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### KOIZUMI'S POWER BASE

The discussion in this chapter centres on the core political conditions conducive to successful economic reform under Koizumi, particularly during the initial months of his administration. Political factors supportive of structural reform included a favourable political environment shaped by economic crisis, the positive impetus provided by a political honeymoon period, Koizumi's demonstration of strong and visionary leadership, his skilful use of the media, the social consensus supporting his reforms, the strong base of legislative support for the Koizumi administration in the Diet, and conversely, a fragmented and demoralised opposition.

#### *– A background of economic crisis*

Japan certainly meets the test of economic crisis. The state of the Japanese economy represents a crisis in slow motion, punctuated by periods of heightened criticality, particularly with respect to the viability of the Japanese financial system. Japan's array of economic woes includes depressed stock prices, deflation, a banking sector overwhelmed by non-performing loans, depressed consumer spending, the highest unemployment rates it has ever experienced,<sup>1</sup> a budget deficit that makes the Japanese government the most heavily indebted of the major industrialised nations,<sup>2</sup> sliding government bond prices, declines in industrial output and falling business investment. During 2001, Japan also suffered sharp declines in exports and outputs, worsening trade figures with

the rest of the world,<sup>3</sup> and 20,000 corporate bankruptcies with aggregate liability exceeding ¥16 trillion in fiscal 2001.<sup>4</sup> The upshot of all these negative factors was 'dismal growth performance for the Japanese economy'.<sup>5</sup>

Despite the cyclical upturn in mid 2002, there is no guarantee of a sustainable recovery. The improvement in industrial production has largely been due to increased exports, while, significantly, 'two major pillars of economic activity—personal consumption and corporate capital investment—remain stagnant'.<sup>6</sup> Nor can financial system collapse be ruled out.<sup>7</sup> The permanent recession of the 1990s may well spill over into the 2000s. Even the administration acknowledges that 'the overall pace of the recovery is moderate and real GDP growth in FY 2002 is expected to remain flat. The economy is expected to be on [sic] the general recovery phase during FY 2003, but this recovery may be fragile as the improvement of the employment and income environment might be mild if eliminating anxiety regarding the financial system is delayed'.<sup>8</sup> Indeed, some analysts predict relentless economic decline for Japan if something is not done soon to meet the prolonged and severe economic crisis.<sup>9</sup>

Japan's economic crisis has helped to shape a political environment in which the public has become more receptive to a radical policy agenda and to the need for government to chart a new course under a fresh long-term vision. The crisis vaulted Koizumi, a politician who cut an unconventional figure within the ruling LDP and who held outspoken views on reform, into the prime ministership. The biggest change on the Japanese economic scene was, therefore, political.

In Koizumi many Japanese saw hope for change and a leader who would supply strong, creative leadership at a decisive moment in the nation's history. In their view, the economic crisis demanded tough action to restore the economy to growth even if it meant sweeping change to established systems of economic governance. As Williamson and Haggard point out, the chief value of economic crisis is in moving whole societies to the realisation that the existing order is no longer tenable.<sup>10</sup> On Koizumi's assumption of the prime ministership, Japan appeared to reveal such a point of societal consensus.<sup>11</sup> According to Miyauchi Yoshihiko, Chairman of Koizumi's Council for Regulatory Reform (Sôgô Kisei Kaikaku Kaigi), 'consensus for painful reforms...[had] finally emerged among the public after a series of government efforts failed to rebuild the economy over the past decade'.<sup>12</sup> Associate Editor of *The Times*, Anatole Kaletsky, also

observed that Koizumi was 'part of a consensus in favor of a "comprehensive package" of economic reforms that was clearly spreading through Japan's civil service, political system and industrial establishment'.<sup>13</sup>

The public's willingness to accept Koizumi's argument that short-term pain was needed for long-term gain was evidence of widespread agreement that the *status quo* was unsustainable.<sup>14</sup> A November 2001 opinion survey revealed that 46 per cent of respondents believed that structural reforms should be carried out even if they were accompanied by pains such as corporate failures and an increase in unemployment. Moreover, even 45 per cent of those who believed they would suffer negative effects supported the structural reforms.<sup>15</sup> In advocating reform, Koizumi directly addressed the public's concerns about the need for comprehensive change, thus identifying himself closely with the wants, needs, aspirations and expectations of the Japanese people. His appeal was not based on a slavish pursuit of public popularity but on his expression of the public mind, particularly the need for decisive action to solve Japan's economic problems. The public mood was 'disgusted with past LDP politics and longed for a regime dedicated to reform'.<sup>16</sup> Koizumi was able to capture this mood and use it as a source of political power.

Crisis also lent legitimacy to Koizumi's long-term advocacy of specific reforms such as privatising post office services, which was the centrepiece of his structural reform program. As Curtis comments: 'By the time Koizumi ran for the party presidency in 2001, there was a much greater willingness on the part of the electorate to accept that fundamental change, as risky as it might be, was no longer avoidable'.<sup>17</sup> Koizumi came to power on a wave of popular revolt at the grassroots level of the LDP against the conventional method of selecting the prime minister, which is by means of a backroom consensus amongst LDP powerbrokers followed by an election fought along factional lines amongst the LDP's Diet membership.<sup>18</sup>

The 2001 LDP presidential election was somewhat unusual. In addition to the LDP parliamentary party (with 346 votes), three rank-and-file members from each of the party's prefectural chapters were also allowed to vote in a so-called 'popular' election. The grassroots of the party thought that Koizumi would be the saviour of the party, which in their view faced certain defeat in the upcoming Upper House elections unless they voted for someone with greater popular appeal and a strongly reformist stance.<sup>19</sup> Their overwhelming support

for Koizumi effectively launched him into the prime ministership. The factions at the centre buckled in recognition that Koizumi had picked up 123 votes of the 141 available from the prefectural branches.<sup>20</sup> The votes from the local chapters put pressure on the Diet members from those constituencies also to vote for Koizumi regardless of their factional affiliation. Many LDP Diet members 'had little choice but to endorse the desire for change among rank-and-file party members'.<sup>21</sup> This is despite the fact that only one month earlier many coalition party members regarded Koizumi as too radical to be prime minister even though he was believed to be popular amongst the public.<sup>22</sup>

It was the first time in the party's history that the leader of the largest faction failed to be elected president (namely, Hashimoto).<sup>23</sup> Indeed, it was the first time that a professed anti-faction politician had won the presidency. Koizumi was previously a senior faction member (he was chairman and second-in-command of the Mori faction) who declared his open opposition to factions. He left the Mori faction when he entered the race for the LDP presidency in an attempt to win cross-factional votes.<sup>24</sup> In the final tally, Koizumi obtained 298 votes, garnering an additional 175 votes from fellow LDP Diet members, almost exactly half of the party. Hashimoto gained a total of 155 votes, Asô Tarô 31, and Kamei Shizuka three. Koizumi won the support of some younger LDP Diet politicians who disobeyed instructions from their faction elders, although most LDP Diet members did vote along factional lines and it was the Eto-Kamei faction's move to support Koizumi that put his victory beyond any doubt.<sup>25</sup> One young LDP member, Yamamoto Kazuta, commented that becoming a faction leader had traditionally been conditional on providing money at election time and allocating positions such as minister, parliamentary vice-minister<sup>26</sup> and committee chairmanships, but 'the younger generation wanted to work with politicians who had knowledge and a policy philosophy, not with politicians who had money. By working with these kinds of politicians, there was an expectation that young politicians could leave something meaningful to the world'.<sup>27</sup> Moreover, Yamamoto underlined the fact that Koizumi had succeeded to the presidency of the party and the prime ministership without having money to maintain a faction or buy followers to support his bid for power.<sup>28</sup> His victory was interpreted by one leading Diet member 'as a sign that the feudalistic system of control of the party by faction bosses may be ending'.<sup>29</sup> The LDP's prefectural branches and younger LDP Diet politicians have continued to express dissatisfaction with the faction system

because it promotes iron-fisted control by the ruling gerontocracy over members' freedom of speech and action.

