JAPAN - READY FOR CHANGE?

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Introduction:

It seems that Japan, in its quiet yet determined way, is preparing for political change at the apex of government - replacing the long-serving Liberal Democratic Party (LDP) with the newly-emerging Democratic Party of Japan (DPJ). Such a change would not only have domestic considerations, it could also presage a more independent foreign policy stance. The signs of change are growing - with DPJ victories in no fewer than three Mayoralty elections in major cities since April 2009, these being in Nagoya, Saitama, and, most recently, Chiba. It appeared for a time that the embattled administration of LDP Prime Minister Mr Taro Aso had weathered the storm and was gradually recovering lost support. This was due to the unpopularity of DPJ founder, and then President, Mr Ichiro Ozawa, who, because of an illegal corporate donations scandal involving the Nishimatsu Construction Company and the indictment of a close aide, had lost public confidence. It was also due to Mr Aso’s sharp rebuke of North Korea in launching a rocket - widely perceived in Japan as being a missile disguised as a satellite - worryingly close to...
Japanese airspace.\(^5\) Mr Aso’s popularity started to rise moderately,\(^6\) sparking renewed hope in LDP circles that Japanese voters, angry over the loss of vital pension records and worried about falling living standards, were turning once more to the Party which they had supported for more than 50 years of almost continuous government. All of that changed, however, when on 11 May Mr Ozawa bowed to the inevitable, resigned as DPJ leader\(^7\) and handed the Presidency to an untainted, corruption-free successor in Mr Yukio Hatoyama, duly elected leader on 16 May.\(^8\) Public opinion began to change and became, once again, more favourable towards the Opposition and more critical of the incumbent Government.\(^9\) At the time of writing, the latest opinion poll shows the support rate for the LDP in mid-June 2009 as being the lowest for a ruling party on record in Kyodo polls. In an opinion poll conducted on 15 June 2009, 47.8% of respondents said they would vote for the DPJ at the next House of Representatives Election, whilst only 18.7% said the LDP. The most suitable Prime Minister was designated by 50.4% of respondents as being DPJ leader Mr Yukio Hatoyama, with LDP leader Mr Taro Aso being backed by only 21.5%. Most tellingly of all, the disapproval rate for the governing LDP Cabinet stood at 70.6% - almost a point of ‘no return’.\(^10\) The portents then are clear - Japan is on track to change its national government by electing an Opposition Party that is focused, confident and popular.

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\(^8\) “Japan’s Main Opposition Party Elects New Chief”, *Agence France Presse*, 16 May 2009.


\(^10\) “Aso Cabinet Support Rate Falls To 17.5%, DPJ At 38.5%”, *Kyodo News*, 15 June 2009.
1. **Differentiation - LDP & DPJ Manifestos:**

Given the pitched battle being conducted for the majority support of Japan’s 100 million voters, what separates the principal combatants from each other in terms of what each intends to do for the country it hopes to govern? Basically, the LDP and the DPJ are playing to their respective electoral strengths - with the LDP stressing its years of proven experience and with the DPJ emphasizing its proffered hope for change and reform. Thus, the DPJ is calling for a transfer of power whilst the LDP asserts its capacity to govern in their respective manifestos for the approaching General Election which must be held after September 2009 - a scant three months hence.

In terms of specifics, the LDP’s manifesto calls for fundamental reform of the tax system, involving an increase in the 5% consumption tax, so as to finance growing social security spending, as well as expressing the need for a national security policy that attaches continuing importance to the Japan-United States alliance. By demonstrating such concrete policies and clarifying their financing, the LDP plans to show voters the contrast between its intentions and those of the DPJ as well as to highlight its implied superior ability to govern. The LDP is aiming to accentuate what it sees as the DPJ’s failure to clarify the manner in which it will fund its policy pledges in a bid to foster doubts as to the Opposition Party’s capacity to effectively govern.  

