

**Ozawa Ichiro as an Actor
in Japan's Foreign Policy Making***

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Perhaps many Japan observers would choose Ozawa Ichiro if they were asked to pick one single Japanese politician who attracted the most attention in the 1990s. It was Ozawa who broke off from the Liberal Democratic Party (LDP) in 1993, and played a leading part in bringing an end to the LDP's single-party dominance which lasted 38 years. Ozawa also handpicked Hosokawa Morihiro to head the fragile eight-party coalition government. Then, he upset the Socialist Party which left the coalition government, leaving the Hata Tsutomu administration as a minority government. When the Hata administration collapsed, the antipathy against Ozawa among the LDP and the Socialist members contributed to the establishment of the LDP-Socialist *Sakigake* coalition government under the leadership of the Socialist Prime Minister Murayama Tomiichi. For better or worse, Ozawa was the leading figure of the Japanese political scene in the 1990s.

Ozawa, however, was not only active in domestic politics but also in the foreign policy decision making. Ozawa was vocal about foreign policy, and he was consistent throughout the 1990s. He always put emphasis on a larger international role for Japan, and he pursued this objective. This paper focuses on Ozawa Ichiro as the main actor in foreign policy decision making in Japan.

US-Japan Negotiation under the Takeshita Administration (1987-89)

Ozawa enters the stage

Ozawa Ichiro appeared in the foreign-policy stage as deputy chief cabinet secretary in the Takeshita Cabinet. The previous prime minister, Nakasone Yasuhiro, appointed as his successor Takeshita Noboru, a well-known political insider and experienced finance minister. Nakasone, who failed to introduce the sales tax, wanted Takeshita to build on his efforts to introduce a new indirect tax.¹ Takeshita, in his first cabinet formation, appointed former Home Affairs Minister Ozawa as Deputy Chief Cabinet Secretary to strengthen the Prime Minister's Office for the introduction of the new tax. Takeshita was well aware that it was quite exceptional to appoint a former cabinet member to this position.² But Takeshita strongly needed Ozawa's negotiation and coordination skills and his experience in tax issues which Ozawa acquired under the Nakasone administration.

In the final stage of Nakasone's sales tax efforts, the opposition parties agreed to establish a new committee to discuss tax reform in return for the abolition of the sales tax. It was Ozawa who negotiated this agreement as Chairman of the Lower House's Rules and Administration Committee. Takeshita recalls Ozawa's role in the tax issue; "His negotiation skills were outstanding. . . . That was why I asked Mr. Ozawa to act behind the scenes."³ At the beginning of the Nakasone administration, Ozawa was appointed as director of the LDP General Affairs Bureau in charge of elections. In this position, he experienced three elections, and

learned about the electoral situation of each LDP member. Under the second and third Nakasone Cabinets, he became the Rules and Administration Committee Chairman in charge of diet operations. Here, he formed strong ties with opposition party leaders such as Yamaguchi Tsuruo of the Socialist Party, Ichikawa Yuichi of Komeito, and Yonezawa Takashi of the Democratic Socialist Party. Ozawa's appointment significantly strengthened the power of the Prime Minister's Office to negotiate with the LDP and the opposition parties.

With this experience, Ozawa met Takeshita's expectations. Ozawa's colleague and former administrative Deputy Chief Cabinet Secretary Ishihara Nobuo recalls; "Mr. Ozawa Ichiro was in charge of diet operations regarding the tax reform. He was very active, and never stayed in his own office. In particular, he exhaustively worked on persuading the opposition parties." ⁴ Ozawa helped Takeshita successfully to introduce the consumption tax. Under the Takeshita Administration, he also played an important role in managing US-Japan economic friction.

The construction market negotiations

In Spring 1985, US-Japan trade issues hit the headlines in both countries. Traditionally, US-Japan economic negotiations focused on Japanese exports to the US market. During this time, however, Americans were paying more attention to access to the Japanese market. In March 1986, American construction companies requested participation in the new Kansai International Airport project, starting a long series of bilateral

negotiations on the construction market. In order to participate in Japan's public construction project a corporation had to be licensed in Japan and had to have considerable construction experience in Japan as well. No US corporation met these conditions, and the Japanese government first rejected the American proposal. The issue was eventually brought to the September 1987 summit meeting between Prime Minister Nakasone and President Ronald Reagan.

After the Japanese government offered a compromise to make the Kansai Airport project an exception from traditional practice. For this project, the Japanese government accepted the principle that a company's experience in foreign countries would be counted as experience in Japan. Despite their satisfaction with the Kansai Airport deal, the US government demanded the same treatment for other public works projects such as the Tokyo Bay bridge, the Tokyo teleports, and the Kansai science city projects. The Americans further expanded their requests to include public corporations, local governments, and third sector projects (joint ventures between the private sector and local governments). Initially, the Japanese government rejected American demands, arguing that the national government should not violate the principle of local autonomy by intervening in local government projects. The Japanese government also argued that it would be reverse discrimination against domestic corporations if foreign experiences were counted only for foreign enterprises, and not for Japanese companies. Negotiations between Japanese and American officials became deadlocked.

In November 1987 when Commerce Secretary William Verity visited Japan, he met Minister of Foreign Affairs Uno Sosuke, and Construction Minister Ochi Ihei, and urged an early resolution of this issue. The construction market issue was very complicated, however. The director of the Ministry of Foreign Affairs' (MOFA) Second North America Division who was in charge of the bilateral negotiation recalls that:

The Japanese government was asked to secure access for foreign enterprises while maintaining the smooth operation of tens of thousands of public work projects. It was a very delicate matter.⁵

Prime Minister Takeshita Noboru who was planning to meet President Ronald Reagan in Washington, instructed Ozawa to seek a solution.

Ozawa held a series of meetings with high officials of MOFA, and the Ministries of Construction (MOC) and Transportation (MOT) to draft a Japanese counter proposal. Ozawa and his group came up with a plan to extend the special treatment as derived in the Kansai Airport deal to other specified large-scale public works projects.⁶ Prime Minister Takeshita proposed Ozawa's plan at the January 1988 summit meeting with President Reagan.

Negotiations by government officials followed the summit meeting, but the Japanese and American negotiators clashed again. American negotiators could not accept the Japanese nomination bid system, and demanded that the same treatment should be applied to all public works projects. Many US congressmen had a very negative view of the Japanese

construction market. They pointed to the fact that American companies won construction contracts in Japan valued at just one-tenth of what Japanese companies obtained in the United States. They believed that the imbalance was due to the bidding system which lacked transparency. Forced by congressional pressure, the US government invoked section 301 of the 1974 Trade Act against "unfair practices" by Japan. The deadline for retaliation was set at the end of March 1988 which moved the negotiations from the bureaucratic to the political level.

Bilateral negotiations restarted in mid-March. Ozawa who had been in charge of this issue on the Japan side was appointed as a representative of the Japanese Government, and visited Washington on March 24. It was quite exceptional for a Deputy Chief Cabinet Secretary to lead diplomatic negotiations; this duty was usually assumed by a cabinet minister of MOFA or a relevant ministry, in this case, MOC. This selection indicated the high expectations of Prime Minister Takeshita in relation to Ozawa's personal ability to negotiate. The US government appointed Deputy Trade Representative Mike Smith (of USTR) as their chief negotiator. This was also exceptional because the construction issue fell under the jurisdiction of the Department of Commerce, which often had conflicting views with USTR. A MOFA official commented, "This unusual appointment showed that the US government had a strong determination to achieve agreement over this issue."⁷ Ozawa showed firm determination of his own and he claimed that:

As a politician, I can show the bottom line. Bureaucrats often make gradual concessions not because of their negotiation

tactics but because of their fear of criticism as a reaction to compromise. As a result, negotiations take time without any concrete outcome. In the end, bureaucrats often fall back on "external pressure" as an excuse to persuade domestic constituents. This was the way that the government handled negotiations. Instead, I wanted to guide my counterpart to understand my thinking. I was also willing to make concessions to the furthest extent possible. If the counterpart could not accept what I had to offer, I was ready to break off negotiations. That was how I approached the situation.⁸

Ozawa told his American counterpart that he came to the session to reach an agreement and that he would not make a proposal if his counterpart was not willing to conclude the negotiations.⁹

