

# Disaffection and slump dominate Japanese election

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Japan goes to the polls tomorrow to elect a new House of Representatives and potentially a new government. Called early after the death of Prime Minister Keizo Obuchi, the election has been dominated by public disaffection and mounting divisions within the political elite over the ongoing stagnation of the economy.

Now led by Prime Minister Yoshiro Mori, the Liberal Democratic Party (LDP) has held power since 1955, except for a 10-month period in 1993-1994. The party currently rules through a coalition with the New Conservative Party—an LDP breakaway—and the Buddhist-based New Komeito party.

Ranged against the LDP is an unstable coalition being built around the Democratic Party of Japan (DPJ) and its leader Yukio Hatoyama. The DPJ or Minshuto was formed during a 1993 split within the LDP.

At stake in the election are 300 single seat constituencies, and 180 seats allocated on a regional basis and elected by proportional voting. A close result is being predicted, with the LDP and its partners aiming for just over 250 seats. If they do not achieve this, the LDP could split again.

While both ruling class camps are attempting to mobilise support among the general population, there are clear signs of a deep alienation from the political establishment and its parties, particularly among youth.

A survey of young voters aged 18-29 found that only 6 percent were satisfied with the political situation and only 2 percent said politicians could be trusted. A poll published in the *Japan Times* showed that 57 percent of voters aged in their 20s were uninterested in the election and 36 percent of voters overall shared the same position. Another survey result showed that 70 percent of voters interviewed believed the election would change nothing.

A *Kyodo News* poll last weekend put support for the LDP at around 33.5 percent, with its coalition partners on 4.5 percent. The Democratic Party polled 9.6 percent, the Liberal Party 2 percent and the former Socialist Party 3.9 percent. Over 33.6 percent were undecided.

In the last national election, for half the seats in House of Councillors, voter turnout was only 58 percent. This figure, however, was up on the previous national election figures, also for the upper house, in which the turnout was 44 percent, an all-

time low.

The LDP has been the traditional party of big business during the post-war period. Like workers in other countries, many Japanese workers once saw the social reform policies of the Socialist Party as an alternative. Most of the trade unions were politically aligned with the SP. When the SP joined the LDP in government in 1994, millions of workers turned away from these organisations, further adding to the disgust with official politics.

The Japanese Communist Party (JCP) directly benefited from the discrediting of the Socialist Party and is likely to make further electoral gains tomorrow. The JCP doubled its voting strength from 4.83 million in 1993 to 8.19 million in the 1998 upper house election. It now has 26 seats in the House of Representatives, compared with 14 for the Social Democrats. It is polling 4.1 percent.

The JCP is in no sense a socialist party. It advocates policies that meet up with the needs of sections of big business seeking to slash public spending. Its leaders have been in the forefront of calling for an anti-LDP coalition, attacking the LDP for dramatically increasing the national debt. JCP Presidium Chairman Tetsuzo Fuwa called for public works expenditure to be cut by half, denouncing the LDP for “wasting taxpayers' money” and “piling up state debts”. He has demagogically called for the money to be spent instead on social security and homes for the elderly.

While the Democratic Party leaders have said, to this point, that they would not include the JCP in a coalition, the JCP's political role is becoming crucial for Japanese capitalism. It is the only force left in Japanese politics that can take on the former role of the old Socialist Party of containing working class opposition and diverting it into parliamentary directions.

One long-standing policy of the JCP now makes it acceptable to sections of the Japanese elite. Initially aligned with the Soviet regime, the JCP called for the scrapping of the US-Japan Security Treaty of 1952—a policy that was laced with Japanese nationalism and anti-American chauvinism.

Under the 1952 treaty Japan accepted military curtailment and a subordinate role in the US-led anti-Soviet alliance. But with the collapse of the USSR and the collision of Japanese and American interests in a world economy characterised by fierce

global competition, the foundation of this arrangement has disappeared.

