

Japan's Kaieda ahead in PM race but run-off likely
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TOKYO, Aug 28 — Japanese Trade Minister Banri Kaieda has the lead in a ruling party race to pick the next prime minister, but a bruising run-off looks likely as chances of a majority win in a first-round vote are slim, media surveys showed today.

Japan's sixth prime minister in five years faces huge challenges — a resurgent yen that threatens exports, forging a new energy policy while ending the worst nuclear crisis since Chernobyl, finding funds to rebuild from a devastating March tsunami as well paying for the ballooning social welfare costs of a fast-aging society.

The obstacles to governing, including a divided parliament and internal party bickering, have raised concerns that the next premier, to be selected in a Democratic Party of Japan (DPJ) vote tomorrow, will end up being another short-lived leader.

"Unfortunately, chances are that whoever wins, we'll be going through the same debate in 12 months," said Jesper Koll, director of equities research at JP Morgan in Tokyo.

Despite differences over policies such as whether to raise taxes to pay for rebuilding and how to win opposition help in a divided parliament, none of the five candidates has presented a detailed vision of how to end Japan's decades of stagnation and revitalise the world's third-biggest economy.

"Their positions already seem to have been watered down," Koll said.

The party leadership race has become a battle between allies and critics of party powerbroker Ichiro Ozawa, a 69-year-old political mastermind who heads the DPJ's biggest group despite facing trial on charges of misreporting political donations.

The 62-year-old Kaieda, who has secured Ozawa's backing, had support from about 115 of the 398 Democratic lawmakers eligible to vote in tomorrow's party election, a survey by the Mainichi newspaper showed.

NHK public TV said Ozawa's group was growing confident of winning a second vote, an outcome that could unnerve investors worried about Japan's bulging debt given his cautious stance on raising taxes to pay for rebuilding from the tsunami and calls for the Bank of Japan to do more to support the economy.

RUN-OFF LIKELY, LAGGARDS JOCKEY

Former foreign minister Seiji Maehara, 49, who says beating deflation is a top priority and also wants the Bank of Japan to do more, was jostling with fiscal hawk Finance Minister Yoshihiko Noda, 54, and little-known Farm Minister Michihiko Kano, 69, for second place.

A fifth candidate, former transport minister Sumio Mabuchi, 51, was lagging well behind.

A journalist takes leaflets of candidates running for the ruling Democratic Party presidential election in Tokyo today. — Reuters pic

If no candidate wins a majority in an initial vote, a run-off will immediately be held between the two top candidates.

The winner of the DPJ election will become prime minister by virtue of the party's majority in parliament's lower house.

Maehara ranks highest of the candidates with ordinary voters, but his chances have been undercut by rivalry with Noda, who shares a similar support base inside the DPJ, as well as by concern about a donations scandal.

Maehara — who would become Japan's youngest post-World War Two premier if he wins — resigned as foreign minister in March after admitting he had accepted donations from a Korean resident of Japan. That would be illegal had he done so knowingly.

Yesterday, he told a news conference he had received more than US\$7,000 (RM21,000) in donations from four foreigners and one firm headed by a foreigner between 2005 and 2010, but had not been aware of the donations, Japanese media reported.

Whoever takes over from outgoing Prime Minister Naoto Kan, who resigned as party head Friday after months of criticism for his handling of the nuclear crisis, faces a struggle to implement policies in a "twisted" parliament where opposition parties control the upper house and can block bills.

Maehara and Noda today reiterated their calls for a "grand coalition" with the main opposition parties. Kaieda rejected the idea, to which opposition rivals have anyway been cool. "In a democratic parliamentary system, a grand coalition is not preferable," he said in a debate on NHK public TV.

Feuds over the role of Ozawa, a one-time heavyweight in the conservative Liberal Democratic Party who bolted and helped briefly oust the long-dominant party in 1993, have rattled the Democrats since his Liberal Party merged with the DPJ in 2003.

Some credit his political skills with engineering the Democrats' leap to power in an August 2009 election. Others say his scandal-tainted image is damaging the party, which has seen its support sink among voters disillusioned with its failure to deliver on promises of bold changes in how Japan is governed. — Reuters

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