Columbia Business School

Center on Japanese Economy and Business

日本経済経営研究所

# Japan's Historic Election: Cause and Consequence

September 24, 2009


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*Hugh Patrick, director of the Center on Japanese Economy and Business, Columbia Business School, served as the moderator for this event.*


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**Special Lecture Summary Report**


**Yishane Lee**, Writer


邦訳付

Japanese translation inside

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For the fifth consecutive year, Professor Gerald Curtis presented a special lecture on the current state of Japanese politics. After being introduced by Hugh Patrick, director of the Center on Japanese Economy and Business, as the most knowledgeable specialist on Japanese politics in the United States, Professor Curtis proceeded to place the historic national election of the Democratic Party of Japan (DPJ) in context. He discussed why the DPJ won and the long-ruling Liberal Democratic Party (LDP) lost, and what to expect from the DPJ in both the domestic and foreign arenas. This report is a summary of Professor Curtis's presentation.

Professor Curtis began by detailing how Japan's August 30 election was especially significant. He said it effectively marked the end of Japan's postwar political party system and the beginning of another, in many ways uncertain, era. It is the first election since a new constitution was adopted after the end of World War II that any party other than the LDP has won the majority of seats in the Lower House of the Diet on its own.

He noted that the situation today is fundamentally different from the brief period in 1993 when the LDP was excluded from power for a few months when key members—including Ichiro Ozawa and Yukio Hatoyama—split from its ranks, Mr. Ozawa to form his own party, and Hatoyama to join a separate new party. Eventually these parties were dissolved and the Democratic Party became the challenger to the LDP. Now Mr. Ozawa is the secretary general of the DPJ and Mr. Hatoyama is prime minister.

Because the DPJ did not win a majority in the Upper House, however, the party formed a coalition government with two very small parties, the Social Democratic Party and the People's New Party. A key goal for the DPJ is to win during next summer's Upper House elections so that it can control both houses of the Diet.

## Why Did the DPJ Win?

Professor Curtis first explained why some popular arguments for reasons the DPJ won are unsatisfactory. It was not simply because the incumbent prime minister, Taro Aso, was unpopular. His 20 percent popularity rating at the time of the election was higher than that of some previous prime ministers, such as Yoshiro Mori and Noboru Takeshita, both of whom had support ratings in only the single digits before they resigned. While prime ministers have left office because they were unpopular, the LDP itself stayed in power.

It was not because of the poor state of the Japanese economy. The economy has been in the doldrums since the early 1990s, but the LDP, except for several months in the early 1990s, retained power despite the poor economy.

It was not because the DPJ was very popular and the public excited about Mr. Hatoyama as prime minister. The DPJ's two main issues—a child allowance and elimination of highway tolls—enjoyed only about 30 percent and 20 percent in support, respectively.

Professor Curtis noted the election was more about the rejection of the LDP than an embrace of the DPJ.

## Why Did the LDP Lose?

Professor Curtis said the key reason the LDP was defeated was because it had lost its ability to keep its finger on the pulse of the public mood and understand what it needed to deliver in order to remain in office. Social change had undermined the LDP vote-gathering machine in nonmetropolitan Japan, where it had provided the bedrock of LDP support for decades. What that machine was able to deliver is no longer what the Japanese public wants. More than roads and bridges and dams, it wants more doctors and nursing care and an economic policy that will encourage young people not to flee to the big cities.

Traveling around Japan, it is clear that the farther one goes from Tokyo, the angrier people are. Two years ago the DPJ won in the Upper House election. And the DPJ did it again this time, on a much larger scale. DPJ campaign posters adopted President Barack Obama's motto about change. And the Japanese people voted for it. But unlike the appeal of Mr. Obama's "change you can believe in," Japanese seemed to be voting for "change—believe in it or not." Finally, the public had concluded that needed change would not come under the LDP and that the DPJ should be given a chance to do better, though expectations were low.

