

and keep it circulating. When the money supply dwindled and this could no longer be sustained, the stock market began its downward spiral and land values followed suit. The banks started to gather up the collateral on debts that could no longer be serviced. While large corporations and banks at least continued to hold real assets (land), small investors took a bath.

The Reformers

Political scandals, economic downturn, and the end of the cold war coincided with a power struggle which was occurring within the LDP. Seen in its simplest light, the split came from a personal rivalry between the former LDP Secretary General, Ichiro Ozawa (now a power broker in the coalition government), and the current Secretary General Seiroku Kajiyama. But the split also occurred in part along generational lines, as a group of younger LDP members had grown restive over the "natural order" of succession, based on factional leadership which was, in turn, financed by money politics. As the Prime Minister of the day, Kiichi Miyazawa, himself a faction leader, had been discredited over his failure to enact political reform, and as the other faction leaders had their own problems - for Michio Watanabe, illness; for Hiroshi Mitsuzuka, scandal - the effectiveness of the factional structure came into question.

On June 18, 1993, LDP members Ozawa and former Finance Minister Tsutomu Hata (now Prime Minister) voted against their own government on a non-confidence motion after the LDP abandoned promised political reform legislation. They then quickly led thirty-four other members from the LDP to form *Shinseito*, the Renewal Party (currently, *Shinseito* and the Buddhist Party, *Komeito*, are the key alliance within the ruling coalition).

In the July 18 Lower House election, the LDP's seat count fell from 275 to 223. The Renewal Party (*Shinseito*), the Japan New Party, and *Sakigake* (Harbingers) gaining 55, 35 and 13 seats respectively. The Social Democratic Party was reduced from 133 seats to 75, signalling the end of the "LDP vs Socialists" paradigm which had defined Japanese politics since 1955..

The opposition parties united to form a grand coalition, taking power on August 6, 1993 after electing Morihiro Hosokawa (Japan New Party) as its leader and defeating Yohei Kono, the LDP candidate for Prime Minister. The seemingly indestructible LDP suddenly resembled monolithic political structures the world over: once a few cracks appeared in the foundation, the entire superstructure looked ready to come crashing down.

Ironically, the LDP chose, in the person of Kono, a leader who had abandoned the party in 1976 to form the reformist New Liberal Club. (His movement eventually collapsed and he rejoined the LDP in 1986.) That Kono had defeated faction leader Michio Watanabe and come full circle to lead the party in 1993, was a clear