



## **School of International Studies**

New Delhi 110067 INDIA

### **SIS Monthly Faculty Meetings**

***Discussion on***

### **Change of Power in Japan: Some Implications**

Japan went through its routine process of electing members to the Lower House of the Diet on 30 August 2009. What caught the attention of the world is the outcome of the elections. The venerable governing party, the Liberal Democratic Party (LDP) which had steered Japan through its recovery after the Second World War and guided Japan's rise as an economic super power had lost its support of the public and relinquished its power to the Democratic Party of Japan (DPJ) and its alliance. The election was genuinely an exciting one, as for the first time one saw the Japanese people come together to give a verdict about their own political grievances. The DPJ message "change" which was in line with Obama's campaign call had paid off. The victory of the DPJ and its alliance is commendable because out of the 480 seats in the Lower House, it has 318 although it has fallen short of an absolute majority by 2 seats. However, it has a majority in the Upper House and this also puts it in a strong position to usher in change.

The election process in Japan has undergone some changes as part of the reform movement in 1993. Today, in the House of Representatives (*Shugi-in*), out of the 480 members elected for a four year term, 300 members are elected from single-seat constituencies and 180 members are elected by proportional representation in 11 block districts. In this system, each voter votes twice - once for a candidate in the local constituency and once for a party - where each party has a list of candidates for each block district. The local constituencies are decided by plurality and the block seats are then handed out to the parties proportionally (by the D'Hondt method) to their share of the vote; the parties in turn, appoint members from their lists. Often the parties assign block seats to unsuccessful single-seat candidates.

Table: 1 gives a fair understanding of the election 2009 results. The DPJ on its own has harnessed 308 seats, the contribution of its alliance being only 10 seats. Nevertheless, it is these ten seats that have contributed in increasing DJP's strength in the Diet. The debacle of the LDP and its alliance is worthy of analysis at this juncture because it strongly reflects the election mood of the public which was essentially tired of the LDP

regime. Given that the DPJ did not build a reasonable platform of what it would do as a party in power, the game was played not in the arena of policy but in the arena of the emotions of the people. With only 119 seats, the LDP did not get even one fourth of the total number of seats. However, this was not the first time that the LDP had faced defeat. In 1993-1994 just after the election reforms had been set in motion, it went out of power for an 11-month period and they were replaced by an eight-party alliance headed by Morihiro Hosokawa. The difference this time is that the main party (the DPJ) of the opposition alliance has the individual strength in numbers. With only two other parties as its alliance whose combined contribution has been only 10 seats, the DPJ essentially has a single party dominance. It thus gives the DJP the power to go ahead with its policy programme with minimum interference from within.

Certain changes in the composition of the Lower House are worthy of mention as they signify certain shifts from the older order. Firstly, the newcomer count is the largest since the changes made in the electoral process. The number of newcomers stand at 158. Secondly, the heredity candidates, that is those who inherit seats from their family

**Table: 1 Summary of the 30 August 2009 Japanese House of Representatives**

<b>Alliances and parties</b>	<b>Local seats</b>	<b>+/-</b>	<b>Block seats</b>	<b>+/-</b>	<b>Block votes</b>	<b>%</b>	<b>+/-</b>	<b>Total seats</b>	<b>+/-</b>
<a href="#">Democratic Party of Japan (DPJ)</a> <i>Minshutō</i>	221	+169	87	+26	29,784,743	42.4%	+11.4	308	+195
<a href="#">Social Democratic Party (SDP)</a> <i>Shamintō</i>	3	+2	4	-2	2,999,040	4.3%	-1.2	7	±0
<a href="#">People's New Party (PNP)</a> <i>Kokuminshintō</i>	3	+1	0	-2	1,218,020	1.7%	±0.0	3	-1
DPJ-SDP-PNP Coalition	227	+172	91	+22	34,001,803	48.4%	+10.2	318	+194
<a href="#">Liberal Democratic Party (LDP)</a> <i>Jimintō</i>	64	-155	55	-22	18,782,218	26.7%	-11.5	119	-177
<a href="#">New Komeito Party (NKP)</a>	0	-8	21	-2	8,045,723	11.5%	-1.8	21	-10

