

Japanese PM calls for grand coalition government

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Japan's Prime Minister Naoto Kan last Friday called on the opposition Liberal Democratic Party (LDP) to join a "national unity" government to deal with the devastating impact of the March 11 earthquake, including the nuclear plant crisis at Fukushima.

Kan invited LDP leader Sadakazu Tanigaki to become vice prime minister and also minister for earthquake reconstruction, as part of a proposed expansion of the cabinet from 17 to 20 ministers. Other senior LDP figures were invited to join.

Shu Watanabe, vice chairman of the government's counter-disaster council, told the media: "We proposed to the opposition to form a cabinet saving this country—this is a way of saying, let's put aside political differences and put all our efforts into rehabilitation and reconstruction."

The government's immediate motive was to stave off any political challenge from the opposition, which had been pressing for an early election. Prior to the earthquake, the future of Kan and his government was in serious doubt, with opinion polls showing support of just 20 percent.

More fundamentally, however, the political establishment as a whole is deeply concerned at the potential for popular anger to erupt over the grossly inadequate official response to the catastrophe. Discontent will only grow as the government seeks to impose the huge cost of reconstruction onto working people. Appeals for "national unity" are designed to block any public criticism or debate.

Despite government and media appeals for order and calm, protests have begun to emerge. Last Sunday, 1,000 protestors organised by trade unions and university

student activists rallied in Tokyo's Yogi Park and marched to the busy Shibuya shopping district. Demonstrators demanded a halt to nuclear power, attacked the government's failure to provide food and fuel to the earthquake victims, and called for Kan to step down.

The Japanese Communist Party (JCP) has already stepped in to block opposition and assist the Kan government by calling for upcoming local elections to be postponed. JCP chairman Shii Kazuo told the media: "Because now is the time for the whole nation to concentrate on rescue and recovery, regardless of ideological differences."

The LDP rejected Kan's appeal for a grand coalition, but has made clear its support for "national unity" over the earthquake disaster. Former LDP secretary-general Hiroyuki Hosoda explained that his party would "fully cooperate on quake measures, so there's no need to join the cabinet".

The LDP, which lost office in 2009 for only the second time in half a century, regained control of the upper parliamentary house last July. However, its standing in the opinion polls is still low. Clearly the party does not want to join an unpopular Democratic Party of Japan (DPJ) government, or draw attention to the LDP's own responsibility for the proliferation of nuclear plants in Japan and their appalling safety record.

The government has signalled that working people must bear the main burden of earthquake reconstruction. On March 15, DPJ secretary general Katsuya Okada told reporters that in order to "secure massive funds to deal with this massive disaster," the government intended to "decisively" review its spending plans, including its

promised childcare allowances and the axing of freeway tolls.

A bipartisan austerity policy had emerged well before the earthquake. The LDP had threatened to oppose the 2011 budget, which covers the financial year starting in April, if the government did not make deep inroads into social programs, including child allowances. With control of the upper house, the LDP has the power to block the issuing of the bonds needed to finance the huge budget deficit.

Struggling with a public debt of over 200 percent of GDP, Kan had proposed to finance the government's social programs through a doubling of the country's consumption tax to 10 percent. The DPJ lost the upper house election largely because of intense opposition to the tax increase. Now, both the DPJ and LDP are considering a consumption tax increase to fund earthquake reconstruction.

At the same time, the LDP has declared its readiness to back the government's proposed "construction" supplementary budget of \$127 billion—financed by additional government bonds. The opposition previously had called for greater spending cutbacks to reduce the deficit and thus the reliance on the sale of bonds. The LDP draws significant support from construction companies that are looking to profit from the rebuilding of infrastructure.

The World Bank estimated on Monday that economic losses from the earthquake would be \$122 billion to \$235 billion, or about 2 to 4.5 percent of Japan's gross domestic product. According to the *Nikkei* business newspaper last week, most of the supplementary budget would comprise low-interest rate loans or interest rate subsidies for corporations.

Kan's proposal for a national unity government is a sign of deep political crisis. The last grand coalition was formed in 1994, when Social Democratic Party (SPD) leader Tomiichi Murayama became a prime minister in a LDP-dominated government. The coalition government was formed after the LDP lost office in 1993 for the first time since the party was formed in 1955. The LDP's loss of power followed the economic crisis of the early 1990s, generated by the collapse of the country's property and stock market bubbles.

The Murayama government quickly became unpopular, not least because of its failure to provide adequate assistance to the victims of the 1995 Kobe earthquake. The SPD was deeply compromised by its association with the LDP, which it had opposed, at least nominally, for decades. The party was wiped out in the 1996 general elections and never recovered.

The DPJ was formed in 1998 as an unstable coalition of former Social Democrats and breakaway LDP factions. In 2009, in the midst of the global financial crisis, the DPJ won office under the banner of "change," defeating the discredited LDP in a landslide. After less than two years in office, however, support for the DPJ has collapsed.

Before the March 11 earthquake, Kan was in deep political trouble. On the morning of March 11, he was questioned in the parliament over media reports that he had received 1.4 million yen in 2006 from a senior South Korean bank official. Kan insisted he was completely unaware of the donation by a foreign national, which is illegal in Japan. Former foreign minister Seiji Maehare resigned earlier this month after it was revealed that he had received an even smaller donation from another South Korean national living in Japan in 2005.

While it may have initially diverted attention from the government's political woes, the impact of the earthquake will inevitably generate broad anger as the extent of the disaster and the inadequacy of the relief and reconstruction effort become evident.



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