Since the DPJ won the election, however, support for the DPJ government has skyrocketed. The Hatoyama government began the day it came into power on September 16 to

fundamentally change the way the government makes policy decisions. Its determination to put politicians in charge and to have a cabinet-centered, decision-making system took the public by surprise and created a lot of excitement that real and meaningful change might actually be brought about by the new government.

## The DPJ and Governance

Professor Curtis said the DPJ is committed to undo a decision-making system that goes back to the prewar period, one in which the government was run by an alliance of senior bureaucrats and politicians and where the ruling party and the government each had their own decision-making institutions and negotiated outcomes. The changes in governance the DPJ is instituting are not only the most significant in the postwar period; they are the most far-reaching since the Taisho period of the 1920s, when the pattern of governance that was practiced by the LDP first came into being.

The DPJ is trying to create a decision-making system more like the Westminster system practiced in Great Britain and other parliamentary democracies influenced by the British model.

The DPJ has abolished the Vice Ministers' conference, which used to convene before each cabinet meeting, prepare the agenda, and recommend what policies to support. Instead, there is now a core group of cabinet ministers who form a cabinet committee that does the work the Vice Ministers' conference used to do. The government also has abolished the practice of vice ministers holding weekly press conferences. Only ministers and senior vice ministers who are also politicians give press conferences except when they explicitly authorize bureaucrats to do so.

In addition, Professor Curtis noted how in the five years he has given this lecture, the previous four prime ministers chose their cabinet ministers but the deputy ministers and the parliamentary secretaries were selected on the basis of seniority and factional affiliations in the ruling party. That this is no longer the case is a huge change, he said. The ministers, senior vice ministers, and parliamentary secretaries operate as a team under the prime minister's leadership.

The new administration has created a National Strategy Bureau led by Deputy Prime Minister Naoto Kan. It will take over setting parameters for the budget and other issues once handled by former prime minister Junichiro Koizumi's Council on Economic and Fiscal Policy, which is being abolished.

Since the Hatoyama administration came into being on September 16, it has canceled huge dam-building projects that were already under way—one in Gunma Prefecture and another in Kumamoto—and has ordered a review of all other dam-building projects. This has spawned anger and resistance among local politicians and prefectural governors, but the government is determined to end these hugely expensive infrastructure projects. Again, this is a very different way of doing business, Professor Curtis said.

Only a couple of cabinet ministers have had experience in government. Naoto Kan, who is heading the office that will become the National Strategy Bureau, was the health and welfare Minister many years ago. Hirohisa Fujii was finance minister under Prime Minister Morihiro Hosokawa.

Despite their relative inexperience, this is mostly a cast of all-stars, Professor Curtis said. They are mostly young and are determined to exert their authority over the bureaucracy. Foreign Minister Okada, Land, Infrastructure, and Transportation Minister Maehara, Health and Welfare Minister Nagatsuma, and General Affairs Minister Haraguchi are some of the young and determined leaders now in the government. Several years ago Professor Curtis organized a study group of several young politicians who, he thought, were particularly outstanding, and had each research a policy area and write an essay about it, which were later compiled and published as a book edited by Professor Curtis. One of those chapters was by LITM Minister Maehara on public works. It reads now like a blueprint for what he is trying to do.

Yoshito Sengoku, who is very senior in the DPJ, is in charge of an important new institution. As the minister directing administrative reform, he must figure out how to reform the government. The new institution must say which government agencies—many of which were created as sinecures for bureaucrats—to eliminate to save money. This is of major importance in changing the way Japan is governed.

Another key difference is how in Japan each minister has thought of himself as the person ultimately responsible for his ministry's activities. But in Britain, Canada, Australia, and other countries that follow the Westminster model, the cabinet is essentially the prime minister's cabinet. A minister who gets out of line and takes positions without clearing them with his boss—the prime minister—will not be a minister for very long.

Professor Curtis noted how Shizuka Kamei, appointed Japan's financial services minister, has already shown every sign of thinking it's the same system as before. Prime Minister

Hatoyama needs Kamei's party's five votes in the Upper House to have a majority there but he will suffer major political damage if he does not make it clear that major decisions have to be made by the cabinet as a whole, and that no minister can operate on his own.