A likely partner in any coalition formed by the DPJ would be Ichiro Ozawa's Liberal Party. Ozawa, another LDP breakaway, is best known for his demand that Japan aggressively assert its interests internationally, particularly against the United States. In an election speech he also called for reform measures that would cause "pain".

In the course of the election Prime Minister Mori has made his own appeals to nationalist sentiment, harking back to the pre-war imperial Japanese state. He is seeking to consolidate support among layers demanding the protection of Japanese capital against international rivals, and to divert attention away from the mounting economic and social problems.

The Japanese economy, the second largest in the world, has recorded low or negative growth rates throughout the 1990s. At the heart of the ongoing decline is the crisis of the country's banking and financial system. The collapse of the speculative Japanese share market and property boom in 1989, followed by the Asian economic meltdown of 1997, has left the major Japanese banks with an estimated 76 trillion yen or \$US900 billion in bad debts and non-performing loans.

The consequences have been the reluctance of Japanese banks to lend, low levels of private investment and major banking failures, such as that of the Long Term Credit Bank and Yamaichi Securities in 1998. In a business climate marked by stagnation and uncertainty, companies have laid off staff and lowered wages and salaries.

The response of LDP governments has been to seek to protect the major Japanese banks and corporations from bankruptcy or possible take-over. It has both injected public funds directly into their balance sheets and poured billions of dollars into public works programs to stimulate economic activity and stave off economic depression and mass unemployment.

In recent years, tax breaks have been provided to companies to lessen the cost of maintaining their work forces and to pay off debts. Smaller businesses have been granted government-guaranteed emergency loans. Shopping coupons have been issued to stimulate local communities. Even as the election campaign was underway, Vice-Finance Minister Nobuaki Usui and Mori declared that additional funds may be used for further efforts to stimulate the economy.

The principal result of these policies up to now has been to drive public debt to \$US6.3 trillion or 136 percent of Gross Domestic Product. Interest payments on the national debt now devour 65 percent of tax receipts. And yet, in an indication of the depth of the crisis, the historically unprecedented pump-priming has failed to revive the economy. In the last quarter of 1999 the economy contracted by 1.41 percent.

By March this year, official unemployment had grown to 3.49 million or 4.9 percent of the work force. Most economic commentators estimate that the official figure understates the situation by half. Major companies such as Nissan and Mazda

have been forced into effective mergers with US and European transnationals and have announced mass job cuts and factory closures to put their balance sheets in order.

The public works programs are widely perceived to have benefited construction and steel companies that are closely associated with the LDP and among the least efficient of the Japanese corporations. Much of the government spending has been directed toward rural areas where the LDP has its electoral base.

The social cement of post war Japan—trust in the government, an expanding economy, rising living standards and life-time employment offered by the major Japanese corporations—has been shattered.

There are growing demands in some Japanese and international corporate circles for a change of policy that would open the economy to greater foreign competition and investment, raise interest rates, allow inefficient banks and companies to go to the wall and bring government debt under control. Among the prime targets of criticism are agricultural subsidies that consume 4 percent of the budget.

Mori has promised that his coalition will persevere with the same policies, claiming that the economy grew 0.5 percent in 1999 as a result. The LDP is insisting that government spending is necessary until the economy is returned to high growth rates.

To an extent therefore, the DPJ has become the mouthpiece for those wanting an economic shift. It is seeking to form a new governing coalition by combining calls for economic reforms with attacks on the corrupt practices of the LDP. It has called for economic restructuring, small income tax rises and a 30 percent reduction in public works spending.

Among wide layers of Japanese society there is a sense that a major crisis is rapidly accumulating and nothing is being done to avert it. The DJP is seeking to generate popular support by appealing to such sentiment. DJP leader Yukio Hatoyama began his party's campaign by calling for voters to "bid farewell to old politics, in which money has recklessly spent on public construction works, and bring about new politics of democracy".

Tomorrow's vote can only lead to greater political instability in Japan. No social class is satisfied and no clear program or solutions are being advanced. One thing is certain: the present economic and political situation is untenable and when it unravels it will have global ramifications.



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