This statement surprised Ambassador Smith. According to an American observer, "Americans considered his no-nonsense manner a refreshing contrast to the conventional Japanese foot-dragging and indirectness."¹⁰ Ambassador Smith was widely known as tough negotiator, and was very powerful at the negotiation table. Ozawa, however, did not bend, and refused some of Smith's counterproposals.¹¹ During the tough negotiations, a MOFA official observed that some kind of personal relationship was forming between Ozawa and Smith. They finally reached an agreement.¹² Smith stated that Ozawa "just got to the heart of the matter The negotiations had gone on for two years -- he and I reached an agreement in eight hours."¹³

After the negotiations, Ozawa became well-known to US government officials. Ozawa was seen as a tough negotiator whose logic was easy to understand. Once an agreement was reached, they believed that they

could count on him. According to a journalist Jacob Schlesinger:

From construction, Ozawa became the unofficial point man in the late 1980s and early 1990s for solving major nettlesome international economic disputes; he brokered deals with the US government ranging from beef imports to cellular phone frequencies to co-production of the so-called FSX fighter jet.¹⁴

The US-Japan telecommunication and FSX (Next Generation Supporting Fighter) negotiations deserve a closer look. Ozawa again represented the Japanese government, illustrating that he was the best political negotiator that Japan had.

FSX negotiations

Since the early 1980s, there was fierce competition between Japanese and American manufacturers over the procurements for the next generation fighter planes of the Self-Defense Force. While Japanese manufacturers called for domestic production, Americans lobbied for joint development and utilization of existing US-made fighter planes. Upon the request of American aircraft makers, the Reagan administration pressured the Japanese government on this issue. As a result, the Takeshita government decided to use the existing US fighter as a basis for joint development between the United States and Japan. In November 1988, a memorandum of understanding (MOU) was concluded between the two governments which had three points: 1) Japan would bear the entire cost of joint development; 2) The US would provide the technology of the F-16; and

3) US manufacturers would be in charge of 40% of the total development budget.¹⁵

This was not the end of the problem. One of the so-called Japan "revisionists," Clyde Prestowitz, wrote an op-ed piece in the *Washington Post* in which he argued that the aviation technology transfer to Japan would result in a commercial threat in the future.¹⁶ At the Senate confirmation hearings of the Secretary of State Designate James Baker in the beginning of 1989, hawkish senators such as Jesse Helms requested Baker to review the MOU. As Baker had to accept this request in order to be confirmed, the problem reemerged. In addition, the Department of Commerce also requested that the MOU be reviewed. Although this department was authorized to receive information on joint defense development programs under the 1988 National Defense Appropriation Act, its officials had not received any information on the FSX project, and they were skeptical¹⁷

The Department of Defense had been in charge of negotiating the MOU, and was in a position to defend it. It was itself in the midst of political turmoil, however, as the first candidate for the Defense Secretary's position, Senator John Tower was rejected at the Senate confirmation hearings. No leadership was available to defend the FSX deal between the two countries. On the other hand, the new Secretary of Commerce Robert Mosbacher called for renegotiations with Japan that would include the establishment of safeguards for technology transfer. On March 20, 1989, the National Security Council approved the request from the Commerce

Secretary. The Bush administration decided to renegotiate with Japan, in order to strengthen intellectual property rights protection on computer software and to clarify the production share of the jet fighters. Three days later, the Japan Defense Agency's Vice Minister Nishihiro Seiki came to Washington, and the negotiations began. His meeting with Secretary of State Baker did not result in an agreement. On April 17 during Baker's Japan visit, he negotiated with Japan's high officials, but could not come to a conclusion.

As the issue was deadlocked, Deputy Chief Cabinet Secretary Ozawa was appointed by Takeshita to be chief negotiator. In the words of Hojuyama Noboru, former Director of the Defense Facilities Administration Agency, Ozawa took over "the issue that nobody wanted to deal with."¹⁸ After holding a conference with related officials in the Japanese government, Ozawa flew to Washington to meet with Secretary Baker at the end of April. As Ozawa took the same "bottom-line" strategy as he did in the construction deal, an agreement was soon reached. Ozawa and Baker agreed that 1) the United States would be in charge of 40% of production, 2) some technology such as computer software for aviation control would be excluded from the technology transfer package from the US, and 3) Japan would provide the US with self-developed technology over this project. Many in the US government knew very well that Ozawa offered the best compromise for them, and were happy with the more clarified MOU, but Congress was not satisfied. The Senate passed a resolution to request that more conditions be attached to the MOU. President Bush vetoed this resolution, and the

veto was supported by a one-vote margin in the Senate.

Through this issue, Ozawa expanded his influence over the Defense Agency. His close relationship with the Defense Agency could be seen by the fact that Nagano Shigeto (a former Defense Agency official) and Tamura Hideaki (a former officer of the Air Self-Defense Force) became Diet members from Ozawa's Frontier Party (later the Liberal Party).

Telecommunication negotiations

The telecommunication negotiations began in 1985 as the cellular car telephones issue in the Market Oriented Sector Specific (MOSS) talks. In the mid-1980s, the Japanese market used the technical standard created by NTT. Motorola, a major American manufacturer of cellular phones, was eager to enter the Japanese market. The US company, however, was unwilling to modify its products to satisfy Japanese technical standards, and lobbied the US government to pressure Japan to accept its standards. As a result of the MOSS talks, market access was granted to Motorola with the exception of the Tokyo and Nagoya regions. At first, Motorola was satisfied with this result. But the company soon realized that the Tokyo and Nagoya markets were overwhelmingly large, and filed a formal complaint to the Bush administration that it was treated unfairly.

In April 1989, the US government insisted that the Japanese government must allow access to the Tokyo-Nagoya regions, otherwise the US government would impose economic sanctions based on Article 1377 of the 1988 trade act which allowed retaliation on a country violating trade

agreements with the United States. The Japanese government argued that since the MOSS agreement was to allocate markets geographically, there was no violation of the agreement. The US side, however, never changed its standpoint that exclusion from the Tokyo market was unfair. If the Japanese government did not allocate frequencies for the Motorola-system car phone, Washington would impose sanctions. On April 28, the US Trade Representative Carla Hills announced that the American government would impose 100% duties on unspecified Japanese goods by July 10 if Japan did not live up to an earlier telecommunications agreement.¹⁹ While the Japanese government refused to accept these claims, it decided to begin negotiations with the United States over the matter. At that time, the government was under the leadership of Uno Sosuke, and Ozawa was no longer a government official. However, Ozawa who had been involved in this issue under the Takeshita administration was appointed as a special government representative to take the lead. Ozawa again adopted his "bottom-line" approach.²⁰ Ozawa's US counterpart was Deputy Trade Representative Linn Williams, who had spent a few years as a lawyer in Japan.

Even with Ozawa's bottom-line approach, the negotiations faced difficulty. The focal issue was the broadcast spectrum to be given to Motorola. The US government demanded 5 megahertz wide spectrum in which to provide services in the Tokyo-Nagoya area. The Japanese government had first refused the American demand due to limited capacity. Ozawa asked the Ministry of Post and Telecommunications to make a

concession, and the ministry agreed to provide a 2 megahertz width from the 10 megahertz spectrum which had been assigned to the NTT system, and to provide an additional 3 megahertz in the future.

However, the US government officials were not satisfied with this offer because they wanted a contiguous 5 megahertz band. In order for the Japanese government to offer it, it would have to reallocate totally the already assigned broadcast spectrum. In the eyes of the Japanese government, it was physically impossible. Negotiations broke off at 4 a.m. on June 27. After returning to his hotel, Ozawa held a press conference, and stated: "Despite the maximum effort of the Japanese government, we did not reach an agreement. The American side is totally responsible for this result."²¹ The two sides gathered again two hours after this press conference. The US officials realized that Ozawa had control and that it would not be possible for the Japanese government to negotiate if Ozawa said no. American negotiators offered a concession that the assigned band would not have to be contiguous if within the range of 27 megahertz.

