

Best-Selling Author Elected Governor of Nagano Prefecture

The author of *Nantonaku Kurisutaru* (Somehow Crystal), Tanaka Yasuo was elected governor of Nagano Prefecture in central Japan on October 15, 2000. The victory of Tanaka is drawing strong public interest as it may open a new page in Japan's local administration. It marks a departure from the decades-old custom in the mountainous prefecture of electing a vice governor tapped by the outgoing incumbent governor. Tanaka was backed by reformist groups seeking a breakthrough in the closed political situation in the prefecture. During his campaign, Tanaka pledged to transform Nagano into what he called a "flexible prefecture." Upon taking up his post, he moved the governor's office in the prefectural government building to the first floor as a way to promote interchanges with residents. He also opted to live in a privately owned apartment rather than in a luxurious residence for the governor in a move to distance himself from other politicians.

But Tanaka faced strong resistance from top prefectural officials, who supported Tanaka's rival candidate, a vice governor, in the gubernatorial race. One of the officials folded the governor's name card when it was handed to him during their first meeting, saying, "What you called a flexible prefecture is too abstract." He was also urged to come up with specific measures. Twists and turns lie ahead for Tanaka. Yet, he remains confident, saying, "The idea of what (our prefecture) should be is more important than what (our prefecture) will do." He called on prefectural government employees to write their own answers based on a new sense of values.

Almost all the chiefs of municipalities who were elected in the last few years have failed to meet the expectations of unaffiliated voters who do not trust any political parties. Popular comedians were elected as governors of Tokyo and Osaka. Tokyo Gov. Aoshima Yukio gave up his post to novelist-turned-politician Ishihara Shintaro without fully displaying his ability as an outspoken critic of social conditions. Osaka Gov. Yokoyama "Knock" was driven out of the post following his indecent behavior toward a woman campaigner.

Tokyo Gov. Ishihara alone showed strong leadership in an unusual manner for Japanese politicians, abruptly imposing a tax on the gross operating profits of major banks operating in Tokyo as a way to improve the debt-ridden finances of the metropolitan government. The governor made the most of the antipathy the public felt toward financial institutions. However, he does not hesitate to show his hawkish political stance as exemplified by the mobilization of tanks on the streets of the downtown shopping district of Ginza in a disaster drill and his remark that foreigners illegally staying in Japan might riot after a major national disaster.

Nagano residents pin high expectations on the grassroots feeling and energy Tanaka showed when he went to Kobe to work with volunteers helping the survivors of the 1995 Great Hanshin Earthquake as well as his high sensitivity to new things and values as shown in his novels. The Nagano prefectural government recently added to the menu of its dining hall *Nantonaku Torisutaru Don* (a bowl of rice topped with fried chicken, sliced cabbage and tartar sauce), which is drawing popularity. This indicates Nagano residents' expectations that Tanaka will contribute to the revival of the regional economy in Nagano. On the other hand, he has risky aspects as a politician such as the publication of self-confessed womanizing. It may take some time before Nagano residents, who are known nationwide for their traditional education-oriented stance, fully recognize Tanaka as a trustworthy, "crystal" (highly transparent and reliable) governor.

Legendary Japanese Red Army Leader Nabbed

Shigenobu Fusako, the founder of the Japanese Red Army (JRA) — implicated in a series of terrorist acts throughout the 1970s — was arrested in Osaka in November. She is thought to have secretly returned to Japan and been hiding with the support of her sympathizers.

To many Japanese who experi-



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Photo : Kyodo News

enced the student protest movements in the late 1960s and early 1970s, Shigenobu was an extraordinary figure. Her beauty and long black hair, as seen in newspapers and on TV, had become indelibly etched in the minds of the people of her generation. Most Japanese too young to have experienced the protest movement, on the other hand, have not been particularly affected by the recent pictures of Shigenobu being led away by police officers.

Yet it is a different story for Japanese in their late 40s or 50s. For many, the arrest has left them with complex thoughts and feelings. The incident reminds many that real peace in the Middle East appears to be a long way off, while in Japan politics has sunk to an appallingly low level. After Shigenobu was led off the bullet train at Tokyo Station, she raised her shackled hands to give a thumbs-up sign. The impression was of a highly spirited grandmother, in sharp contrast to the wanted-poster mugshots dating from her early years as a guerrilla leader.

Shigenobu's arrest is in connection with charges of conspiring to confine the French ambassador and 10 others during the group's seizure of the French Embassy in The Hague in 1974, as well as attempted murder in connection with the incident.

Investigators also hope to clarify her alleged role as a planner in other crimes, including the massacre at Tel Aviv's Lod (now Ben Gurion) Airport in 1972. So far, however, she has remained silent during police questioning.

Shigenobu left Japan for the Middle East in February 1971 to set up the JRA, with the aim of fomenting revolution. From its base in eastern

Lebanon, the group supported armed Palestinian groups in their fight against Israel. Nearly three decades later, in 1997, Lebanese authorities arrested five JRA members. One was Okamoto Kozo, the only JRA member to survive the Lod airport attack. Shigenobu, however, narrowly avoided being arrested and was believed to have been in hiding somewhere in Syria.