Moreover, even though Koizumi was chosen by the party, he was undoubtedly 'the people's choice' for Prime Minister.<sup>30</sup> The way in which he came to office with heavy grassroots support behind him meant that, in contrast to his predecessors, he was not beholden to LDP faction leaders and elders,<sup>31</sup> and not bound to do their bidding. In particular, the fact that he received almost half of his majority votes in the LDP presidential election from party prefectural branch members liberated him from acting only with the consent of party leaders.

– *Koizumi's political honeymoon*

Koizumi enjoyed a rather long and potentially productive honeymoon period which lasted from April 2001 until February 2002. This is longer than the administrations of prime ministers Uno Sôsuke, Hosokawa Morihiro and Hata Tsutomu. In his first few months in office Koizumi benefited from unprecedented approval ratings of more than 80 per cent, and even after six months these remained at over 70 per cent. With these levels of support, Koizumi had an ideal political basis from which to launch his reform program. He was poised to achieve a great deal.

Koizumi's honeymoon period encompassed and overwhelmed the July 2001 Upper House election. Riding on a wave of popular support, Koizumi almost singlehandedly won the election for the LDP. Without Koizumi and the ability of all LDP candidates to tap into his popularity, the party would have almost certainly failed to win a majority of seats up for re-election.<sup>32</sup> Just prior to the election, the Koizumi Cabinet registered an approval rating of 88 per cent, the highest since Kyôdô News started polling. The rating for the LDP also hit 51 per cent, the first time in 10 years that the figure had topped 50 per cent. Clearly public support for Koizumi translated into support for the party, although the disparity between Koizumi's support rating and that for the LDP suggested that his coattails were not long enough to make people automatically back the LDP. In fact, the Japanese press observed that many Japanese voters were caught in a dilemma between their support for Koizumi personally and their aversion to the LDP.<sup>33</sup> Nevertheless, the election results clearly demonstrated that Koizumi attracted a large personal vote that flowed to the LDP and LDP candidates.

The Upper House electoral system gave every voter a chance to make a symbolic vote for Koizumi by endorsing the LDP in the national constituency, which is fought along party-proportional lines.<sup>34</sup> The LDP's share of the total vote in this constituency shot up from 25 to almost 40 (38.57) per cent, with 20 seats won, up from 14 in the 1998 Upper House elections, and the highest number since the 1986 double election. This was interpreted everywhere as a result of the Koizumi factor, with organisational candidates competing as individuals winning about one-half to one-third of their usual number of votes.<sup>35</sup> In yet another testimony to Koizumi's electoral prowess, the LDP's support rate also doubled in metropolitan Kanagawa Prefecture, Koizumi's home district just outside Tokyo, while gains in the vast conurbations of Tokyo and Osaka were not far behind this. A similar pattern could be seen in prefectural electorates, where individual LDP candidates' vote tallies surged in all but a handful of constituencies.<sup>36</sup>

– *Koizumi's strong and visionary leadership*

Koizumi's charismatic leadership style has led many Japanese to believe that they have a prime minister who has the ability to plug Japan's chronic political leadership deficit and restore their faith in government. Koizumi's leadership has been bolstered by his unashamed willingness to stand out from the crowd, a capacity for political individualism captured in such descriptions as 'maverick', a 'wild horse', 'lone wolf', 'a bit of an oddball' (*henjin*), a 'lone reformer', a 'pied piper' and 'Koizumi the Lionheart'.

In the leadup to the July 2001 Upper House elections, Koizumi spawned what can only be described as a 'cult of personality' or 'Koizumi fever'. He attracted a frenzied level of personal adoration usually reserved for popstars. This was typified by Hayashi Kenji, a 24-year old company employee, who was interviewed by the press during a visit to the LDP headquarters (Jimintô *honbu*) in Nagatacho. Hayashi said he never imagined he would visit the LDP party headquarters. He had never voted, never supported a political campaign, yet he found himself at the party's gift shop during his lunch break to buy 20 posters of Koizumi. As he explained, 'I'm not an LDP supporter, but I want to put up a poster of this man of the moment in my room'.<sup>37</sup> He bought in bulk because his relatives and friends had asked him to get them posters too.<sup>38</sup>

This phenomenon is even more unusual against a background of prime ministers with charisma bypass who have been inflicted on the Japanese people

by ruling LDP factions regardless of popularity considerations.<sup>39</sup> Koizumi's immediate predecessors—prime ministers Mori and Obuchi—epitomised this phenomenon. Very few winners of the LDP factional races have also been able to claim a *de facto* popular mandate. So, if leadership requires followership, Koizumi is like no other leader in Japan's postwar history.

Koizumi also displayed policy leadership by offering a clear vision for change. His credibility as a reformer was bolstered by his consistent advocacy of a reformist platform within the party over a number of years prior to gaining the prime ministership. He had previously published four books on the need to reform various parts of the bureaucracy and to privatise postal services.<sup>40</sup> He also campaigned for the presidency of the LDP in 1995 on a platform of privatising the postal services, and did so again in 2001. Clearly, a reformist posture was not a cloak Koizumi donned temporarily for political convenience. He appeared genuinely convinced of the merits of small government, the economic efficiency-inducing benefits of competition, the advantages of an economy led by the private sector, the need to eliminate wasteful government expenditure and the imperative of cutting down Japan's bloated public works industry.

Unlike some of his predecessors, Koizumi did not resort to the familiar device of advancing traditional LDP policies in the guise of reforms. Koizumi was a party leader whose policies ran directly counter to those of his party, and a prime minister who acted like a leader of the opposition in rejecting many of the mainstream interests of the LDP.<sup>41</sup> On taking office, he declared that 'his plans for reform would be tantamount to the destruction of the Liberal Democratic Party'.<sup>42</sup> Even Koizumi's 'structural reform without sacred cows' slogan was an implicit challenge to LDP policy traditions.

On assuming the prime ministership, Koizumi publicly vowed to abolish all the traditional LDP policy axioms: heavy public spending, over-regulated industry,<sup>43</sup> a huge public sector, pork-barrel construction projects and the protection of special interests. He also rejected the tired formulas of the LDP in dealing with Japan's prolonged economic stagnation. He made it clear that he disapproved of old-style, pump-priming measures, the LDP's standard prescription for overcoming economic downturn which has played into the hands of vested interests in the party and in the bureaucracy. Koizumi also reversed long-standing LDP policy which advocated tackling the problem of economic recovery before reform. This was a strategy that equated economic

recovery with economic stimulus in the hope that it would make reform unnecessary. The recovery scenario envisaged by successive LDP-led governments ever since the economy first plunged into recession had not transpired. A combination of fiscal stimulus with a modicum of relatively painless economic structural reform had not restored Japan to growth.<sup>44</sup> Koizumi turned this approach on its head, substituting radical structural reform as the basis of economic recovery. His position was simple: 'No reform, no growth'. With this stance, Koizumi ended the procrastination of the LDP, which perpetually postponed reform because of the threat it posed to its major support networks. Ten years of 'reform' under the LDP meant no or little reform at all. Koizumi's vision of Japan's economic future was economic growth 'led by private demand...by unfolding the potential through the further acceleration of structural reforms'.<sup>45</sup>

The task of developing and amplifying Koizumi's reform agenda was allotted to a diverse array of prime ministerial-led advisory councils. Within weeks of its inauguration, the Koizumi administration moved quickly to develop the momentum for change, initiating the formulation of blueprints, guidelines, policy packages and reform schedules to flesh out the details of Koizumi's core proposals, instead of displaying the foot-dragging immobilism that had been the hallmark of earlier LDP-led administrations.<sup>46</sup> In its fever of relentless reform initiatives, the Koizumi administration was demonstrating the political will to transform Japan that had been consistently missing from previous administrations.

In endeavouring to carry out this structural reform program, Koizumi projected an entirely new style of prime ministerial leadership. He was Japan's first prime minister to lead from the front in a single-minded pursuit of his own agenda. He took the initiative and went on the policy offensive, firing off orders and instructions in all directions, with his party and public officials playing catchup. He abandoned the orthodox approach of previous prime ministers, whose main role was articulating an agreed consensus achieved through a painstaking process of bottom-up consultation and compromise amongst bureaucratic and party élites. Koizumi was nobody's mouthpiece: not the LDP's and not the bureaucracy's. He acted like a top-down leader who made decisions and who expected them to be followed through.