After this negotiation session, the US government spoke even more highly of Ozawa. He was expected to play a greater role as an official contact person. Ozawa's negotiation abilities vis-a-vis the United States also greatly impressed the Japanese. At the same time, many bureaucrats viewed Ozawa as a reliable politician who could coordinate different domestic interests in relation to US-Japan economic issues. Under the Takeshita administration, Ozawa expanded his influence over the Ministries of Transportation, Construction, Posts and Telecommunications,

and International Trade and Industry. This was a result of the US-Japan construction and telecommunication negotiations. He also established his influence over the Ministry of Agriculture, Forestry and Fisheries through the beef negotiations, and over the Japan Defense Agency through the FSX issue. The most important political resource of Ozawa Ichiro was his power base within the LDP, especially within the Takeshita faction. Nonaka Hiromu, Ozawa's political rival, states in his memoirs that:

Mr. Ozawa Ichiro was seen as a powerful political figure when he became the LDP secretary general at the young age of 47, and later served as a deputy to Chairman Kanemaru Shin of the Takeshita faction, the largest LDP faction. But actually, he emerged as an influential figure within the faction when he solved all the US-Japan trade frictions as deputy chief cabinet secretary under the Takeshita cabinet.²²

As Nonaka explains, his negotiations with the US government became a turning point for Ozawa's political career. Nonaka's statement summarizes Ozawa's achievements during the Takeshita administration:

Under the order of Prime Minister Takeshita Noboru, [Mr. Ozawa] frequently travelled between Washington and Tokyo over the telecommunications, construction, and FSX issues. At this time, Mr. Ozawa successfully concluded difficult negotiations, and he was labeled as a 'tough negotiator.' ... Mr. Ozawa single-handedly dealt with these issues, and built up important power sources, namely personal networks and financial sources.²³

Structural Impediments Initiative [SII] and the Gulf War under the Kaifu

Administration

After Ozawa established his name through negotiations with the United States, he was appointed as LDP Secretary General under the Kaifu Toshiki administration with strong support from Kanemaru Shin. Prime Minister Kaifu was not a faction leader but a member of the smallest faction which was the Kohmoto faction, and his power base within the ruling party was very limited. In the aftermath of the Recruit scandal, in which an ambitious business owner gave many senior LDP leaders his company's unlisted stocks in order to acquire favorable treatment for his corporate group, former Prime Minister Takeshita chose Kaifu as his successor. This was because of Kaifu's untainted, clean image which was a necessary characteristic to regain the confidence of the public. In return, however, Kaifu had to seek support from the Takeshita faction throughout his term. Under these circumstances, Secretary General Ozawa, representing the Takeshita faction in the LDP, became a very powerful political figure. This section examines Ozawa's role in the US-Japan SII talks and the Gulf War under the Kaifu administration.

Structural Impediments Initiative talks

During the Kaifu administration, Japanese and American officials held frequent meetings to discuss and improve the existing structural problems which created obstacles for market access. Ozawa, who had served as an unofficial channel for the US government under the Takeshita administration, further strengthened his role. Deputy Chief Cabinet

Secretary Ishihara Nobuo reveals that U.S. Ambassador to Japan Michael Armacost frequently contacted Ozawa, "As [Ambassador Armacost] was well aware that Mr. Ozawa was a key person in securing approval from the ruling party, he often visited Mr. Ozawa."²⁴

Armacost asked Ozawa for help in the SII talks. As Ishihara recalls:

Mr. Ozawa was determined to reach an agreement in the SII talks. As the Japanese government ministries were not serious about the talks at the earlier stage, he felt that he had to do something. . . . For example, some issues in the talks required the revision of existing laws such as the Large-Scale Retail Store Law and the Antitrust Law. Difficult revisions would especially need consultation with LDP policy subcommittees. In such a case, we needed the support of the party leadership. Mr. Ozawa gave the needed support to back up the Prime Minister's Office.²⁵

Ozawa successfully persuaded MITI to accept the final negotiating position. Under Ozawa's leadership, the Japanese government and the ruling party agreed to revise the law to relax some regulations against the establishment of large-scale retail stores. This would allow American large-scale retailers, such as Toys R Us, to enter the Japanese distribution market.

The Gulf War

One month after the SII agreement, the Kaifu administration faced an international crisis as on August 2, 1990, Iraq invaded Kuwait. This

event forced Japan to shoulder some global responsibility. US Ambassador Armacost, who returned home on vacation, hurried back to Japan and one of the first people he met was Ozawa. Armacost told Ozawa that Washington would request Tokyo to share some of the burdens of global responsibility. Ozawa demonstrated his understanding of "the dangers this looming crisis posed for Japan."²⁶ In mid-August, the US government officially requested that the Kaifu government provide: 1) financial aid to the multinational force, 2) economic aid to the gulf region, 3) increased finance support for American Forces in Japan, and 4) personnel contributions to the multinational forces operating in the theater.

As for the first and the second requests, the Japanese government responded without much hesitation. By mid-September, Tokyo decided to contribute the total amount of \$4 billion as economic aid to the Gulf states. In the eyes of the international community, this decision took a very long time. To make matters worse, Tokyo first announced a contribution of just \$10 million. Japan's contribution was not appreciated, but criticized as "too little, too late." As a second step, the Kaifu government decided to contribute another \$1 billion as financial support for the multinational force, but this offer again did not satisfy Washington. Deputy Chief Cabinet Secretary Ishihara recalls the moment when Prime Minister Kaifu talked to President Bush about the \$1 billion contribution:

I was with the Prime Minister when he made the phone call. Mr. Bush usually expressed his appreciation loudly. At that time, however, his response was blunt. It was a

disappointment for the United States. Later, I learned that Washington expected Japan to contribute about \$3 billion.²⁷

Battles over personnel contributions

The most controversial request from the US government was for personnel contributions by Japan. On August 15, Ambassador Armacost presented Foreign Vice Minister Kuriyama Shoichi with a list of contributions, including personnel contributions, that the US government expected of Tokyo. The list mentioned the following:

medical volunteers, logistic support in transporting personnel and equipment to Saudi Arabia, Japanese help in managing the anticipated exodus of large numbers of refugees from Kuwait, and participation in the multi-national naval force through the dispatch of minesweepers to help clear the Gulf and transport vessels to carry equipment from Egypt to Saudi Arabia.²⁸

Kuriyama's response was "mixed," Armacost stated that:

He readily acknowledged the importance of a substantial Japanese contribution.... He hinted at Japan's readiness to offer support beyond financial subventions. But he emphatically noted the political and constitutional difficulties that would attend any involvement of Japanese Self-Defense Forces in the area of strife and clearly signaled that there was no likelihood that Japan would dispatch minesweepers.²⁹

On the following day, Armacost met LDP Secretary General Ozawa, and called for a substantial contribution from Japan.³⁰ According to Armacost, Washington was most eager to receive logistics support.

However, due to legal problems as well as opposition from the seamen's union, Tokyo was not able to comply.³¹

Within the Japanese government ideas began to surface. Prime Minister Kaifu first had in mind a contribution from the Japan Overseas Cooperation Volunteers, a Japanese version of the Peace Corps. In 1964 in the earlier stages of his political career, Kaifu was personally involved in the establishment of this volunteer organization. On August 26, however, Ozawa told the Prime Minister that Kaifu's plan to dispatch a volunteer group without proper training would not be appreciated by the US government.³² On the following day, Ozawa stated at the LDP's four executive meeting³³ that it would be possible to dispatch Japan's Self Defense Force overseas for the purpose of rescuing Japanese nationals even under the current constitution. In Ozawa's view, "collective security issues" such as the Gulf crisis had nothing to do with the argument concerning "the right of collective self-defense" which had been considered unconstitutional. "Collective security issues" are defined as those in which UN member countries collectively retaliate against an aggressor after the UN organ recognizes the fact of aggression. On the other hand, "collective self-defense" is interpreted to allow protection for an ally when it is attacked as if your own territory were attacked.

The LDP leadership under the Kaifu administration was hawkish, and fully supported LDP Secretary General Ozawa. At a press conference, for example, General Council Chairman Nishioka Takeo supported the dispatch of SDF for rescuing Japanese nationals. He questioned: "Why do

we have to use civilian planes to protect the Japanese? What is our Self-Defense Force for?" Policy Research Council Chairman Kato Mutsuki also stated, "It is important to think about what we can do under the Constitution in order to maintain our UN-centered foreign policy."

