

Japan's prime minister fends off leadership challenge

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Japanese Prime Minister Naoto Kan survived a challenge on Tuesday by Ichiro Ozawa for the leadership of the ruling Democratic Party of Japan (DPJ) and the government, but deep divisions remain over economic and foreign policy.

The Japanese and international press emphasised that Kan defeated Ozawa by a substantial margin—721 to 491 voting points. A closer examination of the result, however, reveals that among DPJ lawmakers the result was extremely close—206 for Kan, against 200 for Ozawa. Kan's large margin came from the party's base—local government delegates and ordinary party members.

Following the vote, both Kan and Ozawa sought to give an appearance of unity within the Democrats. Kan declared: "It's time for all the members of the DPJ to unite and keep the party's pledges." Ozawa said he would "work hard as a common soldier" for the party, in a bid to end fears that he would split and cause the government to collapse.

Kan is reportedly considering providing posts for Ozawa or some of his supporters. One DPJ lawmaker told the *Asahi Shimbun* that Ozawa might be given "an honorary position", but added: "The issue now is whether he would be satisfied with that." In fact, none of the fundamental issues that fuelled the challenge has been resolved.

Ozawa is a major DPJ powerbroker who is credited with engineering the party's election win last August that put an end to over half a century of virtually unbroken rule by the Liberal Democratic Party (LDP). The Democrats capitalised on widespread hostility to

the LDP and deep concerns over the country's worsening social crisis, as well as the Liberal Democrats' support for American militarism, including the wars in Iraq and Afghanistan.

Kan came to power in June when Yukio Hatoyama resigned within nine months of taking office. The immediate issue was Hatoyama's decision to break an election promise and keep a major US Marine base on the island of Okinawa after Washington refused to renegotiate the arrangement. After taking office, Kan not only reaffirmed Hatoyama's decision but has strengthened Japanese support for the Obama administration's aggressive policies in Asia.

Tuesday's DPJ election was held amid rising diplomatic tensions between Japan and China after the Kan government ordered the arrest of a Chinese trawler captain in the disputed waters off the Diaoyu islets in the East China Sea. China is threatening to retaliate if the captain is not released. Tokyo's tough stance is taking place as the Obama administration insists on the "right" of the US navy to operate in the South China Sea and Yellow Sea despite Chinese objections.

At the same time, Kan has ditched election promises to increase social spending and called for measures to slash the budget deficit and huge public debt, which is reaching 200 percent of Gross Domestic Product. His talk of doubling the country's consumption tax to 10 percent contributed directly to a major loss for the DPJ in July's upper house elections. Now no longer in control of the upper house, the DPJ also lacks a two-thirds majority in the lower house to override upper house opposition to the government's legislation.

During his challenge, Ozawa called for a further economic stimulus package and promised to implement the party's election pledges—in effect opposing Kan's call for austerity. Ozawa also declared that he would renegotiate the deal with Washington to shift the US airbase off Okinawa. While indicating his support for the US-Japan alliance, he called for a more independent foreign policy and better ties with China.

Ozawa's decision to challenge Kan despite his public unpopularity—just 20 percent in opinion polls as compared to 60 percent for Kan—reflects the backing of key sections of the corporate elite. In particular, layers of business are concerned that Tokyo's support for Washington amid the growing rivalry with Beijing will impact on Japan's trade and investment in China. China is now Japan's largest trading partner.

The close vote among DPJ legislators in the Kan-Ozawa contest points to the sharply divided character not only of the party, but the political establishment as a whole. While Ozawa and Kan have agreed to bury their differences in the short term, there are signs that the conflict is likely to emerge again.

Significantly, Makiko Tanaka, the daughter of former Prime Minister Kakuei Tanaka, publicly criticised Kan in the wake of the vote, saying: "I have a feeling Japan will continue sinking unless Mr. Kan is firm in steering the nation to avoid mistakes." In what amounted to a threat, Tanaka called on Kan to respect and cooperate with Ozawa, otherwise it would be "difficult to manage the government".

Tanaka, an influential politician, helped former Prime Minister Junichiro Koizumi come to power in April 2001 and was given the post of foreign minister in his LDP government. She fell out of favour for advocating closer ties in Asia, particularly with China, cutting across Koizumi's promotion of Japanese nationalism and relations with the George W. Bush administration. When Koizumi gave full support for the US invasion of Afghanistan, Tanaka was sidelined then dismissed in early 2002. She joined the Democrats just a year ago.

Following Tuesday's vote, Kan made clear that he stood by his firm pro-US standpoint. Asked about

public opposition to the US base on Okinawa, he said: "Our stance has been to abide by [the existing] bilateral accord with the US while doing the best we can to reduce the burden on Okinawa. We will continue to stick with this stance." Ozawa won all the DPJ votes from Okinawa.

Kan's victory was welcomed in the US foreign policy establishment. Bruce Klingner from the right-wing Heritage Foundation declared that Ozawa's views were "not exactly the type of thing the US wants to heart from an ally". He added: "I think Japan, and the United States for that matter, dodged a bullet by Mr. Ozawa being defeated." Klingner wrote that Kan would "work toward a more realistic view of Asia than Mr. Hatoyama and a large portion of the DPJ when they first came in".

Reacting to Kan's victory, speculators pushed the yen to a new 15-year high against the dollar, compounding the problems facing Japanese exports. While Ozawa advocated strong intervention to push the value of the yen down, Kan has been reluctant, well aware that such moves will provoke opposition in Washington. In the wake of this week's rise, however, the government suddenly intervened yesterday for the first time in six years after the yen hit 83 to the US dollar.

The rising yen underscores the complex economic and strategic problems facing the Japanese ruling class that surfaced in the Kan-Ozawa contest. Given their fundamental character, the inner-party tensions will inevitably erupt again—in all likelihood, sooner rather than later.



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