Koizumi's leadership style embodied widespread public support in Japan for a strong, popularly elected prime minister, an idea that he had proposed

himself, but which was not supported by either his party or the opposition parties. Previous Japanese leaders with presidential aspirations like Prime Minister Nakasone were still beholden to the factional coalitions that put them in office. Koizumi's public popularity was such that he did not have to be concerned about a factional power base within the party. The primary source of his political power was his large personal following amongst the Japanese public, not his party or his factional base.

– *A social consensus supporting Koizumi's reforms*

In Japan's case, the social consensus in favour of reform has been expressed in terms of public support for Koizumi whose political persona has been inseparable from his reform agenda. The skyhigh approval ratings that Koizumi enjoyed during his first 10 months in office were one of the main factors leading observers to believe that Koizumi had the public backing he needed to effect a radical reform program. Likewise, the July 2001 election offered strong public endorsement of Koizumi's reform program and was interpreted as providing Koizumi with the public mandate he needed to power his reforms forward. A vote for Koizumi was considered equivalent to a vote for reform. As the secretary-general of the LDP's chapter in Miyagi prefecture commented: 'Thanks to Koizumi's image as a reformer, we were able to attract voters who were fed up with the old system and longed for structural reform'.<sup>47</sup>

In the elections, Koizumi was backed by almost all pro-LDP voters, who under different circumstances might have supported other parties.<sup>48</sup> He was also supported by many opposition party voters<sup>49</sup> and importantly by many independent or non-aligned voters. One-third of the 22 per cent of voters who described themselves as without party preference in the election said that they voted for the LDP or its candidates in the proportional representation constituency, according to a Kyôdô News exit poll of 72,000 people.<sup>50</sup> The proportion of voters without party preference who backed the LDP was up threefold from 11 per cent in the 1998 Upper House election. In gaining the support of one-third of unaffiliated voters, the LDP outpolled all the other parties.<sup>51</sup> Koizumi's great coup in this election was to win the support of many of these voters, who but for him would have deserted the LDP.

Non-aligned or floating voters make up an increasingly large segment of the Japanese voting public. Survey respondents who claim that they support no political party regularly represent over one-third of voters in public opinion

polls. They contribute to the volatility of the national electorate and can sway an election outcome. They can even make the difference between victory and defeat for the LDP.<sup>52</sup> Under Prime Minister Mori, they formed the largest bloc of eligible voters, comprising more than a third of the total number.<sup>53</sup> In the 2000 Lower House election, 38 per cent of these votes went to the Democratic Party of Japan.<sup>54</sup> This is despite the advice from Prime Minister Mori, who, 'like a deranged addict...implored just before the elections "I want independent voters to sleep all day"'.<sup>55</sup>

Furthermore, as the recent spate of Independent candidates elected to various local government positions shows,<sup>56</sup> Japanese voters are not only increasingly non-party affiliated, they are anti-party. Koizumi was able to tap into this kind of political disaffection. Even though he was the leader of the LDP, Koizumi managed to portray himself as being anti-party by projecting an anti-LDP image. The anti-party vote would have deserted the LDP without Koizumi. Indeed, Koizumi's extraordinary personal popularity was partly based on his rejection of just about everything the LDP stood for. Koizumi was the leader of the LDP but in the popular mind he was not identified with it. Even his manner and hairstyle projected an anti-LDP image because they were so far from the norm for LDP leaders. Koizumi himself acknowledged that his public support was based on the fact that he was 'the most un-LDP-like of the LDP'.<sup>57</sup> At one point Koizumi said he was even prepared to 'demolish the LDP' (*Jimintô o bukkowasu*), which made the public support him even more strongly.<sup>58</sup> According to former Prime Minister Nakasone, it was this 'statement that crystallized the pent-up grievances of the public and swept him to power'.<sup>59</sup> Indeed, Koizumi's campaign cry in the July 2001 Upper House election was 'change the LDP, change Japan'.<sup>60</sup> The combination of an anti-LDP stance with a strongly reform posture was a powerful electoral combination that appealed particularly to anti-party, anti-LDP voters.<sup>61</sup> Koizumi capitalised on the public's growing sense that LDP politics was 'largely responsible for Japan's economic malaise'<sup>62</sup> by building an alliance between himself and the Japanese people against the political establishment. This was expressed in the slogan on one of the Koizumi T-shirts which said: 'Challenge of Koizumi—Give Me Power' and 'Come on! Let's Change—Liberal Democratic Party'. As one foreign journalist commented, 'he is using his personal mandate for change to take on the enemy within'.<sup>63</sup>

The major significance of the 2001 elections for Koizumi's policy leadership was that it liberated his administration from deferring to the vested interests that had sustained the LDP in power over many decades. In obtaining the support of many non-aligned voters, Koizumi altered the composition of the LDP's support base to give greater voice to unorganised urban voters based on more diffuse policy appeals over special interests reliant on LDP-style distributive politics. The LDP's traditional formula for winning votes was a mixture of reliance on pork barrelling and garnering support from organised interests operating in sectors such as agriculture, forestry, fisheries, education,<sup>64</sup> culture, sports, religion, postal and medical services, distribution, manufacturing, land development and construction.

In contrast, Koizumi stood up for Japan's long under-represented voters—urban rather than rural dwellers, the young rather than the old, the more highly educated rather than the less educated, younger working women rather than older housewives, consumers rather than producers, salaried workers rather than the self-employed, and so on. In short, Koizumi attracted support from those voters who would most benefit from his reforms. In his policies, Koizumi was prepared to trade support from the LDP's traditional support networks for that from a potentially much larger constituency of unaffiliated urban voters, salaried workers and working mothers. These large amorphous groupings were only prepared to back the LDP and its endorsed candidates because of Koizumi. Koizumi reversed the marked erosion in support for the LDP in urban areas in line with his long-term view that the LDP needed to realign itself with urban voters<sup>65</sup> and attract many floating voters to the party.<sup>66</sup> Significantly, Koizumi is one of the few LDP prime ministers to represent a metropolitan electorate—Kanagawa (11)—making a strong contrast from the rural and regional support bases of his predecessors.<sup>67</sup>

Koizumi's major support base continues to be found in the cities; rural and regional areas are much less receptive to his reform plans because of the likely impact of some of his proposals on the public works projects and subsidies they have enjoyed over a long period. Public works not only provide improved infrastructure for the local residents, they also generate government contracts for construction companies and jobs for local workers, especially in rural areas where jobs are scarcer and part-time farmers need non-agricultural employment

to supplement farm incomes. Public opinion polls show that respondents living in major urban districts view the reforms differently from other Japanese. Support for Koizumi's proposals are at least 10 percentage points higher in city as opposed to regional areas.<sup>68</sup>

— *Koizumi's use of the media*

Ever since ordinary Diet sessions were transmitted on television in Japan a few years ago, the significance of TV as a medium for political communication has risen exponentially.<sup>69</sup> So has public interest in TV broadcasts of Diet proceedings with the presence of Koizumi and his feisty Foreign Minister Tanaka Makiko. The public interest in the Japanese Diet has been consolidated by the newer phenomenon of the TV 'Wide Show' (*Waidoshô*) on which politicians and commentators appear, exchange gossip and debate various issues for several hours. Koizumi, Tanaka and Finance Minister Shiokawa Masajurô consistently provide topics for 'Wide Show' discussions.

Koizumi has paid careful attention to his media strategy and possesses excellent communication skills. He has the ability to create a positive image in a way that resonates with public opinion and people's interests. He is a master of TV politics as a means of getting his message across. One of Japan's noted drama directors, Ben Wada, has given Koizumi a perfect score for his public performance and for cranking up the entertainment value of Japanese politics.<sup>70</sup> Even the debut of Koizumi's son as an actor has been used to increase Koizumi's public approval rate.<sup>71</sup> As Masuzoe contends,

Koizumi has deployed his media technique to run for prime minister, the upper house election and even in the conduct of his administration. As a result, the mass media has undoubtedly contributed to the Koizumi cabinet's high levels of support amongst the public.<sup>72</sup>

Koizumi also takes advantage of the internet to communicate with his supporters, producing an email newsletter called the 'Koizumi Cabinet Mail Magazine', which he uses to advance his views and those of other members of his executive at taxpayers' expense. In the initial months of his prime ministership the magazine had spectacularly high rates of circulation.