Although the LDP leadership supported Ozawa's view, there were strong reactions among LDP members. Gotoda Masaharu, for example, argued that it could be the beginning of remilitarization.³⁴ One elderly opposition party member criticized Ozawa by saying, that he had been "only a baby when Japan lost. . . . He did not experience the hardship of war." Ozawa counter-argued, "I will never repeat that folly. . . . What did you do to oppose or prevent the war?"³⁵ At the August 29 press conference, Prime Minister Kaifu proposed the United Nations Peace Cooperation Bill which would allow the overseas dispatch of the Self-Defense Force. Personally, Kaifu was not supportive of the overseas dispatch of the SDF. According to Ishihara Nobuo, "Prime Minister Kaifu at an early stage clearly stated that he didn't want to use the Self-Defense Force."³⁶

On September 14, MOFA Vice Minister Kuriyama Shoichi presented three options to the Prime Minister which were 1) the creation of a new organization excluding the SDF, 2) the revision of the SDF Law to dispatch the SDF, 3) the transfer of the SDF to a different organization. Kuriyama stated that the first option was unrealistic because the government would not get enough volunteers to form a new organization. Even if it could, it would take too long and cost too much.³⁷ Like Kaifu, Kuriyama was hesitant to dispatch the SDF overseas, and recommended the third option to

the Prime Minister. Kaifu agreed with the Vice Minister, and instructed him to suggest ways to form a different organization using SDF staff.³⁸ Kuriyama came up with the MOFA plan to form an unarmed, peace cooperation unit directly under the command of the Prime Minister and not under the command of the Director General of the Defense Agency.³⁹

The Defense Agency opposed Kuriyama's plan and argued that SDF personnel were trained to act as an SDF unit under the command of their superior officer. Therefore, they would not be able effectively to function outside of the SDF. The Liberal Democratic Party leadership sided with the Defense Agency, and pressed for the plan to send the SDF as it was. Kuriyama tried to convince Secretary General Ozawa that the LDP's plan would change the nature of the proposed peace cooperation unit. When Kuriyama told Ozawa, "Please do not forget that the SDF is essentially a military force," Ozawa bluntly replied "Of course, I understand," and never changed his mind. Prime Minister Kaifu never stated his own opinion at the meeting.⁴⁰ As a result, Ozawa's opinion prevailed, and the Kaifu administration adopted the LDP plan.

Peace Cooperation Bill failure and the LDP-DSP-Komeito coalition

In October 1990, the Kaifu Cabinet approved the UN Peace Cooperation Bill. The bill was imperfect reflecting a severe disagreement within the government and the LDP. Ishihara said, "the government submitted the bill to the Diet without fully considering it."⁴¹ Prime Minister Kaifu publicly stated that he staked his political life on the passing

of the bill. At Diet meetings, however, he only emphasized the idealistic aspect of the bill, not knowing its details. The Prime Minister denied the possibility that the SDF could be dispatched to the combat area. On the other hand, the officials of the Defense Agency and the MOFA responded to questions by the opposition party members saying that according to the bill this action was possible. The opposition parties did not miss the chance to attack the government for the disagreement, and accused the Prime Minister of testifying falsely. The LDP leadership tried to appease the opposition parties but the unity of the opposition parties was strong, and they did not want a political deal on this issue.

LDP Secretary General Ozawa failed to get cooperation from any opposition party. On November 5, he suggested to Kaifu that there was no other option than to let the bill die. The Prime Minister privately said to his close associate; "See I told you. It would have been different if they followed my opinion."⁴² After the meeting with Kaifu, Ozawa called on US Ambassador Armacost, and looked "genuinely pained" to relay that the votes were not there to pass the bill.⁴³

Before the bill died, however, Ozawa approached two opposition parties. He contacted Ichikawa Yuichi of Komeito and Yonezawa Takashi of the Democratic Socialist Party [DSP] with whom he had built strong ties under the Nakasone Cabinet when he was the Lower House's Rules and Administration Committee Chairman. Ozawa successfully reached agreement with the two opposition parties that the government would form a separate organization from the SDF to participate in UN peacekeeping

activities.⁴⁴

By then, Ozawa realized that he should give up the dispatch of the SDF. A high official of the Defense Agency, Hojuyama Noboru his experience revealed to the author; "I told Mr. Ozawa that although it might not be the best choice, he should pursue a politically feasible option to enable Japan's participation in UN peacekeeping."⁴⁵ Based on a three party agreement, the Peacekeeping Operation Cooperation Bill passed during the following diet session in June 1982 to allow participation by the SDF in UN-led peacekeeping activities.

This three-party alliance also facilitated the passage of legislation relating to Japan's financial contribution to the multinational forces. On January 17, 1991, the US and allies began their air attack campaign against Iraq and the US government quickly requested financial support from the Japanese Government. Treasury Secretary Nicholas Brady met with Finance Minister Hashimoto in New York, and asked for a \$9 billion contribution to the multinational forces. Hashimoto telephoned Prime Minister Kaifu asking him to accept this request but Kaifu could not decide by himself. He directed Deputy Chief Cabinet Secretary Ishihara to contact LDP Secretary General Ozawa whose reply was simple; "Of course, we should accept it."⁴⁶

There were two ways to fund the \$9 billion contribution, the first was a tax increase and the second a bond issuance. As the Ministry of Finance was opposed to bond issuance, the Kaifu government had to raise taxes and the question then became which taxes to raise. LDP Secretary General

Ozawa again contacted Komeito's Ichikawa and the DSPs Yonezawa to get approval from the two opposition parties. While the DSP quickly showed understanding, the Komeito resisted. The women's group within the Komeito opposed the tax increases to support financial contributions to the multinational military forces. In order to satisfy them, Ozawa offered to cut mid-term defense spending by 100 billion yen. He promised that the increased tax burden would be imposed mainly on the business sector through corporate and oil tax increases, and not on the average household.⁴⁷ The Komeito accepted Ozawa's proposal, and Ozawa successfully persuaded the business community to bear the tax burden. This enabled the passage of the \$9 billion financial contribution in the Diet.

In order to maintain this three party alliance framework, however, Ozawa had to support these two parties in the Tokyo gubernatorial election. The two parties opposed the reelection of incumbent governor Suzuki Shunichi who disagreed with them over issues such as Tokyo Bay development and welfare. Against the decision of the LDP's Tokyo branch, Ozawa decided that the LDP would officially support Isomura Naonori whom both the DSP and the Komeito supported.⁴⁸ The Tokyo branch heavily criticized Ozawa's decision. When Isomura lost the election, Ozawa announced his resignation as LDP Secretary General in order to take responsibility for causing trouble between LDP headquarters and the Tokyo branch. Prime Minister Kaifu tried to persuade Ozawa to stay, but he refused.

Under the Kaifu administration, Ozawa demonstrated his political

power and maneuvering skill as LDP Secretary General. His ties with the opposition parties were further strengthened through the three party alliance he formed. Ozawa's influence over the business community increased in the process of the introduction of the corporate and oil tax increases. He also expanded his connections with the bureaucracy, especially within the Ministry of Foreign Affairs, the Ministry of International Trade and Industry, and the Ministry of Finance through the SII talks and the Persian Gulf crisis. After resigning as LDP Secretary General, Ozawa became deputy chairman of the Takeshita faction. Ozawa's mentor, Kanamaru Shin, highly appreciated his achievements, and gave Ozawa a newly-created number two position in the LDP's largest faction. This appointment further strengthened Ozawa's power base within the LDP.

Throughout the SII talks and the Gulf crisis, the US government continued to use Ozawa as its key contact person. Ambassador Armacost's frequent meetings with Ozawa even stimulated criticism that the US government neglected the Prime Minister. As Armacost explained in his memoirs:

In principle I thought it inappropriate to request appointments with the Prime Minister unless I had instructions. Conducting more informal *nemawashi* was my idea My appearance at the Prime Minister's residence invariably drew extensive press attention and would have invited speculation that I was seeking to pressure him directly.⁴⁹

Whatever Armacost's intention, he tried to influence the Japanese

government through Ozawa not through Prime Minister Kaifu. In return, Ozawa tried to meet American expectations as much as possible. Thus, Ozawa successfully established his reputation among Americans as a dependable Japanese leader.

