citibank as Koizumi planned to do. The DPJ platform, unveiled Aug. 16, does have a plan to halve the postal system balances during this decade, by lowering the limits on individual deposits, in the name of "smaller government." Their platform calls for expenditure cuts of 10 trillion yen (\$100 billion) by 2008.

The source said that the "old guard LDP," which is revolting against Koizumi, would be better, because it has a wider variety of people, including anti-neo-cons such as former Foreign Minister Makiko Tanaka, an advocate of strong trade ties with Russia and China. But Tanaka has also cussed out George Bush in public, so she can't take a high-profile role yet in conservative Japan.

Former lower house Speaker Tamiyuki Watanuki and former LDP Policy Research Chair Shizuka Kamei, leaders of the 37 rebels, announced Aug. 17 the formation of the New People's Party, but so far, they have convinced fewer than a dozen of the 37 to join them. Kicked off the LDP slate, rebels without a party are prohibited from buying TV time and many other activities. Many other rebels have gone instead to their local LDP chapters, leading them in revolt against Koizumi, which could further fracture the LDP.