Koizumi presents a simple and direct message to the Japanese people that is usually centred on pithy phrases and slogans that are easy to understand and designed to appeal to the public.<sup>73</sup> In addition to his 'structural reforms without sacred cows' slogan, other phrases that have been the hallmark of the Koizumi administration include 'from the public sector to the private sector', 'what the

private sector can do, it should do' (*minkan de dekiru koto wa, minkan de*), 'no fear, no hesitation and no constraint', 'equal pain for three sides' (*sanpo ichiyōzon*), 'no growth without reform' (*kōzō kaikaku nakushite seichō nashi*),<sup>74</sup> 'no pain, no gain', and so on. As Kitaoka comments, one of Koizumi's great strengths is that his 'speeches make ordinary people feel that he is speaking directly to them'.<sup>75</sup> Whilst puffing up his own achievements, Koizumi also has a capacity for honesty in explaining the harsh economic realities to the Japanese people. He repeatedly asserts that the process of structural reform will not be easy, but if Japan is to have a good future, it has to go through a period of painful change. Through the media, Koizumi has been able to portray himself as just the right kind of leader needed to lead Japan through difficult times to a new and brighter future with personal qualities like 'integrity, dignity and the public's trust'.<sup>76</sup>

During the 2001 election campaign, Koizumi's ability to articulate his vision and commitment to reform in terms of a clear message was particularly effective in gaining the support of non-party voters outside the networks of support that have sustained the LDP in government over many decades. In this respect, his campaigning style contrasted markedly with the norm for LDP politicians who have traditionally relied on vague generalities and unclear policy messages combined with organised bloc votes and pork-barrel promises. In the 2000 Lower House election, for example, the LDP's election platform relied on vague promises to lift the economy out of recession. It was matched by equally abstract coalition pledges to 'revitalise the Japanese frame of mind' and 'realise a state where people can live safely and at ease'.<sup>77</sup>

Koizumi has also incorporated the media into his political manoeuvring to gain leverage within policymaking circles. His tactic is to initiate a proposal with an oft-repeated slogan and then use the tailwind created by public support to give him strength in negotiations against opposing forces within the political establishment. In this way he uses public opinion as a means of breaking down the resistance of diehard LDP politicians and bureaucrats to his proposals. By portraying himself as an embattled leader ranged against anti-reform forces in his own party, Koizumi aims to gather public support for his cause and generate opposition to his opponents. This strategy explains his confrontationist style (*buchimakashigata no hōhō*) in dealing with the recalcitrants in his own party on particular issues.<sup>78</sup> Eto Takami, who leads one of the factions that supported Koizumi's bid for the prime ministership, has criticised Koizumi's hostile stance toward the old guard in the LDP.<sup>79</sup>

– *A fragmented and demoralised opposition*

The opposition parties in Japan—the Democratic Party of Japan, or DPJ (Minshutô), the Liberal Party (Jiyûtô), the Japan Communist Party or JCP (Nihon Kyôasantô) and the Social Democratic Party, or SDP (Shakai Minshutô)—have been unable to form a unified front to oppose the Koizumi administration.<sup>80</sup> One of their main problems is that, issue by issue, they take positions at varying distances from the government's. The parties also disagree on whether and to what extent they should cooperate with the ruling coalition if they support a particular policy or piece of legislation. At regular intervals fissures open up in the opposition camp when the DPJ decides to cooperate with the ruling coalition in order to 'normalise' Diet operations behind the backs of the Liberal and other opposition parties.

From time to time the DPJ and Liberal parties toy with the idea of forming a coalition to take government, although their numbers are insufficient to form a majority (they have a combined 144 seats in the Lower House and 66 seats in the Upper House). They would, therefore, need to form the core of a much wider grouping of parties as well as to entice the LDP's present partners to abandon the coalition. The leader of the Liberal Party, Ozawa Ichirô, proposed a seven-party coalition in early 2002, but the idea proved unworkable. In the Lower House, the LDP now has a majority in its own right,<sup>81</sup> which means that even if every single non-LDP Diet member joined in a coalition, the numbers would not be sufficient to overcome the LDP. Given the numerical realities, the opposition parties have neither the pulling power nor the incentive to sustain a unified stance for long enough to pose a successful challenge to the Koizumi government.

In the first 10 months of Koizumi's administration, the opposition was significantly demoralised by Koizumi's stratospheric public approval ratings as well as by the LDP's victory in the July 2001 Upper House election, which put the dominant ruling party in a much stronger position in that house. In fact, opposition party leaders who debated with Koizumi in the Diet were cautious in their attacks on both Koizumi and his policies in the face of his national popularity. A DPJ official commented that 'This is not normal...We are in limbo because Koizumi's support rate with the public is so high'.<sup>82</sup>

The opposition also finds it difficult to confront the ruling coalition because of fundamental agreement between Koizumi and some opposition groups on

the main issues of reform. To some extent they have to 'manufacture' points of difference such as the pace and scope of Koizumi's reforms. They question why he does not take his economic initiatives further and faster, and demand more clear-cut commitments to reform,<sup>83</sup> but essentially the disagreements with Koizumi are nuanced when it comes to the major items of his policy program. Ozawa, for example, constantly criticises Koizumi for his under-performance on structural reform policies and is a strong advocate of deregulation,<sup>84</sup> but he supports the move to privatise postal services. The Liberal Party's July 2001 Upper House election manifesto displayed significant areas of overlap with the Koizumi structural reform agenda.<sup>85</sup>

The fundamental problem for opposition parties like the DPJ, which prides itself on its reformist orientation, is that the administration's agenda leaves them little leeway to project themselves as reformers. Because the prime minister himself acts like the leader of the anti-LDP opposition in advocating reforms that are contrary to the interests of his own party, he has usurped the role of the opposition and occupied their policy space. In mid 2001, Diet members from the DPJ commented to members of a visiting Australian political delegation to Japan that 'Koizumi was "stealing their political clothes" as reformers of the political process and the economy'.<sup>86</sup> The main opposition party has long been an advocate of cuts in wasteful public works spending and of policies such as deregulation to reduce Japan's high cost industrial structure and to encourage international investment, as well as decentralisation of government and greater local autonomy. The DPJ is particularly opposed to centralised bureaucratic power. In an article entitled 'I Will Bring Down the Cabinet', which appeared in a monthly periodical, leader of the DPJ, Hatoyama Yukio, expounded his long-held intention of 'destroying the bureaucracy-dependent administration'.<sup>87</sup>

A close reading of the DPJ's policies for the 2001 elections under the title '7 Reforms, 21 Key Policies' reveals little difference from Koizumi's own structural reform manifesto.<sup>88</sup> Hatoyama later featured administrative and fiscal reforms, industrial and local government restructuring, and further reorganisation of government ministries in his June 2002 'Manifesto of 10 Policies for Revitalising Japan'.<sup>89</sup> Some young DPJ Diet members have even come up with their own formula for Japan's economic revival, particularly for expanding demand in the economy.<sup>90</sup>

In snatching the structural reform initiative from the DPJ, Koizumi has successfully been able to take the steam out of its anti-Koizumi campaign.<sup>91</sup> To compound the difficulties of the DPJ's position, the party has been criticised for lack of clear policy contrasts between it and the Koizumi administration.<sup>92</sup> The differences are so muted as to prevent the party from presenting a clear alternative message to the electorate. The DPJ has tried to finesse its position by taking the view 'that it agrees with the need for reforms but doubts those of the Koizumi cabinet because real reform requires a change of government'.<sup>93</sup> It has also tried to distinguish itself by asserting that it is the 'real reformer', by questioning Koizumi's credibility and effectiveness as a reformer, by criticising the compromises he makes with elements opposed to reform in his own party,<sup>94</sup> and by arguing for 'warmhearted structural reform' with safety nets for the unemployed and other people hard hit by reform.<sup>95</sup> Koizumi himself has complained that because he wants to accelerate the disposal of non-performing loans, the DPJ has called him a 'callous reformer' and a 'cold-hearted reformer'.<sup>96</sup> In the DPJ's view, any acceleration or expeditious disposal of non-performing loans risks higher unemployment. The party frequently expresses concern about the impact of structural reform on employment and workers. The DPJ advocates unemployment insurance, re-education programs and worksharing as measures for dealing with high unemployment,<sup>97</sup> arguing that liquidating businesses is not the same thing as reforming.<sup>98</sup> It has also proposed taxation reform to lower the tax threshold for salary earners and corporations.

