Japanese government faces landslide electoral defeat

Peter Symonds 29 August 2009

Japan is poised on the eve of a political sea change. All the opinion polling points to a landslide victory for the opposition Democratic Party of Japan (DPJ) in tomorrow's lower house election and the defeat of the ruling Liberal Democratic Party (LDP), which has held power almost continuously since its formation in 1955.

A poll this week by *Ashahi Shimbun* of 190,000 voters predicted that the Democrats, who currently hold 111 lower house seats, could win as many as 320 seats—or a two-thirds majority. The LDP would be reduced from 303 to just 103 seats and its junior partner New Komeito from 31 to 24. Other polls have found similar patterns. The DPJ and its allies already control the upper house of parliament.

Sensing defeat, Prime Minister Taro Aso on Thursday accepted "heavy responsibility" for failing "to make clear the virtues of conservatism" to voters. Seeking to stem the tide, Finance Minister Kaoru Yosano warned of "a one-party dictatorship" in parliament. Acknowledging his own vulnerability, Yosano said: "My constituency is no exception. I see that the angry waves of the Democratic Party are attacking all over Tokyo."

Liberal Democrat politicians report making no headway in the campaign. Fumio Kyuma, 68, a nine-time incumbent and former defence minister, complained to the *Wall Street Journal*: "There is an irresponsible stance of 'I don't care what, I just want a change'." He is being challenged in his electorate near Nagasaki by 28-year-old Eriko Fukado who rose to national prominence by exposing a government cover-up over tainted blood products—the cause of her own child's death.

While the erosion of support for Liberal Democrats has been a protracted process, the social impact of the global economic crisis is a major factor in the anti-LDP tidal wave. Statistics released yesterday revealed that unemployment hit 5.7 percent in July—the highest level since records began in 1960. The total number of jobless has jumped by 40.2 percent from a year earlier.

Japanese statistics notoriously underestimate actual levels of unemployment. Many full-time employees are kept on the company books as excess workers. Takahide Kiuche, a Nomura Securities economist, estimates that if all surplus labour were taken into account, unemployment would have been 12.2 percent in June. Most of the newly unemployed are part-time and temporary workers, many of them young. A recent survey found that the number of non-regular workers fell by 470,000 from April to June.

The unemployment rate is just one index of the deepening social divide between rich and poor that has accompanied two decades of economic restructuring. The undermining of Japan's lifelong employment has led to a sharp rise in the numbers of low-paid, non-regular workers who now constitute more than a third of the workforce. The unemployed are forced to rely on welfare benefits that are limited and temporary. The International Labour Organisation estimates that only 23 percent of the unemployed in Japan receive benefits. Concerns about job security have been compounded by the erosion of pensions, public education and health

care.

The Democrats have pitched to these sentiments with an election manifesto that promises to provide families with a child allowance and free high school education, eliminate highway tolls and modify the labour laws to constrain the hiring of temporary workers. The party pledges to pressure companies to lift minimum wages to 800 yen an hour (\$US8.50). Its campaign has also targetted one of the LDP's major social bases—rural voters—with promises of subsidies for farmers and continued protection in any trade deal with the US.

DPJ leader Yukio Hatoyama has linked these limited promises to criticisms of "US-led market fundamentalism" and appeals for "change" that mimic US President Obama's campaign last year. The election has given voters the chance to "change the history of Japan," he declared. "Let us have the courage to step into a new era." The party's manifesto promises: "We will realise a new economy for human beings."

The Democrats have sought to tap into widespread opposition to Japan's involvement in the US-led wars in Iraq and Afghanistan. Former Prime Minister Junichiro Koizumi backed the Bush administration's military adventures as a means of freeing the Japanese military from the constraints of the constitution's so-called pacifist clause. The dispatch of Japanese troops to Iraq was the first to an active war zone since the end of World War II. Confronted by popular opposition, Koizumi was forced to pull the military contingent out of Iraq, but the government has continued a Japanese naval operation in the Arabian Sea to refuel US warships—a mission that the Democrats have promised to end.

Hatoyama's vague talk of "change" veils an agenda that is firmly rooted in the interests of sections of the country's corporate and political elite, who no longer believe that the LDP is capable of carrying through the economic and foreign policies needed to arrest the decline of Japanese capitalism. The DPJ is an unstable alliance of LDP breakaway factions and ex-Socialist Party members. Most of its main leaders are former Liberal Democrats who were critical of the party's failure to press ahead with a pro-market agenda. The party's leader is the grandson of Ichiro Hatoyama, who as prime minister founded the LDP in 1955 from previous conservative parties.

After two decades of stagnation, Japan confronts its worst economic crisis since the 1930s. The government's huge stimulus packages over the past year have only added to the country's public debt, which stands at 170 percent of GDP—the highest of any industrialised country. The Democrats have promised not to raise taxes or increase overall public spending if they come to power. They insist they will pay for new spending, estimated at \$177 billion a year, by slashing the LDP's pork barrel projects and eliminating bureaucratic waste. While such rhetoric plays to popular hostility to Japan's top bureaucrats, such savings will necessarily require savage inroads into public sector jobs and services—as a first step to making the cuts to public spending demanded by big business.