<i>Kōmeitō</i>									
<b>LDP-NKP Coalition</b>	<b>64</b>	<b>-163</b>	<b>76</b>	<b>-24</b>	<b>26,827,941</b>	<b>38.2%</b>	<b>-13.3</b>	<b>140</b>	<b>-187</b>
<u>Japanese Communist Party</u> (JCP) Kyōsantō	0	±0	9	±0	4,936,753	7.0%	-0.3	9	±0
<u>Your Party</u> (YP) Minna no Tō –	2	–	3	–	2,994,475	4.3%	–	5	–
Others and independent factions	7	–	1	–	1,484,000	2.1%	–	8	–
<b>Total (turnout 69.28%)</b>	<b>300</b>	<b>–</b>	<b>180</b>	<b>–</b>	<b>70,244,972</b>	<b>100.0%</b>	<b>–</b>	<b>480</b>	<b>–</b>

members have significantly decreased. It is only 15.6% as against 24.6% in the 2005 election. This means that the Japanese people are giving up the notion of filial representation. Thirdly, a record number of 54 female representatives have been elected into the Lower House. This in itself has a strong bearing as many of them have defeated a more powerful opposition.

The result of the election of 2009 has not left any doubt of the DJP victory and has thus saved the country from any uncertainty and political quandary. Yukio Hatoyama took office on 16 September 2009 as the Prime Minister of Japan. The number of Ministers in the cabinet is 18 with 14 representatives from the Lower House and 4 from the Upper House. To keep up the image of gender equality, two women representatives figure in the list and have been given Ministry of Justice and State Ministry of Consumer Affairs and Declining Birth Rate. Both these ministries have an important role to play in transforming Japan. Two representatives - one each from the SDP and the *Kokuminshinto* have been accommodated as ministers of state. A strong party leader like Naoto Kan was given the post of deputy Prime Minister while Hirohisa Fujii, the senior most party leader who was the Prime Minister in waiting till a scandal made him step down in early 2009, was given the Finance Ministry. Kazuhiro Haraguti got the Ministry of Internal Affairs and Communication along with Ministry of State for Promotion of Local Sovereignty and Masayuki Naoshima was given the Ministry of Trade and Industry. At the outset Hatoyama has judiciously put up a cabinet which has a blend of old and new faces, a balance of different power centres within the party, gender considerations and alliance appeasement. While announcing the cabinet he described it as, “A cabinet to make a clean sweep of wasteful spending”.

To gain an understanding of what the DPJ agenda would be post its election victory, it is necessary to first understand the conditions that it has inherited. The most important inheritance is the high national debt Japan National Debt 194% of GDP 2008. This means, in order to undertake any development, it would only get into more deficit which would prove to be a major constraint, given the history of the recent past. The other most important condition has been growing unemployment which stood at 5.7% in July 2009, just before Japan went in for the elections. This indicator points towards a shrinking domestic economy and foretells many hard but economically sound decisions which the DPJ would have to take. Will the DPJ agree to stick its head out for such long term gains even though this could mean loss of popularity in the short term?

The demographic problem of a fast aging society along with a disinterested youth (a very low turnout of 33% in this election) who have neither the commitment nor the will to see a resurgent Japan, adds to the DPJ's woes. Moreover, they do not form the majority in the party cadre. The DPJ may have been voted to power with the expectation of change but the youth of Japan who is a large stakeholder does not come across as a group that will put itself behind the DPJ's hard decisions. This might cost the DPJ its rating in the opinion poll and inadvertently reflect in the election results of the Upper House in the coming year.

The DPJ led its election campaign with a glossy 23 page election manifesto promising giveaways and some policy directions in order to set the process of understanding what the DPJ gives importance to and what it would do, when in power. This paper tries to analyze and understand the implications on the basis of the promises made.