The DPJ's concern with employment and workers' issues is partly a reflection of the former socialist party<sup>99</sup> and labour union connections of some of its Diet members. Such politicians represent some of the most anti-market reform groups in Japanese society. Labour unions in the public sector, for example, are vehemently opposed to reforms like the abolition of public enterprises.<sup>100</sup> Not surprisingly, the DPJ opposes the privatisation of postal services,<sup>101</sup> because of the possibility that it would threaten the jobs of postal workers who are members of the Japan Postal Workers' Union (Zenteishin Rôdô Kumiai, or Zentei), whose Diet representatives are affiliated to the DPJ.<sup>102</sup> This organisation boasts almost 150,000 members throughout the country who work in postal services (mail, postal savings and postal life insurance) at post offices, business centres for postal savings and life insurance, regional postal service bureaus and postal hospitals. Other members work in private firms specialising in mail

transportation, and at the Postal Life Insurance Welfare Corporation. The DPJ also has links with the All Japan Postal Labour Union (Zennihon Yûsei Rôdô Kumiai, or Zenyûsei), which is affiliated to the Japanese Trade Union Confederation (Rengô)<sup>103</sup> and which represents just under 88,000 union members working for the Ministry of Posts and Telecommunications proper (now the Ministry of Public Management, Home Affairs and Posts and Telecommunications, or Sômuchô), regional postal service bureaus, counter clerks, mail processing employees and non-mail processing employees as post offices.<sup>104</sup> As Matsubara comments, the DPJ is 'as constrained by vested interests as the LDP. Among the DPJ's main supporters are the postal workers' unions and NTT employees' unions'.<sup>105</sup> Although the DPJ likes to portray itself as much more of a reformist party than the LDP in general terms, on some of the policy specifics it is in fact quite anti-reform, at least in terms of market reforms.

The particular policy mix of the DPJ reflects the composition of the party as a schizophrenic compound of politicians from the former right and left of Japanese politics. This has been further revealed by the issue of postal reform. The DPJ's leading advocate of postal reform is Matsukawa Shigefumi who co-authored a book on postal reform with Koizumi. On the other hand, in May 2002, the reception to celebrate the publication of a book by Ito Mototaka, a postal policy specialist in the DPJ, brought together anti-privatisation lobbyists from both the ruling and opposition camps.<sup>106</sup> Furthermore, a number of DPJ Diet politicians joined a large group of Diet members in a bipartisan group opposed to Koizumi's postal privatisation drive.<sup>107</sup>

The policy commonalities between the DPJ and the Koizumi administration have militated against its adopting a strongly confrontationist stance with the ruling coalition. The DPJ has often come out in support of Koizumi against opposing forces within the LDP and voted with the government on legislation in the Diet. In this respect it operates like a *de facto* ruling coalition member committed to cooperation with the cabinet and working with the ruling coalition on a regular basis. Bills that appear on the floor of the Diet regularly contain clauses that the DPJ has requested be inserted in exchange for voting with government legislation.

Such behaviour is not unusual in the tradition of Japanese parliamentary politics. Opposition parties frequently operate like satellites around the dominant ruling party, voting with LDP legislation as a result of having been

brought into the political consensus formation process as part of the Diet management strategy of the ruling party(ies).<sup>108</sup> In this fashion, the opposition parties share power with the ruling party(ies) and expect to do so as the price of eschewing disruptive tactics during the passage of legislation. When the Koizumi administration ignores the DPJ's objections, as they did over the bill to revise medical treatment fees for salary earners, the DPJ resorts to obstreperous behaviour during the voting on the legislation in the Diet.

The informal alliance between Koizumi and the DPJ is not only underwritten by the coincidence in their views on many reform issues, but also by Koizumi himself, who has courted support from the DPJ because he has, from time to time, been at odds with the New Kômeitô<sup>109</sup> within his own coalition. In fact, Koizumi has been willing to play the DPJ card against the New Kômeitô on several occasions, hinting that he would not mind if the DPJ replaced the New Kômeitô in the coalition if the latter found it difficult to agree with his policies.<sup>110</sup> He was reported as saying to a New Kômeitô leader, 'if you complain to me, I will team up with the Democratic Party'.<sup>111</sup> The DPJ, unlike the New Kômeitô, incorporates a number of ex-LDP members.

Nor has Koizumi been loath to use the threat of support from the DPJ against recalcitrants within his own party, seeking Diet votes from the opposition party in defiance of resistance from LDP members objecting to his reform plans. For many months into his administration, Koizumi's chief weapon against foot-dragging within his own party was the threat to dissolve the Diet and call an election and, with the ensuing public backing, side with the opposition.

The DPJ's intermittent cooperation policy with the government has caused internal dissension within the party between those supporting an accommodationist approach with the ruling coalition versus those advocating a more confrontationist approach. Hatoyama has been willing to continue support for Koizumi's reform drive, but Secretary-General Kan Naoto has favoured confronting Koizumi's administration as a better strategy for winning the next Lower House election, which must be held by 2004.<sup>112</sup> In practice, this duality boils down to policy cooperation on some issues, but not on others. As already noted, members of the DPJ also cooperate informally with members of the LDP in resisting Koizumi's reform initiatives.

Ultimately, the well entrenched convention of policy cooperation with the LDP and its ruling coalition undermines the role of Japan's opposition parties as serious alternative contenders for power. Japan continues to lack what has

been described as a unified and effective *excluded* opposition.<sup>113</sup> As Kitaoka argues, the most important task for the DPJ is to take the reins of power...Publicly expressing dissatisfaction with the plans of the party leader or cozying up to the LDP because you support Koizumi's reforms are the acts of people with low ambitions. Making efforts to unite and seize the reins of government should be far more of a priority than petty point scoring'.<sup>114</sup>

– *Koizumi's solid base of legislative support*

Koizumi has acknowledged the need for all the reforms he has proposed to go 'through proper procedures—that is gaining majority support in the Diet'.<sup>115</sup> The LDP with Koizumi as leader ruling in coalition with two smaller parties, the New Kômeitô and Conservative Party (Hoshutô), has a legislative majority in both houses of the Diet. This, in theory, gives him guaranteed passage of cabinet-sponsored bills.<sup>116</sup>

The underlying question concerns the stability of the Koizumi administration's legislative majority because coalitions are inherently less stable than single party governments. Coalition governments are an indicator of party fragmentation, which as Haggard comments 'creates impediments to the coordination required both to initiate and to sustain policy changes; more cohesive systems, by contrast, are more likely to generate the stable electoral and legislative support that are a prerequisite for consolidating economic reform'.<sup>117</sup> Hence the shift from single-party government to multi-party government which Japan has experienced since 1993 should in practice have produced less assured legislative majorities for LDP-led administrations including Koizumi's.

What is critical, as Haggard emphasises, is the nature of the cleavages amongst the parties. A polarised party system with clear left–right cleavages is likely to present greater difficulties to a reforming administration because of higher levels of partisan conflict and a more highly mobilised anti-reform movement from left-wing interest groups such as the labour unions. In contrast, a non-polarised party system which is 'characterized by a low level of ideological distance amongst parties'<sup>118</sup> is more open to the formation of policy coalitions based on purely pragmatic and instrumental considerations. As Haggard explains: 'Nonpolarized systems rest on "pragmatic" parties in which ties between leaders and followers are largely instrumental and rest on shared interests in obtaining political office rather than strong ideological commitments'.<sup>119</sup>

In the Japanese case, the distinctions amongst the policy platforms of the governing and opposition parties have historically been and remain much clearer on issues relating to the Japanese Constitution, defence and security policy than on issues of domestic economic policy. An axis of political confrontation has yet to emerge between the ruling and opposition parties on economic policy. The most logical axis in an environment of structural reform is between what one might call the state-interventionists versus the free marketeers.<sup>120</sup> This is certainly not occurring in Japan along lines that parallel major party divisions. Even though the LDP has traditionally been closer to private sector business interests and the DPJ is closer to workers' and salary earners' interests, the two major parties both contain a spectrum of views on the central issue posed by Koizumi's reform program—market-liberal reform.