Hosokawa: The Uruguay Round and the Framework Talks

In October 1991, Prime Minister Kaifu announced his resignation after he failed to legislate several electoral reform bills. The largest Takeshita faction had the power to select Kaifu's successor. Representing this faction, deputy chairman Ozawa personally interviewed three candidates in his office, and picked Miyazawa Kiichi. Ozawa requested Miyazawa further to pursue political reform. Under the Miyazawa administration, however, the powerful Takeshita faction broke up due to conflicts over the selection of its next leader and Ozawa left the faction with Hata Tsutomu. Once Ozawa was out of the Takeshita faction, anti-Ozawa feeling arose within the LDP. After the political reform bill that Ozawa had promoted died in the Diet, a no confidence vote against the Miyazawa cabinet passed in the Lower House. The Ozawa-Hata group that supported the vote broke off from the LDP.

A general election was called. As a result, the LDP lost its majority in the Lower House for the first time in 38 years. Ozawa who triggered the political reorganization found himself at the center. In order to create a non LDP government, he successfully formed an eight party coalition, and chose

Hosokawa Morihiro as the head of the government. Hosokawa lacked power and experience and had never served in a cabinet position. He was leader of the Japan New Party, the fourth in the coalition in terms of size so his power base was very weak even within the coalition. When Hosokawa formed his cabinet, Ozawa made the actual selection of the cabinet members. Nobody else from Hosokawa's Japan New Party was appointed to a cabinet post.

Ozawa created a new decision-making mechanism outside the cabinet which consisted of the Council of Representatives of the Coalition Parties, or *Yoto Daihyosha Kaigi*. The Council was composed of the secretary generals (second in command) of each party who would meet and discuss major political issues. Ozawa as Secretary General of the Renewal Party became a member of the decision-making organ of the coalition government.

Dealing with the Uruguay Round

As the Prime Minister of the new non LDP coalition government, Hosokawa Morihiro had to tackle difficult political issues, including the Framework Talks with the United States, the negotiation of the GATT Uruguay Round and political reform at home. At the same time he was to lead a coalition of eight political groups with a wide range of conflicting political ideas. Prime Minister Hosokawa personally placed the highest priority on the GATT Uruguay Round negotiations. As he told the author in an interview: "Japan is in the world system, and I thought that we must show leadership by contributing to the successful conclusion of the Uruguay

Round."⁵⁰ Ozawa Ichiro also wrote in his book, *The Blue Print for A New Japan* as follows:

Since 1955 [when Japan participated the GATT], the Japanese economy steadily grew out of its infancy under the framework of the GATT with such guiding principles as freedom, multi-lateralism and non-discrimination. . . . Japan needs to work aggressively toward a successful conclusion of GATT Uruguay Round, and to play a leadership role to maintain and expand the principle of free trade.⁵¹

This book impressed many opinion and business leaders, including *Keidanren* Chairman Hiraiwa Gaishi.

In order to contribute to the success of multi-lateral trade negotiations, Japan needed to open up its rice market against strong pressure from the politically powerful agricultural interest groups and politicians who represented rural areas. A consensus for opening the rice market had been building up under the Miyazawa administration. Japan, as the second largest economy and export superpower, had to avoid blame for ruining the Uruguay Round. Years of foreign pressure, especially from the United States, had created a mood favorable to the internationalization of Japan's agricultural market. The political leaders were hesitant to make the final decision -- they did not want to bring down the wrath of farmers on their administration. Hosokawa and Ozawa, who happened to find themselves in influential positions during the final round of the agricultural negotiations, had to make and announce a politically risky decision.

After agreement was reached between Europe and the United States,

Hosokawa announced that his government was ready to accept a compromise on the issue of opening up its rice market. Strong opposition, as expected, came from agricultural interests and LDP politicians who took advantage of being in the opposition to blame the Hosokawa government for damaging Japan's agriculture. A more severe headache for Hosokawa and Ozawa was a rebellion that erupted within his fragile eight party coalition government. The Socialist party, the biggest among the eight parties many of whose members were elected from rural agricultural areas, threatened to leave the coalition. Hosokawa and Ozawa, however, did not yield. Deputy Chief Cabinet Secretary Ishihara Nobuo reveals that Hosokawa and Ozawa were:

determined that Japan had to open its rice market. While suffering the strong resistance of the opposition LDP's agricultural *zoku* and the opposition of the socialist coalition partner, they without hesitation pursued GATT negotiations.⁵²

On December 9, an informal meeting of twenty five major countries proposed the compromise plan which asked Japan to provide minimum access for imported rice. The deadline was set for December 14. During the final five days, the Prime Minister's office was busy persuading related parties to accept the final proposal. Ishihara Nobuo recalls that:

Secretary General Ozawa demonstrated his skill in persuading the members of the government and the opposition parties as well as the Ministry of Agriculture, Fisheries and Forestry. Mr. Ozawa played an essential role in this area.⁵³

The biggest problem in the coalition government was still the Socialist Party as its agricultural specialists were even more "conservative and stubborn than their LDP counterparts."⁵⁴ At a meeting of the Council of Representatives, Ozawa pressed the Socialist Party Secretary General Kubo Wataru to accept minimum access for imported rice. As the LDP, the Renewal Party, the Komeito, the Democratic Socialist Party had all responded affirmatively, Kubo became the target for attacks at the meeting.⁵⁵ Kubo "went back and forth between the coalition party and the Socialist Party Headquarters."⁵⁶

Ozawa knew that the public was backing him. Every national poll taken in the past few months had shown that most Japanese agreed that the time had come to import at least some rice. The Socialist party held a twelve hours meeting to dramatize its opposition. In the end, the party decided that breaking with the popular prime minister and bearing the blame for the collapse of the world trade system would be much more dangerous politically than protecting rice farmers. The party concluded that while it was still opposed to the policy to open Japan's rice market, it would reluctantly accept the decision of Prime Minister Hosokawa. Kubo delivered this message to the Prime Minister by hand. Hosokawa made a pre-dawn announcement on December 14 that Japan must accept rice imports "for our sake and the world's sake." At this moment, Japan's political sanctuary, once seen as indestructible, crumbled.

US-Japan Framework Talks

After this announcement, political and public interest in Japan swiftly shifted to the political reform issue which had been at the center of Japan's political revolution. Meanwhile, however, the Japanese government continued negotiations with its US counterpart as part of the Economic Framework Talks. The talks during this stage were primarily focused on Japan's macroeconomic policies. Japan was asked to present an "economic stimulus" package that would increase its imports. The Hosokawa government thought that it was possible to introduce a large-scale tax cut which the US government requested if, and only if, an increase in the consumption tax from 3 to 7% would follow in a few years to make up for the income shortage that would result. Without a future tax increase, the powerful Ministry of Finance would never agree to a tax cut. Out of these considerations came the proposal for the National Welfare Tax. Ishihara Nobuo described the process:

The Ministry of Finance gave the plan the highest priority within its tax reform policy under the non-LDP coalition government, and lobbied Secretary General Ozawa who served as producer in the coalition government.

Ishihara presents two reasons why the Ministry of Finance approached Ozawa. First, Ozawa believed in "healthy government finances with a balanced budget." The second reason was personal as the Finance Ministry Vice-Minister Saito Jiro closely worked with Ozawa during the Gulf crisis.⁵⁷

On the other hand, Chief Cabinet Secretary Takemura Masayoshi

was totally uninformed of this issue. The Ministry of Finance wanted to avoid Takemura who had called for a prior tax reduction. Ozawa explained why the MOF excluded Takemura:

I don't know how much the Ministry of Finance explained to Mr. Takemura. Mr. Takemura often leaked [confidential] information at his regular press conferences. Therefore, no ministry official was willing to share confidential information with him.⁵⁸

In this procedure, Deputy Chief Cabinet Secretary Ishihara saw the, "dry nature of the MOF officials including Vice Minister Saito."⁵⁹ Without Takemura's involvement, the MOF officials and Ozawa planned a consumption tax increase and labeled it as "the national welfare tax."