## The DPJ and Domestic Policy

Professor Curtis detailed what is known about the new administration's plans for domestic policy. In the first year it has committed roughly 7 trillion yen, or $70 billion, to new programs. The most important is the child allowance. Every family with a child up to the age of 15 will, in the first year, receive 13,000 yen a month per child, roughly $140. During the second year and beyond, the allowance will increase to 20,000 yen a month, roughly $230. At a fully funded amount, this comes to 5.1 trillion yen. By comparison, the Japanese defense budget is 4.8 trillion yen. In one fell swoop the new government is creating a brand new budget that equals 1 percent of GDP and that's larger than the defense budget.

The government manifesto calls for eliminating tuition charges at public high schools and abolishing a gasoline surcharge that was supposed to be a temporary tax but was never removed. Other modest new programs are designed to increase medical care and retrain young, unemployed workers.

Some programs have been postponed, such as the one giving direct income support to farmers. The new government will spend the first year figuring out how to do this instead of paying out any monies. The new government has committed to eliminating highway tolls, but this will be gradual. It will start modestly, probably by further reducing or eliminating tolls on rural highways.

Professor Curtis described the new government's approach. Instead of pumping money into infrastructure and other projects that indirectly lead to passing money out to the general public, it is opting for direct payouts to consumers. Prime examples are the child allowance and the elimination of high school tuition. This puts more money into the pockets of consumers. While people may save a lot of it, they're going to spend some of that money as well. It's a very different approach to stimulating Japan's economy.

Professor Curtis said that the government is trying very hard to find the 7 trillion yen required to fund its manifesto programs for the 2010 fiscal year. Something on the order of 8 trillion yen in the Aso 15 trillion yen stimulus package has not been spent. As much as 4 trillion yen of that has been earmarked for local governments, but that leaves 3–4 trillion yen that probably will be diverted from programs that Aso planned to fund, like an expensive manga museum, to support the DPJ's manifesto promises.

The problem though is that tax revenues this year are several trillion yen less than last year, so on top of 7 trillion in new expenditures, the government faces a revenue shortfall of as much as 5 trillion yen. The finance minister, Mr. Fujii, is a fiscal conservative who is trying desperately to find further budget cuts so that the government can avoid issuing more government bonds to finance the budget than Aso did last year. But whether this will succeed is uncertain at the moment. If the revenue is not found, the government will have either to cut back and delay manifesto promises or increase the public debt. But the manifesto promises will cost even more next year, so if the decision to delay implementation this year is not made, then the dangers of an ever-spiraling national debt will grow larger. The government at this point is divided on what to do.

The larger issue is that the DPJ does not have a clearly articulated, long-term economic program, particularly to address the poor economic situation in rural areas. Despite reform being a dirty word now in Japan, the two key issues that the DPJ will have to come to grips with are the deregulation of government control in local areas and the dismantling of extraneous government agencies.

## The DPJ and Foreign Policy

Professor Curtis said that one big difference between the DPJ administration and past administrations is how it is much more determined to prevent military issues from driving the alliance between the United States and Japan. The U.S.-Japan relationship with regard to American troops in Okinawa, 60 years after the end of World War II, will change, but the new government is realistic. It is not looking for a fight with the United States.

Professor Curtis's advice to the new U.S. administration: give the Japanese time to study the issue and propose their own alternative, and there will be a way found to deal with relocating Futenma, the marine air base on Okinawa that has become a source of contention.

Futenma, Japan's refueling mission in the Indian Ocean, its call for a revision of the Status of Forces Agreement, what contribution it might make in Afghanistan, and other issues are difficult matters for the governments to handle, but despite

such problematic issues, there is a great new opportunity for U.S.-Japan relations. Both Prime Minister Hatoyama and President Obama see issues of climate change, environmental protection, pandemics, and the economic development of the poorest countries in the world as part of their national security strategy. Professor Curtis described the word for Japan and the United States as a four-letter word: W-A-I-T. If Tokyo takes the time to formulate its own proactive agenda and presents specific proposals for how the two countries can cooperate in these nonmilitary areas, it will get a receptive audience from President Obama. Likewise, President Obama should wait and not press the Japanese too quickly.

