

Japanese prime minister survives no-confidence motion

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The Japanese government narrowly averted collapse when the lower house of the Diet voted down a no-confidence motion against Prime Minister Naoto Kan on Thursday afternoon. The revolt within the ruling Democratic Party of Japan (DPJ) against its own leader was contained, but only temporarily.

The opposition Liberal Democratic Party (LDP) and its smaller allies submitted the no-confidence motion, but it was counting on the support of key DPJ factions led by former party boss Ichiro Ozawa and Kan's predecessor, Yukio Hatoyama.

On Wednesday, LDP leader Sadakazu Tanigaki told parliament: "You [Kan] have no personal virtues or ability to unite your own party members. I'm telling you to quit."

DPJ strongman Ozawa, who has the support of around 50 parliamentarians, had publicly criticised Kan over his handling of the disaster produced by the March 11 earthquake. Kan's standing in the opinion polls before the quake had been below 20 percent. His ratings rose slightly in the immediate aftermath of the catastrophe but quickly sank, particularly as the extent of the crisis at the Fukushima nuclear plant became apparent.

Hatoyama had also indicated his support for the no-confidence motion. On Wednesday four cabinet ministers resigned and declared their opposition to Kan.

To avert imminent defeat, Kan announced before Thursday's vote that he would step down once the chaotic situation created by the earthquake had been stabilised. "I would like the younger generation to take over various responsibilities once I have finished fulfilling certain roles as I work on handling the disaster," he said. He offered no specific timeline, however.

The no-confidence motion was defeated by 293 to 152.

Ozawa apparently called on his faction to abstain, while Hatoyama called for party unity and a vote against the motion. The LDP and its allies had needed the support of around 80 government supporters.

No sooner was the vote concluded than bitter wrangling resurfaced inside the DPJ. According to Hatoyama, Kan had agreed before the vote to resign by early July at the latest—after the parliament passed a second supplementary budget for reconstruction. In return, Hatoyama and Ozawa agreed not to support the no-confidence motion.

After a DPJ official denied that Kan had undertaken to step down by July, Hatoyama accused the official of lying and called a meeting of DPJ lawmakers for next week. "If he cannot keep his promise he is a fraud," Hatoyama told reporters on Friday. "If he doesn't keep his word I will take decisive action."

The rifts within the DPJ are another sign of deep divisions within the Japanese political establishment as a whole, over economic and foreign policy. The disaster produced by March 11 earthquake has only compounded the tensions generated by the country's stagnant economy and the growing rivalry in Asia between Japan's longstanding strategic ally, the United States, and its largest trading partner, China.

Even before March 11, Japan had a public debt exceeding 200 percent of gross domestic product (GDP) and was under pressure from international finance capital to make deep cuts to public spending. The Kan government now faces reconstruction costs of around \$US300 billion and requires the support of the LDP, which controls the upper house, to pass any budget measures.

While it voted for an initial reconstruction budget, the LDP is demanding the axing of social programs, previously promised by the DPJ, as the price for supporting the budget

for this financial year and any further supplementary budgets. If it is unable to issue bonds, the government will face a funding crisis by September.

Within the DPJ itself, there are sharp differences over the direction of economic and foreign policy. Led by Hatoyama, the party won power in a landslide in the September 2009 election, ousting the LDP, which had held office for virtually the entire previous half century. Hatoyama pledged to introduce a range of limited social measures, including child allowances, free school education, financial assistance for farmers and an end to road tolls.

Support for the DPJ government quickly evaporated, however, once it failed to implement its promises. As demands intensified for austerity internationally in the wake of the global financial crisis, Hatoyama came under pressure to resign and was replaced by Kan last June. In opposition to Ozawa, who continued to call for stimulus measures to boost the economy, Kan pledged to slash the budget deficit by increasing taxes and cutting social programs.

The DPJ lost the control of upper house in elections last July, largely because of Kan's call for a national debate on increasing the country's highly unpopular consumption tax.

The other key issue behind Hatoyama's removal was his diplomatic overtures to China, which triggered hostility in the US even though the Japanese prime minister continued to back the US-Japan military alliance. Washington's flat refusal to remove a US military base from Okinawa forced Hatoyama to renege on his election promise to shift the base, and prompted his resignation.

Kan immediately strengthened ties with Washington and adopted a more confrontational stance toward China. Last September, Japan's initial refusal to release a Chinese fishing captain following an incident in disputed East China Sea waters led to a major diplomatic row between the two countries. At a foreign policy conference in January, Kan pointedly declared: "In order to protect Japan's security, we must maintain the Japan-US Security Treaty and it is crucial for the US military base [on Okinawa] to remain within Japan."

Ozawa, by contrast, represents sections of the Japanese ruling elite that want closer ties with China in order to lift the economy out of two decades of stagnation. In late 2009, Ozawa led 140 DPJ lawmakers to visit China, and called for more independence from Washington. Last September, Ozawa mounted a challenge against Kan for the leadership

of the DPJ and thus the government. While the bid failed, the underlying issues were not resolved.

The March 11 earthquake has compounded the country's economic crisis. The economy shrank by 3.7 percent in the first quarter of 2011 on an annualised basis, mainly due to the impact of the disaster. Some economists have predicted a recovery later in the year as a result of government spending on reconstruction. Others are not so optimistic.

On the eve of the no-confidence vote, the international rating agency Moody's sent a strong signal to Tokyo to impose tough austerity measures, by threatening to downgrade Japan's credit rating unless the government produced a "credible deficit reduction target." Its assessment of Japan's economy was grim: "The much larger than initially expected economic and fiscal costs of the March 11 earthquake are magnifying the adverse effects impacted by the global financial crisis from which Japan's economy has not completely recovered."

Economy Minister Kaoru Yosano responded immediately, declaring: "This should be interpreted to mean the market is urging the Japanese government to bring its fiscal condition back to health." The *Nikkei* business daily reported on Wednesday that a government panel proposed to lift the 5 percent consumption tax to 10 percent by 2015 in stages of 2-3 percentage points. This would be the first increase in the tax rate since 1997, when it rose from 3 percent to 5 in the aftermath of the Asian financial crisis.

Any rise in the tax will only lead to a further fall in support for the government and exacerbate the tensions within the ruling DPJ. A further challenge to Kan is likely sooner rather than later. More fundamentally, however, the latest leadership challenge reflects the profound crisis facing the Japanese ruling class as it seeks to fashion a political instrument to impose the brunt of the economic breakdown onto working people.



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