The timing of the announcement was difficult to decide and Prime Minister Hosokawa faced a dilemma. Time for political debate where opponents could vent their fury in relation to the tax increase was needed. If a tax increase was announced, Hosokawa would fall from the political tightrope he was walking and the political reform which he pursued would be lost. As part of this political reform he intended to introduce a new single-seat electoral system for the Lower House. He decided to keep the tax issue on the back burner until the political reform bills passed the Diet.⁶⁰

The Diet session lasted longer than Hosokawa expected. A rebellion of leftist socialist party members in the Upper House effectively killed the coalition's reform bills. Hosokawa called for a meeting with LDP President

Kono Yohei, and accepted virtually all the LDP's demands in order to reach an agreement. Hosokawa's compromise made possible the passage of the political reform bills. They passed both the Lower and Upper Houses on January 29, 1994, which was less than two weeks before his scheduled meeting with President Clinton where he planned to announce an economic stimulus package, including future tax increases.

Three days later at the February 1 meeting of the Council of Representatives, Ozawa introduced the national welfare tax plan. Ozawa's allies including Ichikawa of the Komeito strongly supported it. At the Council, Ozawa and Ichikawa became dominant figures, and were characterized as the "Ichi-ichi Line," as other representatives did not have any experience in running the government. Other leaders of the coalition parties saw the Council's decision-making process as undemocratic. Ichikawa defended Ozawa and himself by saying that:

Everybody became critics probably due to their long experience as opposition party members Critics can achieve nothing. Therefore, we [Ozawa and Ichikawa] had to take action to solve problems.⁶¹

Ozawa and Ichikawa argued that there was no other way to finance the economic stimulus plan.⁶² The representatives took the proposal back to their own parties for review.

On the following day, Prime Minister Hosokawa called on the Council and asked it to support the tax plan as the socialist representative, Kubo, said that his party could not accept it. In the afternoon, Kubo escorted the

Socialist leader Murayama Tomiichi to the Prime Minister's office to discuss the tax issue with Hosokawa. Murayama told the prime minister that, "The socialist Party cannot accept it. If you force it through, we have to rethink [about the coalition situation]." At that time, Ichikawa came back with Ozawa to the Prime Minister's office, and found Murayama. "Why is it that only the Socialist Party leader gets to have a direct meeting with Mr. Hosokawa? It is unpleasant," Ichikawa said with anger. "Why can't I speak to the Prime Minister. I am leaving," Murayama responded and left.⁶³ The socialist leader was virtually kicked out of the office. Ozawa was critical of Murayama over this dramatic event:

That evening, Mr. Murayama went to the Prime Minister's office behind our backs. Direct appeal to the top was what the Socialist Party always did. They did not understand how the coalition government worked Under the coalition government, the Socialist Party should have brought the issue back to the Council of Representatives for further discussion.⁶⁴

Ozawa explains that Ichikawa was upset because Murayama broke the rules.

Later in the evening the Council of Representatives met again to consider the tax plan. While the representatives of the Renewal Party, the Democratic Socialist Party and *Sakigake* announced that they would leave the final decision to the Prime Minister, the socialist representative expressed disagreement. At eleven o'clock, an emergency meeting of the party leaders of the coalition government was called. The leaders of *Sakigake*, the Socialist Party and the Democratic Socialist Party told

Hosokawa that they could not accept the abrupt announcement of the new tax plan. They complained that there was not enough discussion of this issue. Murayama, for example, told Hosokawa, "It is undemocratic to be forced to answer 'yes' or 'no' in such a short period We can never accept this."⁶⁵ At the meeting, Ozawa remained silent. Hosokawa called another meeting of the Council of Representatives. The Prime Minister asked Kubo to entrust the decision to him. "I have nothing to say if the Prime Minister has decided to take full responsibility for the action. But the Socialist Party cannot support it."⁶⁶ Hosokawa took Kubo's comment as approval, and Hosokawa held a press conference and announced the tax package. This sudden announcement met strong criticism from the media.

At the press conference, Hosokawa was asked how the government came up with the 7% consumption tax figure. He answered that it was "a ball-park figure." Obviously, he was not deeply involved in the policymaking process. The public was disappointed to see Hosokawa acting like a servant of the very bureaucrats whose clout he pledged to curb. The business community did not welcome Hosokawa's tax increase proposal either.

Strong criticism came from the coalition partners, the Democratic Socialist Party, the Socialist Party and Sakigake. The Socialist Party demanded the withdrawal of Hosokawa's tax proposal by threatening to leave the coalition. Strong criticism was aimed at Ozawa and Ichikawa who drove the Prime Minister to make the hasty decision without building consensus among the coalition parties. Murayama later pinpointed Ozawa

in his criticisms of the decision:

A coalition government should be operated in a democratic manner in order to reflect a wider range of opinions. Secretary General Ozawa of the Renewal Party did not understand this at all.⁶⁷

Health and Welfare Minister Ouchi Keigo (the DSP) and Chief Cabinet Secretary Takemura (*Sakigake*) who had not previously been consulted expressed their opposition. With strong opposition from within the cabinet as well as from the media and the public, Hosokawa was forced into a retreat on the tax plan the very next day. Public support for Hosokawa eroded in the wake of his failure to introduce a new tax and the collapse of the US-Japan talks. Hosokawa resigned amidst allegations of personal financial impropriety, without seeing the reopening of the Framework Talks.

Under the Hosokawa administration, Ozawa built up a powerful position as the power behind the coalition government. He formed the Council of Representatives of the Coalition Parties, and enhanced its central decision-making role. In the case of the rice market opening, the Council became the final decision-making organ, while Ozawa actively lobbied the ruling coalition and opposition parties as well as the Ministry of Agriculture, Forestry and Fisheries. Both the United States and the Japanese business community appreciated Ozawa's efforts.

In the case of the national welfare tax, on the other hand, Ozawa failed with the Ministry of Finance due to his secretive process of

decision-making. Ozawa tried to take advantage of the momentum of his success in the rice market opening and political reform. The lack of prior consultation the main reasons for the failure were, due to diet delays over political reform, with the Socialist Party, with the Chief Cabinet Secretary, the Ministry of Health and Welfare, and with the business community.

Conclusion

An analysis of Ozawa's political power

This paper examined the role of Ozawa Ichiro in the foreign policy decision-making process from the Takeshita to Hosokawa administrations. In all cases, Ozawa was not acting in an official capacity to handle foreign policy. In a broader sense, the Deputy Chief Cabinet Secretary under the Takeshita government was in charge of coordinating the different interests of the ministries. It was quite unusual for a person in that position to become a key player in diplomatic negotiations. Then, the question is why Ozawa without official authority could be so influential in the foreign policy process.

Since Ozawa did not have formal authority, he relied on his informal sources of political power. In my previous study, I classified the Prime Minister's informal sources of power into six categories: 1) power base within the ruling party, 2) ties with the bureaucracy, 3) ties with the opposition parties, 4) public support, 5) support from the business community, and 6) support from the United States.⁶⁸ The same categorization can be used to analyze Ozawa's political power base. The

fourth factor, public opinion, is excluded from this analysis for two reasons. First, there is no objective index, such as the cabinet support rate for the Prime Minister as used by the Japanese media, to measure public support for Ozawa's actions. Second, because Ozawa was not in an official capacity, he was relatively insulated from public criticisms. Let us examine each of the five categories.

1) Power base within the ruling party

Prime Minister Takeshita appointed Ozawa as Deputy Chief Cabinet Secretary with considerable appreciation of his negotiation skills. Ozawa met Takeshita's expectations by carrying out many difficult political tasks. In addition to the introduction of the consumption tax, the highest policy priority of Takeshita, Ozawa played an instrumental role in the construction market negotiations that had been in process for nearly 2 years. As Ozawa's achievement in foreign policy was impressive, he further strengthened his professional reputation within the LDP.

When Kanemaru Shin, chairman of the Takeshita faction, appointed Ozawa as LDP Secretary General of the Kaifu administration at the age of 47, there was no substantial opposition. As Kaifu's power base within the LDP was weak, Ozawa became a central political figure with the support of the largest Takeshita faction. After his resignation as LDP Secretary General, he became the deputy chairman of the Takeshita faction, further expanding his influence within the ruling party.