On North Korea, Professor Curtis added, the formal position of the DPJ is not very different from the previous administrations, which is an emphasis on the plight of abductees. The man in charge of the abductees in the cabinet, Hiroshi Nakai, was the DPJ representative for the abductees' families parliamentary support group. However, the new government understands better than the previous Aso or Abe governments that the North Korea nuclear weapons issue must be a priority, so it will be easier for the United States and Japan to coordinate their policies on this issue.

## Conclusion

Professor Curtis reemphasized that Japan's postwar party system ended with the August 30 election and that a new system will emerge. A stable two-party system requires two healthy parties, however. The biggest threat to Japan political democracy today is not what the DPJ is trying to do but is, rather, the disaster that has become the LDP. It must reinvent itself and become a credible alternative to the DPJ. How the LDP deals with the crises it faces is a critical issue for Japan.

## Questions from the Audience

**Question:** What is the role of local governors and politicians, and will they work in concert with the national government or against it?

**Professor Curtis:** Now they are on the same side of the fence. There are local DPJ leaders, but they expect to see some action. The party talks about decentralization so it has to actually follow through with it.

**Question:** What concrete power do the prime minister and cabinet ministers have over the bureaucrats? What specific steps can both bureaucrats and politicians take in order to create better relations?

**Professor Curtis:** The new government will likely pass legislation to increase its power over the bureaucracy. For instance, it may imitate Britain and prohibit bureaucrats from briefing politicians on issues without the approval of the minister or his ministry. But even without new legal constraints, the problem hasn't been so much powerful bureaucrats as it has been weak politicians. If the DPJ can change that situation, it will change the relationship with the bureaucracy.

The most important but difficult first step is for the political leadership to convince the bureaucracy that its expertise, knowledge, and dedication to the nation are appreciated. There are many bureaucrats who were very dissatisfied with the way government had been run and the way the LDP did things. And there's a strong reservoir of very intelligent individuals who can be mobilized to support the DPJ's programs. A few key people in the DPJ understand that the bureaucrats can be used in a positive way, but there are others in the party who are just antibureaucrat.

It's not easy to change a hundred-year tradition. Prime Minister Hatoyama has made an effort to change the way the issue is talked about. Instead of saying "opposition to the bureaucrats," it's now "getting beyond the opinions of bureaucracy." The nuance shows he understands that his government needs to mobilize the bureaucracy. Likewise, the bureaucracy must understand that the game has changed.

A big problem is that there are no truly autonomous policy think tanks or many academics who are policy analysts to act as alternatives to the bureaucracy's policy formation expertise.

**Question:** Is the child allowance an attempt to solve the low birth rate issue, and will the DPJ make more progress on this problem?

**Professor Curtis:** The new allowance is an attempt to address the birthrate issue, but it is only one piece of what must be a larger policy initiative that the DPJ does not yet have. It must consider increasing the number of publicly supported nursery schools and kindergartens and encouraging companies to create daycare facilities for their workers, among other things. But first the new government must get the public enthusiastic about its determination to change the way Japan is governed. Then it can raise issues related to the problem of Japan's low

birthrate—such as immigration—that are larger, longer-term issues that are controversial.

**Question:** How realistic is the reduction of U.S. troops in Japan?

**Professor Curtis:** It is no small feat to remove 8,000 Marines from Okinawa to Guam, whose infrastructure Japan must pay for—and whose payment the new government is resisting. President Obama is also likely to face resistance to change from the Pentagon as well.

Next year is the 50th anniversary of the signing of the U.S.-Japan Security Treaty of 1960. It can be the occasion to begin a new strategic dialogue, one that is not just about how Japan can help us accomplish the U.S.'s strategic agendas. This can be a chance for President Obama and Prime Minister Hatoyama to talk specifically about how to reduce the American military presence in Japan, a process that will take time.