The DPJ, for its part, is putting forward the basic policies it presented during its highly successful campaign in the 2007 House of Councillors Election - unifying pension programmes, making expressways free of charge, creating child-care allowances and abolishing public high school tuition fees. Under the slogan “Priority Should Be Placed On People’s Livelihoods”, the DPJ manifesto further states that each Japanese household’s disposable income will increase by no less than 20% if it wins the Election, takes over the reins of government and fully implements its policies. Unlike the LDP, the DPJ asserts that it will not increase the consumption tax to pay for its promises. To counter the ruling LDP/New Komeito Coalition’s dismissal of DPJ policies as “pork-barrelling”, the principal Opposition Party pledges to thoroughly streamline the Kasumigaseki bureaucracy, end wastage of taxpayers’ money and work out the details for funding its policies after it realigns the state budget, should it win power.


12 Ibid.
Sensing that Coalition criticisms of the proper funding for Opposition policies are hurting its prospects, the DPJ has responded that it will pay its way by cutting unnecessary budget allocations - in particular by trimming 20 trillion yen (or around US$204 billion) from the Government’s 207 trillion yen (or around US$2.1 trillion) general account and special accounts budgets.  

2. Potential Allies & Suitors - The SDP & Nippon Keidanren:

Despite its favourable showing in opinion polls, the DPJ is concerned that, whilst it may win the most seats in the House of Representatives following the General Election, it will not command an absolute majority - 241 seats - in its own right on the floor of the House. Such an outcome will oblige it to form a Coalition with other, smaller Parties - such as the People’s New Party and the Social Democratic Party - arrangements which are already significantly advanced.

The DPJ and the People’s New Party have already drafted five common policy promises and have called on the SDP to join the policy talks. The five pledges are that the consumption tax rate will be left unchanged; postal privatization will be reviewed; a special medical care system for people aged 65 or older will be abolished; a safety net to protect jobs will be developed; and high school education will be made free. Although having accepted the five policy promises, the SDP is placing itself so as to insist on the adoption of some of its own policy pledges, including the relocation of US military bases in Okinawa Prefecture to an as yet unspecified location outside the Prefecture and the discontinuation of overseas deployment of the Self Defence Forces. DPJ President Hatoyama has responded to such insistence by SDP leader Mr Mizuho Fukushima by saying: “We need to have more in-depth discussions on security matters and other issues. It’s important we get over our differences for the common good.”

Moving from the left of the political spectrum to the right, the DPJ has also held policy talks with the Japan Business Federation, each side hoping for some advantage prior to the General Election. Given the increasingly shaky hold on power by the ruling LDP, the nation’s most powerful business lobby, known as Nippon Keidanren, sought to link its interests with the rising DPJ in talks between Party President Yukio Hatoyama and Nippon Keidanren


Chairman Fujio Mitarai. The talks, though, were less than fruitful. Mr Mitarai advocated an early consumption tax increase to help fund social security programmes while Mr Hatoyama argued such a move is unnecessary. Mr Hatoyama also called for a 25% reduction in greenhouse gas emissions from 1990 levels, while Mr Mitarai would support only a 4% cut. Observers characterized the top-level talks as “political theatre”, with the DPJ seizing an opportunity to “bask in the spotlight” and to put greater pressure on the LDP. The Nippon Keidanren hoped to have its views reflected in the Opposition’s policy platform, though was singularly unsuccessful in this first attempt. It needs to be remembered that the business lobby is traditionally a close and supportive ally of the LDP and is hardly a natural associate of the Opposition. In this instance, Nippon Keidanren member companies donated more than 2.9 billion yen (or some US$23.5 million) to the LDP in 2007 alone - such generosity contrasting with the comparatively paltry 80 million yen (or around US$648,060) they donated to the DPJ the same year.  

3. **Electoral Choices - LDP & DPJ Policy Comparisons:**

The issues that are most likely to dominate the 2009 General Election campaigns for both major Parties are bureaucratic reform, the (unpopular) consumption tax, foreign affairs and national security. It is instructive, then, to examine where each contender stands on these particular matters and to compare and contrast the alternatives each is putting before the Japanese people.