When Ozawa broke from the Takeshita faction, he lost power within

the party. In 1993, however, Ozawa again reemerged as central figure in the political reorganization to create the non LDP, eight party coalition government, led by Hosokawa. Under the Hosokawa administration, Ozawa formed the Council of Representatives, and seized actual decision-making power. Ozawa's efforts were successful in the rice market opening and political reform, but not in the case of the national welfare tax. His success indicates a strong supporting base within the government party.

2) Ties with the bureaucracy

Many bureaucrats who were in charge of negotiations with the United States under the Takeshita administration saw Ozawa as a reliable political leader. During this period, because of the construction market negotiations Ozawa's influence over the bureaucracy was enhanced and specifically over the MOFA and the Ministries of Transportation and Construction. Because of the telecommunication issues his influence over the MITI and the Ministry of Post and Telecommunication was enhanced. Because of the beef import issue his influence over the Ministry of Agriculture, Forestry and Fisheries was strengthened and because of the FSX negotiations he developed influence over the Defense Agency. Under the Kaifu administration, Ozawa further strengthened his influence over the Ministry of Foreign Affairs and the Ministry of International Trade and Industry, and the Ministry of Finance through the SII talks and the Persian Gulf crisis.

His political rival, Nonaka Hiromu, describes Ozawa's strategy; "By

organizing the bureaucrats for policy formulation, he seized political power."⁶⁹ Under the Hosokawa government, many bureaucrats saw Ozawa, who successfully maneuvered behind the scenes to open the rice market, as the most powerful political figure. The Ministry of Finance totally relied on Ozawa in the case of the national welfare tax. Deputy Chief Cabinet Secretary Ishihara stated that: "The MOF of course relied on Secretary General Ozawa as it found success that way. Since he coordinated activity within the coalition government, it was natural [for the MOF] to think that he could be used again."⁷⁰ Ishihara further analyzes how Ozawa expanded his influence over the bureaucracy:

It is custom for bureaucrats to follow the leader they respect. Mr. Ozawa is a politician who takes good care of his followers. For the bureaucracy, his direct approach looked very attractive. This is why there were many 'Ozawa followers' in the bureaucracy.⁷¹

3) Ties with the opposition parties

As the Lower House Rules and Administration Committee Chairman, under the Nakasone administration Ozawa established strong ties with the opposition parties. Ozawa who became the Deputy Chief Cabinet Secretary of the Takeshita cabinet handled the Diet over the tax reform, further strengthening his ties with the opposition parties. His personal relationship with Ichikawa Yuichi of the Komeito and Yonezawa Takashi of the DSP became a very useful source of power when he successfully formed the three party alliance. This alliance made it possible for the Miyazawa

government to pass the PKO Cooperation Bill.

Ozawa's ties with the other parties really benefited him when he established the non LDP, eight party coalition government. Ozawa nominated Hosokawa who was most acceptable for the coalition parties, and convinced each party to support the Hosokawa government. Under the Hosokawa administration, Ozawa took advantage of his close relationship with Ichikawa to establish the so called "Ichi-ichi line" which became dominant in the coalition government's decision-making. He also frequently contacted his old party, the opposition LDP, and successfully achieved political reform and opened the rice market. Ozawa knew the LDP's strength and weakness and in the case of the national welfare tax, however, perhaps because of over confidence he did not approach the LDP. This might have been one of the reasons for its failure.

4) Support from the business community

The political power and skill of Ozawa who successfully managed Diet operations over the tax reform and negotiations with the United States received high evaluation among many Japanese business leaders. Under the Kaifu government, Ozawa's influence over the Japanese business community was clear when he convinced many to accept corporate and oil tax increase to finance Japan's \$9 billion contribution to the multinational forces during the Gulf War. His book, *Blueprint for A New Japan*, was widely read among business leaders. *Keidanren* chairman Hiraiwa Gaishi, for example, publicly expressed his appreciation of Ozawa's argument in

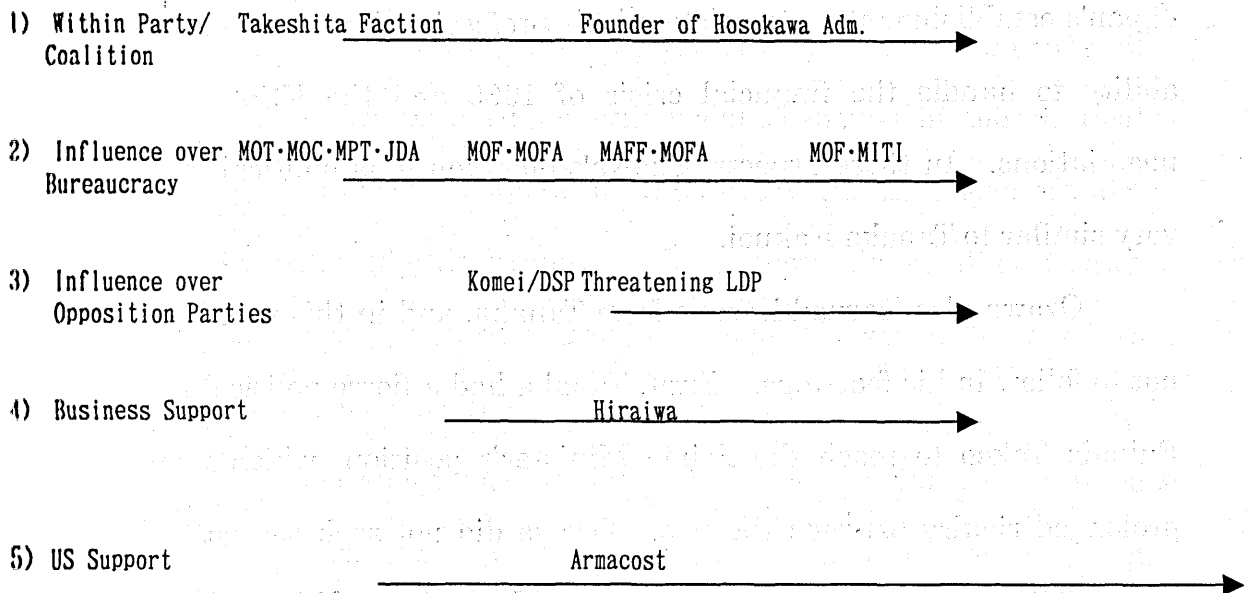
that book. Throughout the Hosokawa administration, Ozawa received consistent support from business, however, the abrupt introduction of the national welfare tax was not well received by business leaders.

5) Support from the United States

Until the Takeshita administration, Ozawa was relatively unknown among U.S. government officials. After his appearance in the construction negotiations, Ozawa became an unofficial contact person for American officials. Under the Kaifu administration, Ozawa established close personal relationship with Ambassador Armacost, and assumed an important role over SII and the Persian Gulf crisis. Also, under the Hosokawa coalition government, he contributed to the successful conclusion of the Uruguay Round by facilitating the opening of Japan's rice market. Ozawa also tried to meet American expectations in the Framework Talks. His unsuccessful attempt to introduce the national welfare tax was at the request of the US Government in order to finance the economic stimulus plan which the American demanded.

Figure 1. Ozawa's Sources of Power

1. US-J Trade 2. Gulf War 3. Uruguay Round 4. Framework Talk 5. Okinawa Base



Comparative analysis with Tanaka Kakuei

The above analysis shows that Ozawa's political resources were reminiscent of those of his political mentor, Tanaka Kakuei. Tanaka took advantage of the power base and size of the largest Sato faction (later the Tanaka faction). Tanaka also built his reputation through his political maneuvering and coordination skills. Tanaka successfully concluded the US-Japan textile negotiations as MITI minister under the Sato administration which his two predecessors were unable to do. This paved the way for Tanaka to become the Prime Minister.

This was similar to Ozawa's situation. Ozawa increased his political power through his successful negotiations with the United States. Tanaka also had strong ties with the opposition parties, and dealt with them with a high degree of flexibility and involved them in the policy process. Ozawa probably learned this strategy from Tanaka who was seen as an outsider by

Japan's establishment. He bolstered his professional reputation due to his ability to handle the financial crisis of 1965 and the US-Japan textile negotiations. In these aspects, Ozawa's emergence as political leader was very similar to Tanaka Kakuei.

