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TOKYO ECONOMIC SUMMIT: MR NAKASONE'S POLITICAL PROSPECTS

SUMMARY

1. NAKASONE MUST HOPE THAT HIS CHAIRMANSHIP OF THE SUMMIT WILL ENHANCE HIS POPULARITY AT HOME AND CREATE THE RIGHT CLIMATE IN WHICH TO CALL A GENERAL ELECTION. DOMESTIC CRITICISM OF THE JAPANESE GOVERNMENT'S ECONOMIC POLICIES, GREATLY STRENGTHENED BY FEARS ARISING FROM THE RAPID APPRECIATION OF THE YEN, HAS HOWEVER COMPLICATED HIS ELECTORAL CALCULATIONS. THE SUMMIT TOO MAY NOT BE PLAIN-SAILING. APART FROM ECONOMIC DIFFICULTIES, THE JAPANESE ARE APPREHENSIVE THAT DIFFERENCES AMONG SUMMIT PARTICIPANTS ON THE HANDLING OF LIBYAN TERRORISM COULD PROVE DIFFICULT TO RECONCILE. THE SUMMIT WILL IN ANY CASE MARK THE BEGINNING OF A STORMIER PERIOD IN JAPANESE DOMESTIC POLITICS.

DETAIL

2. PRIME MINISTER NAKASONE ENJOYS HIGHER RATINGS IN THE OPINION POLLS THAN ANY OF HIS PREDECESSORS AT AN EQUIVALENT STAGE IN THEIR TERM OF OFFICE. THE LONGER HE HAS REMAINED IN OFFICE THE MORE POPULAR HE HAS BECOME. OVER THE PAST 20 MONTHS, SUPPORT FOR HIS GOVERNMENT HAS NEVER FALLEN BELOW 50%. HIS WILLINGNESS TO TAKE INITIATIVES, HIS SKILLS AS A COMMUNICATOR AND HIS SELF-CONFIDENCE IN REPRESENTING JAPAN IN INTERNATIONAL FORA ARE PERSONAL QUALITIES APPRECIATED BY A JAPANESE ELECTORATE INCREASINGLY PROUD OF JAPAN'S ENHANCED STATUS IN THE WORLD.

3. NAKASONE HAS CAPITALISED ON HIS POPULARITY TO COMPENSATE FOR THE WEAKNESS OF HIS FACTIONAL SUPPORT WITHIN HIS OWN PARTY. THE FORTHCOMING SUMMIT PLAYS AN IMPORTANT PART IN HIS DOMESTIC POLITICAL CALCULATIONS. UNDER PRESENT PARTY RULES HE IS INELIGIBLE FOR RE-ELECTION IN OCTOBER AS PRESIDENT OF THE LDP AND HENCE AS PRIME MINISTER. TO HAVE THE BEST CHANCE OF PERSUADING HIS PARTY TO EXTEND HIS TENURE OF OFFICE, NAKASONE MUST LEAD THE LDP TO PRIOR VICTORY IN A GENERAL ELECTION. A SUCCESSFUL SUMMIT COULD PAVE THE WAY FOR A JUNE ELECTION FOR THE HOUSE OF REPRESENTATIVES TO COINCIDE WITH THE TRIENNIAL ELECTIONS FOR HALF THE UPPER HOUSE OF THE DIET. ANTICIPATING SUCH A SCENARIO, JAPANESE POLITICIANS ARE ALREADY GRIPPED BY ELECTION FEVER.

