

New Japanese prime minister installed

Peter Symonds
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Naoto Kan is to be formally installed today as Japan's prime minister following the resignation of Yukio Hatoyama last Wednesday. Support for the Democratic Party of Japan (DPJ) led government had slumped to less than 20 percent just nine months after the Democrats ended more than half a century of virtually unbroken rule by the conservative Liberal Democratic Party (LDP).

Kan became party leader, and thus next prime minister, in a vote on Friday, winning by 291 to 129. He now faces the task of trying to revive the DPJ's fortunes before key upper house elections next month. In doing so, however, he confronts the same basic dilemma as his predecessor—how to implement policies that are unpopular among wide layers of voters.

The issue that prompted Hatoyama's resignation was his decision to reverse the DPJ's election promise to move the US Futenma Marine Corps airbase out of Okinawa. Hatoyama had pledged to renegotiate a 2006 agreement reached with Washington to move the base within Okinawa, but reneged last month in the face of US intransigence.

Hatoyama's backdown not only provoked opposition on Okinawa, where the US military presence is deeply resented, but more broadly throughout Japan. During the campaign for last August's election, Hatoyama sought to capitalise on widespread hostility to Japan's support for US militarism in Iraq and Afghanistan by promising to establish a more equal partnership with Washington.

Kan, as finance minister in Hatoyama's cabinet, was largely silent on the Okinawa base issue. However, in a phone call on Sunday with the US president, Kan reassured Barack Obama that he would abide by the deal reached under Hatoyama to relocate the Futenma airbase to another part of Okinawa. Under the arrangement, Tokyo has until August—after the upper house election—to announce the final details. Kan also reaffirmed the US-

Japan strategic alliance would remain the “cornerstone” of Japanese foreign policy.

The slide in the DPJ's support also stemmed from deep-seated concerns over economic uncertainty and widening social inequality. The Democrats made contradictory promises during the election campaign—on the one hand, pledging to big business to rein in the country's burgeoning public debt and, on the other, offering a series of limited handouts to voters, from child allowances and free school education to axing road tolls.

The failure of the Hatoyama government to fulfill its economic promises quickly alienated voters, many of whom had only supported the DPJ as a means of getting rid of the LDP government. While the Japanese economy grew by 4.9 percent in the first quarter of this year, much of the expansion was in the export sector and has done little to provide jobs. Many young people in particular are either out of work or have part-time or temporary low-paid jobs.

After winning the party leadership last Friday, Kan made a pitch to the electorate, saying: “For the past 20 years, the Japanese economy has been at a standstill. Growth has stopped. Young people can't find jobs. This is not a natural phenomenon. It resulted from policy mistakes. I believe we can achieve a strong economy, strong finances and strong social welfare, all at the same time.”

However, the intractable problems facing the Japanese economy stem from the crisis of global capitalism, which has now entered a second stage. Governments in Europe and around the world are under pressure from financial markets to impose the mountain of debt, generated by corporate bailouts and stimulus packages, onto the backs of working people by slashing public spending and increasing taxes.

Japan's public debt stands at around 180 percent of gross domestic product—one of the highest in the world. While pledging to boost economic growth, jobs and welfare, the main thrust of Kan's economic policy has been to rein in government spending. He announced last week that the government would unveil a national economic growth strategy and "fiscal discipline" plan later this month. Slashing public spending will not only mean ditching what remains of the DPJ's election promises, but has the potential to plunge Japan back into recession. Kan hinted in April that he might support an increase in the country's sales tax of 5 percent—a move that would provoke bitter public opposition.

In his efforts to boost the government's standing, Kan is trying to present himself as a man of the people—unlike Hatoyama, a former LDP politician from a wealthy family, whose grandfather was a prime minister. "I come from a regular, white-collar household," he said last week. "If a politician born in the political grass roots can rise to such a weighty position, I think this will be something new for Japan."

However, Kan, who began his political career as a consumer activist in the 1970s, has moved steadily to the right. He first won a parliamentary seat in 1980 as a member of the small reformist Socialist Democratic Federation. Kan became health minister in an LDP coalition government and made a name for himself in 1996 by exposing his ministry's attempts to cover up the use of HIV-tainted blood products among haemophiliacs.

In 1998, Kan joined Hatoyama in founding the DPJ—a diverse coalition ranging from breakaway factions of Liberal Democrats and to splinter groups from the Japanese Socialist Party (JSP)—as an alternate bourgeois party to the LDP. He became party leader in 2002 but was forced to resign as leader in 2004 after being caught up in a scandal involving underpayment of pension contributions by politicians on both sides of the house.

After a suitable period of contrition, Kan was resurrected and played a prominent role in last year's election campaign. After the DPJ won, he became deputy prime minister and head of the national strategy bureau after the DPJ won last year's election and took over as finance minister, after Hirohisa Fujii resigned.

While the full cabinet will be unveiled today, Kan is

expected to retain many of Hatoyama's key ministers, including Foreign Minister Katsuya Okada and Financial Services Minister Shizuka Kamei. Yoshihiko Noda, who was deputy finance minister, is likely to take over from Kan as finance minister. He is known as a fiscal hawk and declared yesterday that the government would "set a path for fiscal reform".

Kan is also expected to dump Ichiro Ozawa, who, along with Hatoyama, resigned last week as DPJ secretary general. Ozawa, who is widely regarded as the architect of the DPJ's election win, has been embroiled in a scandal over campaign funding. He was forced to step down as party leader prior to the election but as secretary-general has wielded considerable political clout behind the scenes. Kan is likely to appoint Yukio Edano, a critic of Ozawa's, as secretary general. Last week Kan publicly declared that Ozawa had "invited distrust from the public" and "should stay quiet for a while". Many of Ozawa's supporters were among the 129 legislators who voted against Kan last Friday.

By shelving Ozawa, Kan is clearly hoping to boost the DPJ's standing prior to next month's upper house election. The DPJ currently relies on the support of several small parties for a majority in the upper house—one of which, the Social Democratic Party, pulled out of the ruling coalition over Hatoyama's decision to retain the US base on Okinawa. If it wins a majority in the upper house, the LDP could block or hold up key government legislation, including the budget.

Various polls taken after Kan's win last Friday indicate a significant jump in support for the government. A Kyodo News poll over the weekend registered 36.1 percent support for the DPJ, up from 15.6 percent at the end of May. An Asahi Shimbun poll on Saturday found that 33 percent would vote DPJ, up from 28 percent. These figures are well short of the 70 percent support for the DPJ last September. Kan is counting on the fact that while the government's rating is low, the LDP's is even lower—an indication of the profound alienation of the majority of voters from the entire political establishment.



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