

indication that political reform as an issue was about to supersede traditional factional politics.

WHERE WILL THE CHANGES LEAD?

Reforming the Political System

The reformers' *raison d'être*, is to enact legislation aimed at changing the way the Lower House is elected and the way politicians are funded, thereby consolidating the political realignment that is already underway. With this purpose, the Hosokawa government passed a package of four political reform bills on January 29.

The package includes the Public Election Law Revision Bill, the Political Fund Control Revision Bill, the Political Party State funding Bill, and the Bill Establishing a Deliberation Council to Draw Electoral District Boundaries for Members of the House of Representatives.

Reforming Economic Management

The Japanese government's primary economic objective is deregulation. In this task, the reformers are clashing head-to-head with the bureaucrats of MITI (Minister of International Trade and Industry) and Finance who pride themselves on the economic control that they exert.

Upon his election, Prime Minister Hata announced that the main tasks facing the new government are to deregulate the economy and to resolve the ongoing trade dispute with the USA. Likewise, former MITI minister Hiroshi Kumagai (now Chief Cabinet Secretary), accepted U.S. and E.U. criticism of Japan's closed markets. He has also said that the markets must be opened up as there can be no other way for consumers to enjoy the fruits of the country's economic success.

Faced with the rapid appreciation of the yen, the Advisory Group for Structural Economic Reform, headed by Keidanren chairman Hiraiwa, established in December 1993 5 policy principles for economic reform:

- deregulation to improve market transparency and efficiency
- the formation of a domestic-demand led economy through greater investments in the social infrastructure (eg housing)
- a "comprehensive welfare vision" to cope with an aging society
- promoting a "free and large" Japanese market for imports
- encouraging fiscal policy reform and financial market liberalization