### **Administrative Reforms**

In its election manifesto, the DPJ promised to neuter the power of the civil service. To achieve this it hoped to cut administrative expenses and divert the funds released to accommodate the largesse promised to ordinary households. Yet another move to enhance its control over the bureaucracy was to set up the National Strategy Bureau to oversee the budget process and set priorities for policies. The government hopes that a centralized authority under the Prime Minister and his cabinet will end the haggling that was typical under the LDP, between the cabinet and other ruling party law makers. Further, it will put the political incumbent in the driving seat. The problem for the DPJ is that as it is inexperienced in running the government, it will have to fall back on the bureaucracy to take its policies through. The need of the bureaucrats will be felt the most when the DPJ sets reforms in motion because it is the bureaucrats who will bring in their vast repository of knowledge which is definitely deficient among the current cabinet ministers.

### **Foreign Policy**

Yukio Hatoyama, during his election campaign emphasized that he would put more emphasis on forging closer ties with his Asian neighbors than his predecessors, as part of

building an East Asian community. The evidence of this can be seen in his promise of not visiting Tokyo's Yasukuni Shrine so as not to offend China and South Korea. The DPJ's keen interest to form an East Asian Community is reflected in Prime Minister Elect Hatoyama's statement, "The realization of regional currency integration ought to be our goal; however, this ought to occur in the context of building a permanent East Asian security framework."

However, for now, the major focus will be the alliance with the United States. During the election campaign, the Prime Minister pledged to create a more equal partnership with Washington – a partnership that would allow Japan to have greater flexibility in foreign policies. Post election, he held a telephonic conversation in which he assured Barack Obama of Tokyo's relationship with Washington and promised that USA would remain central to Japanese diplomacy. During the United Nations summit meet on climate change, Yukio Hatoyama described his meeting with Obama as a "warm atmosphere overall" and thought that the talk had helped build a trusting relationship between the two leaders. However, Mr. Hatoyama said that he and Mr. Obama had not talked specifically about lingering diplomatic issues between the two countries, such as, what to do about the U.S. military bases in Japan and whether Japan would extend its agreement to refuel the U.S. ships bound for Afghanistan. The DPJ maintains that it wants to re-assess some of the agreements governing the U.S military forces in Japan and plans to end Japan's naval support for the U.S led occupation of Afghanistan, when the mandate expires in January. The problem of the military base in Okinawa continues to cloud the relationship between the two. The DPJ would like to see the military bases shift as well as reduce its strength.

The possibility of a shift in foreign policy however, is a distant dream. Domestically, the DPJ faces an Upper House election next summer and if it has not proved to the voters that they (voters) made the best decision before then, it could find itself confronted by a resurgent LDP and a political deadlock. While the East Asian community and a common currency for the region are being floated right from the pre-election days, not only by the Prime Minister but also the Finance Minister, the likelihood of it within the next few years is a distant proposition. Can the DPJ play the role of undermining the U.S dollar? Rather, the new government, mindful of Japan's reliance on the protection of the U.S nuclear umbrella, will not want to put the alliance at risk. The DPJ government is expected to make only modest changes in Japan's foreign policy and would probably leverage the climate change issue at an international forum to prove that it has taken an independent stand, with respect to its foreign policy.

To us in India, it is noteworthy that neither has there been any mention of how the DPJ views India nor has there been any statement issued with respect to India. The advantage is that this neutrality of the DPJ can help us position India in a favourable light. India's Ministry of External Affairs and other industrial platforms like the FICCI and the CII etc., will make attempts to attract Japan before the official visit of Hatoyama due next year and this would help the cause of Indo- Japan relations.

## **Economy**

The DPJ's election manifesto says the thrust of its policy will be to make the economy domestic-consumer driven, with less dependence on the dwindling demand for the country's exports. Among the strategies worked out to deliver this promise are increased

child benefits. One of its spending proposals is to give each family a cash incentive of ¥ 22900 per month per child; this would help both consumerisms as well as encourage people to have children. Further, its election manifesto proposed ¥1 trillion in direct income subsidies to all commercial farm households, regardless of size. In addition to this, a higher minimum wage and less tax for small and medium enterprises would also encourage consumer spending. Along with these, doing away with the extremely high tolls for national highways is also in the agenda. Pledging not to raise consumption taxes for the next four years during the election campaign, the DPJ had essentially dealt out a populist deal to gain voters' choice.