Ozawa also learned lessons from Tanaka, and in this respect he tried not to follow in his footsteps. First, Tanaka had a fierce political fight with Fukuda Takeo to reach the Prime Minister's position, which resulted in prolonged rivalry between the two. Ozawa did not seek the post and has avoided it. When Ozawa's other mentor, Kanamaru Shin, asked him to assume the post of Prime Minister after Kaifu, he declined the offer. Ozawa observed that Tanaka's political peak was reached when he was the LDP Secretary General and not the Prime Minister.⁷² Many things restrict the Prime Minister's political activities - time, media and public attention.

Ozawa closely watched Tanaka's descent from the premiership because of the Lockheed financial scandal. He probably was convinced that he could play a more instrumental political role without obtaining the premiership. Ozawa cabinet experience was limited, he was a minister for home affairs and then for only a half year. Ozawa states in his biography, "I think that individual bureaucrats and the bureaucratic institutions are excellent. Thus, it is very difficult for an average minister to control them. . . . So, I have no intention of becoming a cabinet minister."⁷³

The second area where Ozawa tried not follow Tanaka's footsteps was in the relationship with the United States. Tanaka was not received well by American government officials due to his diplomatic independence over

the Middle East when he swung towards the Arab side after the first oil shock of 1973-4. There is a rumor still widely believed in the political community that Tanaka was trapped by the CIA in the Lockheed scandal (Tanaka himself believed this rumor).⁷⁴ It is uncertain whether Ozawa believed this conspiracy theory. Unlike Tanaka, however, he tried to establish better relations with the United States.

Throughout the above case studies, Ozawa closely worked with the US government. Since the Takeshita administration, he achieved a high reputation amongst American officials. When Ozawa visited Washington in July 1994, he was the number two person of one of the opposition parties. Even without official status, he received exceptional treatment. Ozawa spoke at the prestigious National Press Club, and met with former President George Bush, Vice President Al Gore, and Speaker of the House Tom Foley.

Ozawa maintained his pro-American stance as leader of an opposition party, the New Frontier Party, and later the Liberal Party. In 1997 under the Hashimoto government, for example, he played a major role to defend the US-Japan security relationship. Among the ruling coalition parties, the Socialist Party did not support the idea of a revision of the 1952 Special Law Governing Land for Armed Forces Stationed in Japan. The revision of this law would give the central government the authority to override opposition from the landlords and the Okinawa government when the property leases for the US bases expire. Without this revision, the US bases would have ended up occupying the land illegally. Former Prime

Minister Nakasone met with Ozawa to ask for the support of the opposition New Frontier Party.⁷⁵ Nakasone arranged Ozawa's meeting with Prime Minister Hashimoto where Ozawa agreed to support the revision of the law.

Under the Obuchi administration, Ozawa's Liberal Party became an LDP coalition partner. This coalition made it possible to pass the revision of the US-Japan Guidelines for Defense Cooperation in Summer 1999. As leader of one of the ruling parties, Ozawa played an important role in Japan's policy toward the United States.

As Ozawa's political rival, Nonaka Hiromu, pointed out, Ozawa emerged as political leader after successfully resolving economic frictions with the United States. His ability to negotiate with his American counterparts and coordinate domestic interests made him stand out in his faction and the LDP, strengthening his power base in the government party. At the same time, many bureaucrats, politicians and business leaders saw him as a reliable politician who could make political decisions. Ozawa's ties with the United States reinforced his political power which peaked under the Hosokawa administration. Ozawa held different leadership positions in the opposition parties, but he never recovered the peak level of political power.

Endnotes

- ¹ Nakasone Yasuhiro, *Tenchi ujo* [Heaven and earth with emotion], Bungei Shunju, 1996, p.586
- ² There were only two prior examples: Kimura Toshio under the Sato administration and Fujinami Takao under the Nakasone cabinet.
- ³ Takeshita Noboru, *Shogen hoshu seiken* [Testimony on conservative administrations], Yomiuri Shinbun-sha, 1991, p.191.
- ⁴ Ishihara Nobuo, *Kantei 2668: Seisaku kettei no butaiura* [2668 days at the Prime Minister's office: Behind the scenes of decision-making], NHK Shuppan, 1995, p.91.
- ⁵ Yabunaka Mitoji, *Taibei keizai kosho* [Economic Negotiations with the United States], Saimaru Shuppankai, 1991, p.59.
- ⁶ Ibid.
- ⁷ Ibid., pp.64-65.
- ⁸ Interview by Watanabe Kensuke, Watanabe Kensuke, *Anohito, hitotsu no Ozawa Ichiro ron* [That man: One theory on Ozawa Ichiro], Asuka Shinsha, 1992, p.226.
- ⁹ Jacob M. Schlesinger, *Shadow Shogun: In the Rise and Fall of Japan's Postwar Political Machine*, New York: Simon and Schuster, 1997, p.255.
- ¹⁰ Ibid.
- ¹¹ Yabunaka, p.65.
- ¹² Ibid.
- ¹³ Schlesinger, p.255.
- ¹⁴ Ibid.
- ¹⁵ For the details of these negotiations, see James Auer, "FSX Kosho wa koshite kecchakushita, [How the FSX negotiations were settled]" *Chuo Koron*, June 1990, pp.156-71.
- ¹⁶ *Washington Post*, 29 January 1989.
- ¹⁷ According to Glenn Fukushima, the Department of Commerce requested a copy of the MOU for the National Security Council in December 1988, but its request was denied. It was not until January 1989 that the department finally received a copy. Glenn Fukushima, *Nichibei keizai masatsu no seijigaku* [Politics on U.S.-Japan Economic Friction], Asahi Shinbun-sha, 1992, p.266.
- ¹⁸ A statement at the conference on Domestic Determinants of Japan's Foreign Policy, PHP Institute, Tokyo, July 14, 1998.
- ¹⁹ Yabunaka, p.115.
- ²⁰ Ibid., p.116
- ²¹ Ibid., p.119.
- ²² Nonaka Hiromu, *Watashi wa tatakau* [I fight], Bungei Shunju, 1996, p.96.
- ²³ Ibid.
- ²⁴ Ishihara Nobuo, *Shusho kantei no ketsudan* [The decisions of the Prime Minister's Office], Chuo Koron-sha, 1997, p.62.
- ²⁵ Ibid.
- ²⁶ Michael Armacost, *Friends or Rivals?* Columbia University Press, New York, 1996, p.101.
- ²⁷ Ishihara, *Shusho kantei no ketsudan*, pp.68-69.
- ²⁸ Armacost, p.102.
- ²⁹ Ibid
- ³⁰ "Misutaa gaiatsu, Armacost beikoku taishi," *Bungei Shunju*, January 1991, p.311.
- ³¹ Armacost, p.105. For Japan's inability to make personnel contributions, also see Kuriyama Takakazu, *Nichibei domei, hyoryu kara no dakkayaku* [The Japan-U.S. Alliance: From Drift to Revitalization], Nihon Keizaisha, 1997, pp.36-37, and Tejima Ryuichi, *1991 nen Nihon no haiboku* [Japan's defeat of 1991], Shincho Bunko, 1996, pp.140-61.

- 32 Ishihara, *shusho kantei no ketsudan*, pp.73-74.
- 33 The four executive meeting of the LDP consisted of the LDP Secretary General, the Chairman of Executive Council of the LDP, the Chairman of Policy Research of the LDP, and the Chairman of LDP Upper House Members' Group.
- 34 For Gotoda's argument against the bill, see Gotoda Masaharu, *Jo to ri* [Emotion and logic] vol.2, Kodansha, 1998, pp.255-59.
- 35 Schlesinger, pp.256-67.
- 36 Ishihara, *Shusho kantei no ketsudan*, p.74.
- 37 Kuriyama, 38-40.
- 38 Ishihara, *Shusho kantei no ketsudan*, p.74.
- 39 Kuriyama, pp.38-41.
- 40 Tejima, p.187.
- 41 Ishihara, *Shusho kantei no ketsudan*, p.76.
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