**Question:** What are the repercussions for Prime Minister Hatoyama if he is not successful?

**Professor Curtis:** Everyone in the DPJ realizes that if they fail, they will have no second chance. Mr. Ozawa, who was not happy about some cabinet choices, appears to understand that, as do Mr. Okada and Mr. Kan, both of whom wanted to be prime minister. For all of them Hatoyama has to succeed, and they so far are acting on that assumption.

**Question:** What are the challenges for the two-party system in Japan?

**Professor Curtis:** A two-party system will work when there is a society, as in the U.S., that is divided along many lines—race, religion, ethnicity, regions—because then each party is based on a different social coalition. Some groups staunchly support the Democratic Party; others the Republican Party, and the swing or independent voters who move back and forth between the parties provide the change.

In Japan those distinctions are very weak, so the danger is that the parties look too much like each other. The choice between DPJ and the LDP becomes akin to whether you like Nissan or Toyota. Leaders who are charismatic then drive the vote.

Former prime minister Koizumi was charismatic and, fortunately, only wanted to reform the postal system. But what if he had wanted Japan to go nuclear to deal with a North Korean threat? You can't be sure that he would not have swayed public opinion in this direction because of his charisma.

On the other hand, Japan is a changing society. What may emerge as a possible source of differentiation between the two current parties is policies friendly to big business versus policies that put money in the pockets of working families.

## 日本の歴史的選挙：その理由と結果

2009 年 9 月 24 日

民主党による新政権誕生からおよそ一週間後の2009年9月24日、バージェス政治学教授であるジェラルド・カーティス氏は、国際関係・公共政策大学院（SIPA）にて会場を埋め尽くした175名の聴衆を前に、「日本の歴史的選挙：その理由と結果」をテーマに講演した。彼は、長期間与党だった自民党に対する民主党の国家的勝利の理由と、日本が民主党の新政権に何を期待できるかについて詳述した。

民主党は、人口減少問題の軽減を目的とした子ども手当と、高速道路無料化という、二つの主要課題を政権公約に掲げて選挙運動を行った。しかしカーティス教授は、民主党を勝利に導いたのはこれらの課題でも民主党自体でも、また鳩山由紀夫氏が首相となる可能性でもないと述べた。むしろそれは有権者の変革を強く望む声であり、また自民党に対する強い不満であった。

一方自民党側は、これまで奏功してきた「集票マシーン」の行き詰まりにより敗北した。自民党は国民、特に地方住民が求める課題に対する期待に沿うことができなかった。それは道路、橋、ダムを増やすことではなく、地方から都市部への流出を防ぐために医療・介護や職業訓練を増やすことであった。

この国民による改革の要望に伴い、新政権は、政府、与党、官僚制度が150年間にわたって行ってきたやり方を解体することに取り組んでいる。民主党は、行政における突出した強力な役割を官僚に与える代わりに、首相や選挙で選ばれた役人に権力を取り戻しつつある。

新政権はまた、子ども手当や高速道路料金の段階的無料化などの、選挙中に公約した7兆円規模の政策を立法化しようとしている。今のところ、この包括的経済政策は前政権のものとはかなり異なっており、経済再生を促すための消費刺激を目的に、国民の財布により多くのお金を直接行き渡らせるというものである。

外交政策においては、新政権は、日本同様比較的まだ新しい米国政権とともに協力することになるであろう。両国の指導者は、軍事以外のいくつかの分野において共通点を持っており、そのことが、厄介な軍事問題を含めた全般的連携の実現を促進するはずであると、カーティス教授は述べた。

鳩山首相がいかに成功するかは、氏がどれだけ不屈の姿勢で臨むか、どれだけ効果的に合意形成ができるか、またいずれ直面することは必至であり、そしてすでに直面しつつある、変革に反対する既得権益からの強力な圧力に、どれだけ抵抗できるかにかかっている。

翻訳：谷合満穂（コロンビア大学ビジネス・スクール2006年卒）
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