At its peak, the JRA was believed to have had about 20 hard-core members. In recent years, however, the group's membership and support dwindled. The last time the group was implicated in a major incident was in 1988 in a bombing attack on a U.S. recreational club in Naples, Italy, which killed five Americans. It had become increasingly difficult for the group to find safe places in the Middle East to operate from, as the peace process helped stabilize the region. In response, the group started to look elsewhere, setting up bases in South America and Asia. Shortly before her arrest, Shigenobu apparently made frequent trips between Japan and Beijing using forged passports.

Among other notable terrorist incidents of the '60s and '70s was a hijacking in 1970, in which members of the Red Army faction, from which the JRA was formed, forced a Japan Airlines airliner to land in Pyongyang. Some of the hijackers have reportedly died of illness in North Korea, but most of the others are believed to be still living there. Their sympathizers are trying to arrange for them to legally return to Japan.

The world in which the hijackers and Shigenobu began to carry out their terrorist acts has changed drastically over the last three decades. Most notably, the Cold War has ended. And on the Korean Peninsula, relations between the North and South are warming, with North Korean leader Kim Jong Il planning to visit South Korea next spring. The new, conciliatory mood may make the world a much more difficult place for terrorists to survive in.

Notable Progress Seen in Structural Reforms of the Japanese Economy

"Keiretsu" affiliations of closely related Japanese companies and a

complicated distribution system in Japan – both main themes of the Japan-U.S. Structural Impediments Initiative talks held under the former Republican-led U.S. administration – have now begun to show a significant step forward to the much-awaited settlement. The significant progress is not necessarily the outcome of the bilateral trade talks but the result of a protracted recession following the burst of the bubble economy that, combined with fierce international competition stemming from the progress of globalization, forced the Japanese economy to press ahead with drastic restructuring.

Noteworthy points, among other things, include the accelerated reorganization of financial institutions beyond *keiretsu* affiliations, prompted by the need to write off swollen bad assets and invest in Information Technology (IT). Japanese banks have been integrated into four gigantic groups – the Mizuho Financial Group, Sumitomo Mitsui Banking Corp., Mitsubishi Tokyo Financial Group, Inc. and the UFJ (United Financial of Japan [tentative designation]) Holdings, Inc. – from the 21 major banks. Mizuho Holdings, Inc., launched on September 29, 2000, is the result of the integration of two major banks: the Dai-ichi Kangyo Bank, Ltd. and the Fuji Bank, Ltd., both with a number of *keiretsu* affiliates, and the Industrial Bank of Japan, Ltd., the core of the nation's industrial finance. The Mizuho Financial Group will become the world's largest financial group in terms of assets in 2002 when the three banks are to be fully integrated. The birth of the Sumitomo Mitsui Banking means the integration of businesses affiliated with Mitsui and Sumitomo. UFJ is the realignment of the Sanwa Bank, Ltd, the Tokai Bank, Ltd. and the Toyo Trust and Banking Co., Ltd. Meanwhile, the formulation of the Mitsubishi Tokyo Financial Group has resulted in the strengthening of the group. The integration of banks is leading to the realignment of other industrial sectors such as insurance, chemicals and steel. Such industrial reorganization is expected to gather added momentum.

Structural changes are also under way in the nation's complicated distribution system. In the six-months period which ended in August 2000, supermarket chain operator the Daiei,

Inc. lost the No. 1 sales position in the retail industry to convenience store operator Seven-Eleven Japan, Inc. Some 20 years ago, Daiei topped major department store operator Mitsukoshi Ltd. in sales. The change of retailing leaders reflects the young generation's preference for convenience stores that operate 24 hours over supermarkets that sell low-priced goods. Meanwhile, department stores, which sell luxury goods, are being urged to change drastically, with Sogo Co. Ltd. going effectively bankrupt.

Convenience stores cannot stand idle, however. The Uniqlo chain of clothing stores, operated by Fast Retailing Co., Ltd., is growing rapidly on the strength of its low-priced, high-quality products. Following in the footsteps of Uniqlo, beauty parlor chains of low-priced services are appearing. Moreover, Internet-based electronic commerce is likely to grow at a faster-than-expected pace on the back of the rapid increase in subscribers to the i-mode wireless Internet services offered by NTT DoCoMo, Inc.

The review of *keiretsu* corporate groupings has led to the unwinding of cross-shareholdings among businesses. This, coupled with the introduction of a market value-based accounting system in business corporations in the 2000 business year, has prompted them to sell stockholdings in order to reduce latent losses on such holdings. The active unwinding of stockholdings is widely viewed as the main factor behind the ongoing slump of the Tokyo stock market. The revolution of distribution systems has triggered a downward spiral of prices, leading to lackluster consumer spending. The falls of stock, land and product prices are not necessarily a bad factor. The falls to optimum levels at which Japanese consumers can easily acquire stocks, land and products will provide the Japanese economy with a good chance to secure a truly strong structure. The ongoing restructuring in various areas indicates the Japanese economy is nearing that point. The increasing entry of foreign businesses in Japanese markets is expected to make great contributions to the restructuring of the Japanese economy.