

# Japanese powerbroker acquitted of political funding charges

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The Tokyo District Court found ruling Democratic Party of Japan (DPJ) powerbroker Ichiro Ozawa not guilty on April 26 of charges relating to alleged irregularities with his political funding reports.

Ozawa's imminent return to political life will have significant consequences for the current government of Prime Minister Yoshihiko Noda. Last month, an unnamed parliamentarian from Ozawa's group told the *Yomiuri Shimbun*: "If acquitted, Ozawa plans to aim for party leadership and the post of prime minister immediately."

Leading the largest DPJ faction of some 120 lawmakers, Ozawa is in a strong position to mount a challenge against Prime Minister Noda. Noda won the leadership last August after defeating an Ozawa-backed candidate, following the resignation of Naoto Kan, who confronted widespread criticism for mishandling last year's earthquake, tsunami and nuclear crisis.

The sharp divisions within the DPJ and the Japanese political establishment more broadly are being fuelled by the worsening global economic crisis and sharpening geo-political tensions. The Japanese government has come under increasing pressure to line up with the US against China—Japan's largest trading partner.

The unresolved political tensions within the DPJ also reflect differences over how to respond to the country's looming sovereign debt crisis. Public liabilities are now more than 200 percent of the gross domestic product (GDP). Prominent global credit rating agencies have repeatedly demanded that Tokyo enact drastic austerity spending cuts, including to social programs.

The DPJ was elected to office in 2009, under the leadership of Yukio Hatoyama, amid widespread hostility to the Liberal Democratic Party (LDP) which had been in power nearly continuously over the previous six decades. Hatoyama capitalised on opposition to the LDP's support for the US wars in Iraq and Afghanistan, pledging a more "independent" foreign policy oriented to East Asia. The DPJ also promised certain limited social spending measures and pledged not to raise the widely unpopular sales tax.

Ozawa, who was in broad agreement with Hatoyama's policies, was forced to step down as party leader just prior to the 2009 election. His top aide Takanori Okubo was arrested for allegedly violating political funding regulations in 2004-2005. Hatoyama replaced Ozawa who nevertheless played a key role in managing the election win. The Ozawa and Hatoyama party factions are often referred to together as the "O-Hato group," reflecting their close relationship.

Hatoyama's domestic and foreign policy programs jarred with international developments in 2009-2010. Finance capital internationally enforced a turn away from the stimulus spending measures enacted after the 2008 financial crash, towards austerity spending cuts aimed at lowering working class living standards.

At the same time, the Obama administration intensified its pressure on China from mid-2009 and sought the support of key regional allies such as Japan in a bid to undermine Chinese influence throughout Asia. Hatoyama's efforts to strike a balance between the US and China were unwelcome in Washington.

US tensions with the Hatoyama government came to a head over the DPJ's election promise to shift the unpopular Futenma air base off the island of Okinawa. Obama's intransigent opposition to Hatoyama's demand for the renegotiation of a 2006 agreement on the base precipitated a crisis in the government. Amid mass protests over the base, Hatoyama backed down, accepted the 2006 deal and then resigned as prime minister.

Hatoyama's successors, Naoto Kan and the current Prime Minister Yoshihiko Noda, aligned the DPJ government with the Obama administration's aggressive stance against China. Both Kan and Noda have also advocated "fiscal discipline" in line with the demands of the international financial markets. This has included recent moves to double the sales tax rate from 5 percent to 10 percent by 2015

Ozawa represents the section of the DPJ, and of the Japanese ruling elite more broadly, that wants a return to the policies pledged by Hatoyama in the 2009 election campaign. He has publicly opposed the sales tax increase, while on foreign policy, has urged a closer relationship with China, now Japan's largest trading partner.

The Tokyo District Public Prosecutors Office initially decided not to indict Ozawa, citing lack of clear evidence, but was twice overruled by a so-called "citizen's panel." Relevant legislation was amended in 2009—just months after Ozawa's aide was arrested—so that it became mandatory for prosecutors to press charges, if twice overruled by these panels.

The panel's second overrule on Ozawa's indictment was notably issued on the very same day that Ozawa was challenging then Prime Minister Naoto Kan for the DPJ's leadership in 2010. Up to now, there has been only one other verdict involving a "citizen's panel" in the Japanese justice system, underscoring the unusual and politically driven character of the Ozawa case.

Officially indicted in January 2011, Ozawa had his DPJ membership suspended pending the court case. Following his acquittal, the DPJ restored him to membership yesterday, despite opposition within the

party.

Ozawa's renewed DPJ membership will only fuel internal party tensions. There are press rumours that the party's anti-Ozawa forces will try to hold early internal party elections, Ozawa can file his candidacy for leadership. A leadership ballot is scheduled for September.

At the same time, however, the Kyodo news agency poll published last week reported that Noda's popularity had fallen to just 26.4 percent, down from 31.6 percent last month. The continued political crisis of the DPJ government fuelled by continuing sharp divisions over foreign and economic policies may trigger yet another change of prime minister in Japan.



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