Fundamentally, many Japanese politicians, including Diet members in the LDP, are ambivalent about neo-liberal philosophy.<sup>121</sup> Supporters of government intervention to protect what are described as weak or vulnerable (that is, uncompetitive) sectors and to provide basic levels of social welfare can be found across the board in all Japanese political parties from the LDP to the JCP. For example, protection of favoured interests by LDP members makes them inherently opposed to market reforms and requires them to take an anti-market position. The majority of LDP members, although pro-capitalist (that is, they believe in private ownership of the means of production), are not necessarily pro-market (that is, allowing demand-supply factors to determine production and prices). They fear the havoc that market competition would wreak amongst the weaker industry sectors that form their main organised support base, and disguise their politically self-interested, anti-market position with a philosophy that is purported to oppose US or Anglo-Saxon, *laissez-faire*-style capitalism. Their views and policies have been variously described as 'conservative socialism, 'financial socialism',<sup>122</sup> 'mass democratic socialism system'<sup>123</sup> and "quasi-socialistic" protection of strategic or politically influential interests'.<sup>124</sup> In reality, their anti-market views are mainly an ideological cover for political self-interest, although ethnic pride may also be an element. Because a belief in the inherent superiority of the so-called 'Japan economic model' is now difficult to maintain, their lingering belief in this system is expressed as a form of antipathy towards Anglo-American capitalism.

Members of the DPJ also believe in state intervention, but for somewhat different policy purposes. The group is strongly in favour of intervention to

promote housing to meet social needs, to assist the unemployed and job seekers, to ensure environmentally friendly policies in industry and energy, and to provide food safety for consumers.<sup>125</sup> Their economic ideology is more strongly oriented towards concepts of social welfare and redistribution, and regulating industry for consumer and environmental protection. Thus, they embrace a familiar clutch of left-of-centre purposes for the state. They accept the basic principle of a market economy, provided that it is regulated in the interests of the citizens. A group of young DPJ members that styles itself the 'Society for the Study of Frontier Policy' maintains that it supports healthy competition, but its members also argue that market principles and small government will not solve Japan's economic problems. They opposed President Bush's endorsement of the Koizumi administration with his expression of support for US-style market principles predicated on the belief that 'competition is everything' (*kyôshô koso subete*).<sup>126</sup>

In general, younger members of both the LDP and DPJ tend to be much more positively predisposed towards Koizumi's structural reform program than do more senior Diet members.<sup>127</sup> For example, a group of junior LDP Diet members who support Koizumi's reforms have called themselves the 'Reform to the Death Squad'. On the other hand, whilst many Diet members in the government and opposition parties support structural reform in principle, they oppose it if it poses a threat to the vested interests they represent.

The most unashamedly pro-market party is the Liberal Party led by Ozawa. However, it is a small rump in the Diet sustained by the force of Ozawa's personality, policy ideas and energy which, in most cases, are used in a negative and destructive fashion rather than as a positive and constructive force. At the other end of the spectrum (to the extent that there is one), are the SDP and the JCP. They are anti-reform parties, which, it is suggested, is the main reason why they have done so badly in recent elections.<sup>128</sup>

No Japanese party unequivocally represents the interests of salary-earning, urban consumers who fall between the cracks of all the parties and whose interests would be best served by increasing competition in the economy for goods and services. The organisation of a party committed to such policies 'would create a political divide that would be comprehensible in policy terms. It would lead to real policy choices being presented to the electorate'.<sup>129</sup>

The blurred lines of cleavage on economic reform issues assist Koizumi by providing unclear lines of division in the Diet, which, as already noted, enables

him to enlist support from various party sources, both inside and outside the ruling coalition. Koizumi can take advantage of Japan's non-polarised party system, which enables flexible party coalitions to form around particular policy issues. In some instances, policy coalitions have crossed the government-opposition divide, as already noted, with the DPJ supporting government legislation.

Moreover, the failure of the opposition parties to present a clear and viable alternative to the LDP has contributed to the latter's sclerosis as a ruling party, its complacency about Japan's economic fate, and its obduracy in the face of Koizumi's attempts to implement reforms that look beyond the special interests to the national interest, even at a time when Japan's economic circumstances cry out for a radical change in perspective. As Stockwin observes, if a government knows that it faces the very real prospect of losing power at the next election, this 'is a really potent stimulus for governments to consider very seriously indeed the interests of the electorate in a broad sense—what may be called the national interest'.<sup>130</sup> Curtis makes much the same point, stating that

[y]ou cannot really expect a society to bring about fundamental and painful political reform in a system in which the ruling party really does not worry about losing power to the opposition. The absence of a powerful opposition party in Japan is the political tragedy of this country...The LDP politicians who are opposing Koizumi's reforms are not shaking in their boots, worried that they are going to lose the next election to the Democrats...In the absence of a truly competitive party system you are not likely to get much fundamental reform.<sup>131</sup>

The fault lies with the opposition side as well. They have been too busy doing deals with the LDP to carve out electoral niches for themselves which would provide the alternative policy choices that could lay the foundations of victory over the LDP. Moreover, the shift from single-party dominance under the LDP to coalition rule has served further to entrench accommodationist forms of behaviour amongst the opposition parties. As Stockwin argues,

political parties outside the LDP...are either brought into coalition arrangements with the LDP, or see their confrontational impact blunted by arrangements made in their favour...Today, the *Minshutō* is the largest party outside the LDP-centred coalition, but it seems to find difficulty in deciding whether it wants to grow into a party capable of replacing the LDP, or whether it might be tempted into a coalition with it itself.<sup>132</sup>

For the LDP to be willing to contemplate revision of its entrenched policy predilections, the political system needs a powerful, excluded opposition that could present an alternative vision for change to the Japanese people.

## NOTES

- <sup>1</sup> In November 2001, Japan's unemployment rate reached a postwar high of 5.5 per cent.
- <sup>2</sup> Combined, accumulated central and local government debt is expected to total ¥693 trillion at the end of fiscal 2002. That figure is equivalent to 140 per cent of GDP. *Nikkei Weekly*, 3 June 2002.
- <sup>3</sup> Cabinet Office, Government of Japan, <<http://www5.cao.go.jp/keizai1/2002/0125mitoshi-e.html>>.
- <sup>4</sup> *Daily Yomiuri On-Line*, <<http://www.yomiuri.co.jp/newse/20020425wo01.htm>>.
- <sup>5</sup> Jesper Koll, quoted in *The Daily Yomiuri*, 5 April 2002.
- <sup>6</sup> *Daily Yomiuri On-Line*, <<http://www.yomiuri.co.jp/newse/20020514wo11.htm>>.
- <sup>7</sup> As the deputy chief editorial writer of the *Nihon Keizai Shinbun* puts it, 'the financial system is in danger of crumbling since the capital-to-assets ratios at banks have been declining with some banks forced to dip into legal reserves to shore up the ratios. The financial crisis has merely been "concealed" and has not disappeared'. *Nikkei Weekly*, 17 June 2002.
- <sup>8</sup> 'Basic Policies for Economic and Fiscal Policy Management and Structural Reform 2002 (Summary)', Prime Minister of Japan and his Cabinet, <[http://www.kantei.go.jp/foreign/policy/2002/0621kouzoukaikaku\\_e.html](http://www.kantei.go.jp/foreign/policy/2002/0621kouzoukaikaku_e.html)>.
- <sup>9</sup> See in particular the analyses compiled by George Friedman for stratfor.com.
- <sup>10</sup> 'The Political Conditions', p. 593.
- <sup>11</sup> See also below.
- <sup>12</sup> Quoted in *The Japan Times*, 19 October 2001.
- <sup>13</sup> Quoted in *The Japan Times Online*, <<http://www.japantimes.co.jp/cig-bingerarticle.p15?nb20010430hc.htm>>.
- <sup>14</sup> Koizumi himself commented that: 'When I took office my position was that we should work on structural reform which would give us future growth, a future leap forward while enjoying limited growth for a year or two'. Quoted in *Financial Times*, <<http://news.ft.com/ft/gx.cgi/ftc?pagename=View&cid=FT34KSFO51D>>.
- <sup>15</sup> *Daily Yomiuri On-Line*, <<http://www.yomiuri.co.jp/newse/20011204wo01.htm>>.
- <sup>16</sup> Uchida Kenzô, Professor of Political Science, Tokai University, quoted in *The Japan Times*, 9 September 2001.
- <sup>17</sup> 'The Koizumi Administration', pp. 293–94.
- <sup>18</sup> See also Chapter 5 on 'Party-Bureaucratic Government'.
- <sup>19</sup> Kitaoka argues that many of the LDP's ordinary members remained tied to factions and interest groups, but voted for Koizumi because they feared the party would lose power in the upcoming elections otherwise. 'Can Koizumi the Demagogue Become a True Leader?', p. 280.