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4. NAKASONE DOES NOT HOWEVER HAVE IT ALL HIS OWN WAY. AS PRE-ELECTION TEMPERATURE MOUNTS, SO DOES OPPOSITION TO AN EARLY DISSOLUTION. NOT ONLY THE OPPOSITION POLITICAL PARTIES, BUT ALSO NAKASONE'S RIVALS WITHIN THE LDP ARE HOSTILE TO A JUNE "DOUBLE ELECTION". ELECTORAL REFORM, AS REQUIRED BY THE SUPREME COURT, MAY NO LONGER BE AN INSURMOUNTABLE OBSTACLE TO AN EARLY ELECTION. BUT RECENT CRITICISM OF THE GOVERNMENT'S ECONOMIC POLICIES (MY TELNO 473) HAS INTRODUCED A NEW ELEMENT OF UNCERTAINTY. NAKASONE HAS COME UNDER FIRE WITHIN THE LDP FOR HAVING GONE TOO FAR IN COMMITTING JAPAN TO STRUCTURAL ECONOMIC REFORM. LAST WEEK'S APPRECIATION OF THE YEN TO RECORD LEVELS HAS BROUGHT CRITICISM TO A HEAD. NAKASONE'S LDP RIVALS HAVE LED THE CHORUS. EVEN THE PRIME MINISTER HAS BEEN FORCED TO ACKNOWLEDGE THAT THE YEN HAS APPRECIATED TOO RAPIDLY AND THAT THIS HAS HURT NOT JUST SMALL FIRMS BUT ALSO BIG BUSINESS. GOVERNMENT BACKBENCHERS ARE BEGINNING TO COMPLAIN THAT THIS COULD AFFECT THEIR ABILITY TO FINANCE AN ELECTION CAMPAIGN.

5. NAKASONE'S ORIGINAL GAME PLAN FOR THE SUMMIT WAS TO OBTAIN AMERICAN UNDERSTANDING OF JAPAN'S ECONOMIC POLICIES AS A SHIELD AGAINST CRITICISM FROM THE EUROPEANS. HE EVIDENTLY BELIEVES THAT HIS TRIP TO WASHINGTON EARLIER THIS MONTH GAINED HIM BROAD ENDORSEMENT OF HIS POLICIES FOR DEALING WITH THE PROBLEM OF SURPLUSES THROUGH STRUCTURAL REFORM. HOWEVER THERE IS A STRONGER POTENTIAL DIVERGENCE OF VIEW BETWEEN THE US AND JAPAN OVER EXCHANGE RATES AND DEMAND-RELATED POLICIES.

6. LIBYAN TERRORISM HAS ALSO CAST A PALL OVER PROSPECTS FOR THE SUMMIT. SINCE THE AMERICAN BOMBING OF LIBYA, THE JAPANESE HAVE KEPT THEIR HEADS DOWN. THEY HAVE TEMPERED THEIR EXPRESSIONS OF UNDERSTANDING FOR THE REASONS FOR THE AMERICANS' ACTION WITH AN APPEAL FOR RESTRAINT. BOTH NAKASONE AND FOREIGN MINISTER ABE HAVE SHOWN CONCERN THAT LIBYA WILL DOMINATE THE SUMMIT AND THAT JAPAN WILL FIND HERSELF CAUGHT IN THE CROSS FIRE BETWEEN THE AMERICANS AND THE EUROPEANS. THE JAPANESE ARE READY TO SEE THE SUMMIT ISSUE AN APPEAL FOR CLOSER INTERNATIONAL COOPERATION TO COMBAT TERRORISM, BUT THEY ARE LIKELY TO OPPOSE ANY NAMING OF NAMES FOR FEAR OF DISTURBING THEIR RELATIONS WITH THE ARABS.

2
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17.

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7. WHATEVER THE OUTCOME OF THE SUMMIT, IT WILL BE A WATERSHED IN JAPANESE DOMESTIC POLITICS. IN THE RUN-UP TO THE SUMMIT, NAKASONE'S LDP RIVALS HAVE PLEDGED NOT TO PUSH THEIR OPPOSITION TO THE POINT OF DESTABILISING THE GOVERNMENT. AFTER THE SUMMIT SUCH INHIBITIONS WILL BE REMOVED. NAKASONE WILL BE HOPING THAT HIS CHAIRMANSHIP OF THE SUMMIT WILL REINFORCE HIS POSITION AT HOME AND THUS ENABLE HIM TO WEATHER THE BUFFETING AHEAD.

8. GIVEN THE DOMESTIC POLITICAL SITUATION HERE, IT WILL BE AS IMPORTANT THAT MR ABE AND MR TAKESHITA, AND OTHER LDP LEADERS, GET THE RIGHT MESSAGE FROM ALL THEIR CONTACTS DURING THE SUMMIT AS THAT MR NAKASONE SHOULD BE CONFIRMED IN HIS CONVICTION THAT INTERNATIONALISATION IS THE RIGHT COURSE FOR JAPAN.

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3
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