Having been elected into the seat of power, the DPJ is anxious to reshape the budget to include all of its programmes. This would mean an increase of ¥ 3.5 trillion and would most likely take the general account budget to more than ¥ 90 trillion for the first time ever, in the history of Japan.

The above directions given to the economy leads to a fundamental question. Where will the DPJ find funds to show the generosity that it promised to the people at large, during the election campaign? If it sets about pumping in more money into the economy, the DPJ will tap into the high saving rate of the people and hefty trade surpluses. And when it finally burns through that pile of domestic cash, Japan may find that overseas investors balk at buying Japanese debts and this, according to Naoki Iizuka of Nomura Securities, could spell “financial armageddon”.

With respect to economic reforms, the policy positions that the DPJ has taken since 2007 does not foretell a significant change. During the previous Diet, not only did it backtrack on its own reform proposal, it also thwarted the LDP led government's efforts to bring about some reforms.

Agriculture is a pivotal issue for the whole economy. The revival of the economy can be attempted through some radical changes like land use reforms, abolition of *gentan* (reduction in area of rice cultivation), making more agricultural land available for full time professional farmers and forming close connections between the agrarian sector, the industrial sector and the commercial sector.

There are three reasons why the DPJ might promote agricultural reforms. One, loss of the LDP power will open the doors to more dramatic policy changes. Two, the DPJ will try to break the economic power of farmer co-operates. Three, direct income subsidies could theoretically help the FTA (Free Trade Agreement) as farmers will be compensated. So on the balance, one can anticipate some reforms in the agricultural sector than in the health or the financial sector; however, this will be limited during the first phase as the DPJ will try to consolidate its image among the people.

FTAs between Japan and the Asian countries have been signed at a quick pace to foster greater trading relations. The DPJ is expected to continue with this policy as Japan has to look at establishing stability on the trade front. While ASEAN countries and South Korea are established partners, the focus will shift to India, the Middle-East countries and the Latin American countries.

## Environment

During his election campaign, Okada, the Foreign Minister of Japan had said that the DPJ would seek legislation to cap emissions and establish a trading system for pollution permits, along with the promotion of alternative energy and a carbon tax. Such policies will give rise to new industries as Japan's population declines and faces competition from China and India. In his address at the UN summit on climate change, Hatoyama said, "For its midterm goal, by 2020, Japan will aim to reduce its emissions by 25% as compared to the level in 1990. This would be consistent with what science calls for, in order to halt global warming." All this strongly asserts that in environmental concerns, the DPJ would like to put Japan in the forefront of issues. This is interesting because it could become a useful image propeller in the international community. It could also help Japan to identify a new industrial sector which could be directed to become the engine of growth for the economy. In his statement in the *United Nations Summit on Climate Change* Hatoyama put forward four principles essential to assist the developing world:

1. The developed countries including Japan must contribute to public and private financing
2. The developed countries must develop rules to facilitate international recognition for reduction of emission in developing countries
3. The United Nations climate change regime should establish a one stop provision of information on matching available bilateral and multilateral financing while securing transparency and effective utilization of assistance
4. Japan's proposal to promote transfer of low carbon technologies which ensures the protection of intellectual property rights

This clearly shows that Japan will leverage on its eco-friendly technologies to gain grounds in Asia, the Middle East as well as in Africa. By this, it will regain its international position as an economic power.

To conclude, one does not expect the DPJ to rock the boat till next year's Upper House elections; it would rather address soft issues like the environment. It would like to fulfill its commitments like money for child benefit and direct subsidies etc., to ensure its vote bank. Optimistically speaking, if the DPJ gains majority in the Upper House, one can anticipate some strong policies from Hatoyama to rebuild an ailing Japan and leave an impact of his leadership. Let's not forget that he comes from a family which in the past has had a history of having offered Japan directions.

- **Srabani Roy Choudhury**