- <sup>30</sup> Under the winner-takes-all system introduced for the election, if a majority of prefectural members voted for Koizumi, he gained all the votes from that particular party chapter. Koizumi's LDP opponents have now called for a review of this system.
- <sup>31</sup> BBC News | ASIA-PACIFIC | Koizumi hails 'peaceful revolution', <[http://www.bbc.co.uk/hi/english/world/asia-pacific/newsid\\_1293000/](http://www.bbc.co.uk/hi/english/world/asia-pacific/newsid_1293000/)>.
- <sup>32</sup> *Nikkei Weekly*, 26 March 2001.
- <sup>33</sup> The Hashimoto faction is the biggest in the LDP, with 103 Diet members. Other factions are led by Mori Yoshirō (Koizumi's former faction with 57 members, the second largest faction), Kansei Shizuka and Eto Takami (54 members), Horiuchi Mitsuo (44 members), Yamasaki Taku (22 members) and Kōmura Masahiko (14 members). The Kato faction was dissolved when Kato Kōichi left the LDP and the Diet in the spring of 2002. It is now led by Ozato Sadatoshi with approximately 15 members.
- <sup>34</sup> *The Japan Times Online*, <<http://www.japantimes.co.jp/cgi-bin/geted.p15?nn20010419a5.htm>>.
- <sup>35</sup> *Yomiuri Shinbun*, 29 April 2001.
- <sup>36</sup> See Chapter 5 on 'Party-Bureaucratic Government'.
- <sup>37</sup> Quoted in Tawara Sōichirō, Shiozaki Yasuhisa, Yamamoto Ichita and Kōno Tarō, 'Koizumi ga Taoreru mae ni Jimintō o Kawase' ['Destroy the LDP Before Koizumi Falls'], *Gendai*, May 2002, p. 115.
- <sup>38</sup> Quoted in Tawara et al., 'Koizumi ga Taoreru mae ni', p. 115.
- <sup>39</sup> BBC News | ASIA-PACIFIC | Koizumi hails 'peaceful revolution' <[http://www.bbc.co.uk/hi/english/world/asia-pacific/newsid\\_12930000/](http://www.bbc.co.uk/hi/english/world/asia-pacific/newsid_12930000/)>.
- <sup>40</sup> In a public opinion poll prior to the LDP presidential election, some 65 per cent of Japanese said that they preferred Koizumi out of the four LDP candidates in the race. *Financial Times*, <<http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT3X4APKMLC&live=true>>.
- <sup>41</sup> See also Chapter 5 on 'Party-Bureaucratic Government'.
- <sup>42</sup> The LDP won 64 out of 121 seats contested.
- <sup>43</sup> Editorial, *Nikkei Weekly*, 16 July 2001. See also below.
- <sup>44</sup> Even though Japanese voters had, for the first time, a choice of voting for a party or an individual in this electorate, as Kitaoka points out, 'some 70% of those who voted for the LDP did so by selecting the party's name'. 'Can Koizumi the Demagogue Become a True Leader?', p. 282.
- <sup>45</sup> *Mainichi Interactive*, <<http://www.mainichi.co.jp/eye/feature/article/koizumi20010806-6.html>>.
- <sup>46</sup> The LDP's overall support rate in prefectural constituencies rose from 31 per cent in the 1998 Upper House election to 41 per cent.
- <sup>47</sup> *Nikkei Weekly*, 18 June 2001.

- <sup>38</sup> Ibid.
- <sup>39</sup> Hayao makes a similar comment. See Kenji Hayao, *The Japanese Prime Minister and Public Policy*, Pittsburgh and London, Pittsburgh University Press, 1993, p. 117.
- <sup>40</sup> They cover subjects such as restructuring the former Ministry of Posts and Telecommunications and the bureaucracy as a whole, and the need to privatise postal services.
- <sup>41</sup> Some of the Hashimoto administration's reform proposals, including privatisation of postal services, posed a similar challenge.
- <sup>42</sup> *Nikkei Weekly*, 13 May 2002.
- <sup>43</sup> Koizumi instructed the Chairman of the Council for Regulatory Reform that: 'Regulatory reform is one of the key elements for buoying up the economy. I want you to tackle this task and recognise its importance'. Quoted in *Nihon Keizai Shinbun*, 26 May 2002.
- <sup>44</sup> As the deputy chief editorial writer of the *Nihon Keizai Shinbun* commented, 'governments led by Obuchi and Yoshiro Mori should be blamed for neglecting deregulation and other structural reforms because they assumed the economy was on the mend'. *Nikkei Weekly*, 17 June 2002.
- <sup>45</sup> Takenaka, 'The Economic and Fiscal Policy of the Koizumi Administration', p. 4.
- <sup>46</sup> In contrast, Curtis argues that 'Koizumi became prime minister without any program...He had to begin the process of planning what to do after he became prime minister and it took an awfully long time'. *Japan: Crisis or Reform*, p. 8. In fact, however, Koizumi became prime minister at the end of April and his first comprehensive policy package was announced somewhat over one month later in June.
- <sup>47</sup> Quoted in *Nikkei Weekly*, 22 October 2001.
- <sup>48</sup> This is borne out by data gained from a nationwide panel survey conducted by Kabashima Ikuo and reported in 'Koizumi Seiken Tōjō de Nihon Seiji wa Nani to Ketsubetsu Shita Ka' ['After the Inauguration of the Koizumi Administration, Goodbye to What in Japanese Politics'], *Chūō Kōron*, October 2001, p. 122.
- <sup>49</sup> Kabashima reports, for example, that one-quarter of those who had voted for the opposition Democratic Party of Japan in 1998 switched to the LDP in 2001. Ibid., p. 123.
- <sup>50</sup> *The Japan Times*, 31 July 2001.
- <sup>51</sup> Ibid.
- <sup>52</sup> The main reasons for the loss of the LDP's Lower House majority in 2000 was the failure of the party to win the support of independent voters in the cities. Between 1990 and 2000, the proportion of voters describing themselves as LDP supporters declined from 44 per cent to 27 per cent, whilst the proportion of independent voters increased from 28 per cent to 39 per cent. *Mainichi Shinbun*, 19 June 2000.
- <sup>53</sup> *The Japan Times*, 16 July 2001.