With regard to administrative reform, DPJ leader Hatoyama has called for the abolition of the long-standing practice known colloquially as “amakudari” (translated as “descent from heaven”) by which government officials assume highly profitable post-retirement jobs in public and private corporations they once oversaw. LDP leader Aso, for his part, seeks only to prevent retired bureaucrats from jumping from one comfortable job to another, a practice known as “watari.” Hatoyama has stressed in press conferences that the Japanese public is frustrated by the Government’s wasteful spending and by the “amakudari” practice. He has said he would change Japanese politics from one being led by bureaucrats to one led by citizens - underscoring his strategy of addressing popular discontent with the current administration. Contrariwise, Aso’s position has been that bureaucrats should not be regarded with hostility by citizens but rather should be treated as public assets of whom full use should be made. Adopting this approach, he has

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pointedly avoided criticisms of officials. Hatoyama, however, has committed himself to reshuffling bureaucrats in such higher echelon positions as vice ministers and bureau heads and appointing private sector figures to some of these posts. Further, he has proposed assessing the performance of senior officials semi-annually.  

Concerning the consumption tax matter, Aso maintains that the tax should be raised once the Japanese economy begins to swing upwards again, whilst Hatoyama contends that there is no need for the present even to discuss an increase. The difference reflects variations in political judgement, with Aso believing that, as a responsible politician, he should openly refer to the proposed tax hike, whilst Hatoyama believes that such views only antagonize voters and should be avoided. The DPJ leader has said, "Because our plan sets more than 20 years of transition period before completely switching to the funding by tax, I see no need to raise the consumption tax within four to five years." In spite of such assurances, commentators argue that Hatoyama needs funding sources to fulfil his various pledges including boosting household incomes by 20% and preventing the entrenchment of economic and social gaps among people.

In the field of foreign affairs and national security, Hatoyama advocates a “fraternal diplomacy” whereby Japan as a sovereign state interacts amicably with societies that hold widely differing values. This view clashes with Aso’s diplomatic concept of “an arc of freedom and prosperity” which emphasizes close cooperative relations principally with countries that share Japan’s intrinsic values - liberalism and the rule of law - including the United States and Australia. In 1996, prior to the formation of the DPJ, Hatoyama sought to end the permanent presence in Japan of the US military and to review the Japan-US Security Treaty by the year 2010. Such earlier proposals conflict sharply with Aso’s position, which sees the bolstering of the Japan-US alliance as the main pillar of Japan’s foreign policy. In recent years, however, Hatoyama has refrained from publicly advocating the removal of US bases or revising the Security Pact, although he has stressed that Japan should follow its own course in international relations, less sympathetically of the wishes of Washington.


Ibid.

Ibid.
4. Conclusion - Next Hurdles:

This discussion commenced with the defeat by the DPJ-supported Chiba Mayoral candidate, Mr Toshihito Kumagai, of the LDP-backed former deputy Mayor, Mr Kojiro Hayashi, by 53,069 votes or a victory margin of 45%. Coupled with defeat in Chiba, as well as in Nagoya and Saitama, these developments will fuel concern within the LDP that it has little chance of winning the Lower House Election with Mr Taro Aso as leader. The resignation of Mr Kunio Hatoyama as Minister of Internal Affairs and Communications on 12 June 2009 was also a heavy blow to the Aso Cabinet. The former Minister - brother to the Opposition leader - had been adamantly opposed to the retention of Mr Yoshifumi Nishikawa as President of the government-owned Japan Post and had wanted Mr Nishikawa to be held responsible for the firm’s plan to sell 70 Kampo-no-Yado inns and nine housing facilities to a subsidiary of leasing company Orix Corporation for 10.9 billion yen (around US$111 million) - about one-twentieth of the original investment.

All of which focuses on the next litmus tests of the electoral standing of the major Parties. These concern the Shizuoka gubernatorial election (scheduled for 5 July 2009) and the Tokyo Metropolitan Assembly election (set down for 12 July 2009.) If candidates backed by the ruling Parties lose these two elections, the Aso Government will be severely damaged, so much so that the Prime Minister may be forced from Office and replaced by a hasty successor who, it will desperately be hoped, may reverse the Government’s badly-frayed electoral standing. Even if the Prime Minister survives such further defeats and remains as LDP President, it would seem that the mood of Japanese voters will be one in favour of change and that the decades-old grip of the LDP on national power will be over. The DPJ senses that it is on the verge of winning national government and it will proceed decisively and resolutely on that assumption.

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19 “The Victory Sunday Of An Opposition-Backed Candidate In Chiba’s Mayoral Election Spells More Bad News For Prime Minister Taro Aso As He Contemplates The Timing Of A Lower House Election”, *The International Herald Tribune (Herald Asahi)*, 16 June 2009.

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