In foreign policy, the Democrats are already backing away from any

abrupt changes. While the party is likely to end naval refueling of US ships, senior DPJ leaders have mooted other ways in which Japan could assist the US-led occupation of Afghanistan. Hatoyama recently declared that the US-Japan alliance would "continue to be the cornerstone of Japanese diplomatic policy". At the same time, he added: "We must not forget our identity as a nation located in Asia". In particular, the DPJ has called for better relations with China.

A protracted decline

The collapse of the Liberal Democrats is the outcome of a protracted decay. The party was a product of the framework set in place by the US following the end of World War II. Japan's economic rise from wartime devastation depended on a combination of preferential trade deals with the US and national economic regulation overseen by the government and the state bureaucracy. The LDP's foreign policy rested on the US-Japan Security Treaty, under which Tokyo unconditionally supported Washington's Cold War policies and allowed US military bases on its soil in return for Japan's inclusion under the US nuclear umbrella.

The first rupture in this post-war framework occurred in 1971 when US President Richard Nixon announced the end of the fixed gold-US dollar exchange rate that had underpinned global economic policies. The following year, Nixon established diplomatic ties with China without bothering to consult US ally Japan.

In the late 1980s, the disintegration of the Stalinist regimes in Eastern Europe and the Soviet Union coincided with the collapse of Japan's huge stock market and real estate bubbles. The first signs of a political breakup in the LDP emerged in 1993 as the political establishment sought to forge a new foreign policy following the end of the Cold War and accelerate the dismantling of national barriers through pro-market restructuring. Defections from the Liberal Democrats led to 11 months in opposition as an unstable coalition took office.

The Liberal Democrats returned to power in 1994 in a bizarre alliance with the Socialist Party, which for decades had played the role of loyal opposition to successive LDP governments. Widespread revulsion at the Socialist Party's decision spelled its end as a significant force in Japanese politics. A series of weak, short-lived LDP governments ensured until Koizumi took power in 2001.

Koizumi performed what appeared to be a political miracle by reviving the fortunes of the Liberal Democrats and winning a stunning election victory in lower house elections in 2005. Appearances, as the saying goes, can be deceptive. Koizumi won the leadership of the LDP as a rank outsider when the party was staring political oblivion in the face. He denounced the party's old guard and consciously promoted himself as an anti-establishment figure to appeal to young voters in particular.

Koizumi exploited his populist image to the hilt to push through a series of right-wing policies—the promotion of Japanese militarism, full support for the Bush administration's "war on terrorism" and further economic restructuring. After LDP members in the upper house scuttled his postal privatisation plans in 2005, he expelled the rebels and called a snap election—an unprecedented step in Japanese politics. By focussing on postal privatisation, he effectively sidelined other issues—including widespread opposition to the Iraq war.

The impact of Koizumi's sweeping pro-market restructuring soon became apparent, however, giving rise to a public debate over economic "winners" and "losers". When he stood aside in 2006, his popularity was sliding and in the current election his name is synonymous with regressive social measures. None of his successors as prime minister—Shinzo Abe, Yasuo Fukuda or Taro Aso—has been able to repeat Koizumi's political

confidence trick. Their short-lived governments have all been mired by corruption scandals and political gaffes.

As LDP upper house member Ichita Yamamoto told the *Wall Street Journal* this week: "The LDP was already a dinosaur and if Koizumi had not appeared it would have died." The party was not cured but merely left on "life support," he added. Tomorrow's election will be the coup de grace. A landslide defeat will immediately result in bitter recriminations and internal feuding. Yamamoto's comments indicate that LDP members are looking to alternative political formations for their future.

However, it would be wrong to regard a resounding win for the Democrats as positive support for the party and its perspective. The disenchantment and alienation that has been building up over the past two decades is not directed just at the LDP but at the political establishment as a whole. A recent *Ashahi Shimbun* poll found that only 24 percent of respondents expect better government if the DPJ wins. The majority—56 percent—expect no change.

The Financial Times commented: "When Japanese voters are asked about their preferred choice for prime minister, the cerebral and somewhat diffident Mr Hatoyama beats LDP incumbent Taro Aso by a large margin—but generally still trails well behind 'none of the above'." Academic Jeff Kingston told the newspaper: "People are going to vote for change they don't believe in and for a leader they're not keen on."

Hostility to the major parties is particularly strong among young people. Even though Koizumi pitched to young voters in 2005 with his unorthodox image, only 46 percent of voters in their 20s cast a ballot compared to 83 percent in their 60s. Some have turned to the Japanese Communist Party in the misguided belief that it represents a progressive, anti-capitalist alternative. (See: "Japan's elections: the Communist Party's role")

If the Democrats do win power tomorrow, popular distrust is likely to quickly turn to anger and opposition as the new government presses ahead with the agenda demanded by big business. The end of LDP rule is thus a sign of a more profound political breakup that will lead to the emergence of social and political struggles on a scale not seen in Japan for decades.



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