- <sup>54</sup> *Yomiuri Shinbun*, 27 June 2000.
- <sup>55</sup> Norifumi Sugimoto, *A Study of LDP Policymaking Abilities and a Recommendation for Self Reform*, USJP Occasional Paper 01-11, Program on US-Japan Relations, Harvard University, p. 34.
- <sup>56</sup> The governorships of Nagano, Chiba, and Akita prefectures, for example, and most recently, the mayoralty of Yokohama City. The power of unaffiliated voters is thus being felt not only in the cities but also in rural areas.
- <sup>57</sup> Reported in *Financial Times*, 13 July 2001.
- <sup>58</sup> Kôno Tarô, quoted in Tawara et al., 'Koizumi ga Taoreru mae ni', p. 118.
- <sup>59</sup> Quoted in *Yomiuri Shinbun*, 1 April 2002.
- <sup>60</sup> This harks back to the message on LDP candidate Eda Kenji's poster in the 2000 elections which said: 'If you can't change the LDP, Japan will not change' (*Jimintô o kaenakereba, Nihon wa kawarimasen*). Eda, 'Koizumi Shushô', p. 125.
- <sup>61</sup> A survey in January 2001 by *Ronza* showed that 44.4 per cent of respondents wanted the LDP not to gain seats in the next election. See Kabashima Ikuo, 'Mutôha ga Hôki Suru' ['The Rise of Independent Camp'], *Ronza*, April 2001, pp. 14-33.
- <sup>62</sup> *Nikkei Weekly*, 13 May 2002.
- <sup>63</sup> *The Economist*, 4 August 2001.
- <sup>64</sup> This does not include the teachers' unions, who are affiliated with opposition parties.
- <sup>65</sup> When interviewed after winning a seat in Kanagawa (2) for the first time in 1972, Koizumi commented that 'The LDP is already a minority party in urban areas. We have to be conscious of this and proceed with reforming our party'. Kawachi Takashi, 'Koizumi Who?', *Japan Echo*, Vol. 28, No. 4, August 2001, p. 12. Curtis also comments that 'Koizumi deserves credit for recognizing that the social base upon which the LDP stands is no longer strong enough to support a major party'. 'The Koizumi Administration', p. 299. In this respect, Koizumi shares a similar attitude to former Prime Minister Nakasone who led the LDP to one of its greatest victories in 1986 by deliberately appealing to urban voters.
- <sup>66</sup> He believes, for example, that privatising postal services will attract many floating voters to the LDP and commented in relation to this strategy: 'We are now in a new age'. Quoted in *Nikkei Weekly*, 26 March 2001.
- <sup>67</sup> Former Prime Minister Kaifu Toshiaki is the only other one, representing an Aichi (Nagoya) electorate.
- <sup>68</sup> *Nikkei Weekly*, 18 June 2001.
- <sup>69</sup> In January 1998, unedited and unabridged televising of ordinary Diet sessions began for the first time. The move was reputedly to heighten public interest in politics and to respond to the public's desire for unrestricted information about Diet deliberations. Japan Information Network, <<http://www.jin-japan.org/trends98/honbun/ntj980313.html>>.

<sup>70</sup> *Nikkei Weekly*, 11 June 2001.

<sup>71</sup> Masuzoe Yôichi, 'Koizumi Junichirô to no Kyôtô o, Koko ni Tekkai Suru' ['I Bid Farewell to Koizumi Junichirô'], *Gendai*, May 2002, p. 112.

<sup>72</sup> Masuzoe, 'Koizumi Junichirô', p. 112.

<sup>73</sup> Curtis also comments on Koizumi's skill at inventing slogans 'that make his message easy to understand and easy to remember'. 'The Koizumi Administration', p. 292.

<sup>74</sup> This is reminiscent of the message that candidate Eda Kenji claims he tried to get across in the 2000 Lower House election, which said 'structural reform is the road to economic revival' (*kôzô kaikaku koso ga keiki kaifuku no michi desu*). Eda, 'Koizumi Shushô', p. 125.

<sup>75</sup> 'Can Koizumi the Demagogue Become a True Leader?', p. 281.

<sup>76</sup> Professor Kabashima Ikuo, Tokyo University, quoted in *Nikkei Weekly*, 26 March 2001.

<sup>77</sup> *Yomiuri Shinbun*, 27 June 2000, quoted in Aurelia George Mulgan, 'The Dynamics of Coalition Politics in Japan', in Jennifer Amyx and Peter Drysdale (eds), *Beyond Japan Incorporated: Transparency and Reform in Japanese Governance*, London and New York, Routledge, 2003, p. 44.

<sup>78</sup> The Japanese press described Koizumi's approach as follows: 'he begins his policy strategy by striking the first blows, revealing a simple slogan to appeal to the general population. After repeatedly and loudly proclaiming that slogan, Koizumi...[seeks] a compromise position after measuring the degree of resistance within his ruling coalition'. asahi.com, <<http://www.asahi.com/english/politics/K2001120400638.html>>.

<sup>79</sup> *Nikkei Weekly*, 10 June 2002.

<sup>80</sup> There are, in addition, a number of minor parties, groupings of independents, and independents.

<sup>81</sup> In April 2001, the LDP had 239 seats in the Lower House. A year later this figure had grown to 242, which represents a majority of the 480-seat house, albeit by a very slim margin.

<sup>82</sup> Quoted in *The Australian*, 18 May 2001.

<sup>83</sup> Liberal Party Ozawa Ichirô's favourite question is why Koizumi does not get reform done faster because with reform, speed is of the essence. Similarly, a DPJ group calling itself the 'Society for the Study of Frontier Policy' has criticised Koizumi's pleas for people to wait a little longer because reform takes time. Asao Keiichirô, Ôtsuka Kôhei, Fukuyama Tetsurô, Matsui Kôji and Matsumoto Takeaki, 'Sayônara Koizumiryô Kaikaku: Keizai Saisei no Kôsô wa Ware ni ari' ['Farewell to Koizumi-style Reform: We Have Our Own Scenario for Reviving the Economy'], *Ronza*, May 2002, p. 102.

<sup>84</sup> He was quoted as saying: 'Deregulation counts...All the vigorous industries now are those on which the government has remained hands-off'. Quoted in *The Japan Times Online*, <<http://www.japantimes.co.jp/cgi-bin/getarticle.pl?nn20010207a6.htm>>.

<sup>85</sup> It included, for example, 'balancing the budget and promoting the implementation of administrative reforms', 'creating a fair and simple tax system', 'promoting economic reforms',

'fostering the autonomy of local authorities', and 'constructing a Japanese-style information society'. Liberal Party, <[http://www.jiyuto.or.jp/ENG/policy\\_e/01712\\_e/manifesto.htm](http://www.jiyuto.or.jp/ENG/policy_e/01712_e/manifesto.htm)>.

<sup>86</sup> Australian Political Exchange Council, *Annual Report 2000–01*, p. 43.

<sup>87</sup> Quoted in *Nikkei Weekly*, 17 June 2002.

<sup>88</sup> These policies can be found at the DPJ's website, <<http://www.dpj.or.jp/english/policy/19hc-elec.html>>.

<sup>89</sup> The guidelines, describing present-day Japan as a 'vested interest-emphasized state based on the cozy relationship among politicians, bureaucrats, and industrialists', also identify the problem of 'irresponsible debt-ridden finances'. As future goals, the guidelines cite 'dismantling the state-run project management sector' and 'the streamlining of national expenditures by adopting low-cost but high-satisfaction public services by means of nonprofit organizations (NPOs) and regional communities'. *Yomiuri Shinbun*, 7 June 2002. This manifesto was followed in July by the DPJ so-called 'Next Cabinet' '10-point basic policy line' which featured three priority challenges for a Minshuto-led government: 1) introducing a province system (by abolishing prefectures and instead establishing provinces) for realisation of decentralisation, 2) rebuilding a healthy Japan–US relationship based on revising the Japan–US Status of Forces Agreement, and 3) realising diversified education based on local control (educational reform). *Yomiuri Shinbun*, 3 July 2002.

<sup>90</sup> This is the 'Society for the Study of Frontier Policy' mentioned above. It has proposed, for example, a 10-year consumption tax reform plan, which would reduce the consumption tax to 3 per cent for two years in order to stimulate demand, then increase it to 10 per cent over the space of six years to generate funds for welfare expenditure. The group has also proposed a bank 'hospitalisation' policy which would force 'ill' banks to be hospitalised (that is, placed under temporary state ownership) which would stabilise the financial system. See Asao et al., 'Sayōnara Koizumiryō Kaikaku', pp. 105–7.

<sup>91</sup> *The Japan Times*, 16 July 2001.

<sup>92</sup> Kitaoka, 'Can Koizumi the Demagogue Become a True Leader?', p. 283.

<sup>93</sup> *Ibid.*, p. 283.

<sup>94</sup> The DPJ's 'Society for the Study of Frontier Policy' maintained in a published article that Koizumi was a politician who could talk about reforms, but was too willing to compromise with opposition forces (in the LDP) who had led Japan into decline, and expended all his efforts on maintaining his image as a reformer. Asao et al., 'Sayōnara Koizumiryō Kaikaku', p. 101.

<sup>95</sup> *The Japan Times*, 16 July 2001.

<sup>96</sup> Quoted in *Financial Times*, <<http://news.ft.com/ft/gx.cgi/ftc?pagename=View&cid=FT34KSFO51D>>

<sup>97</sup> Asao et al., 'Sayōnara Koizumiryō Kaikaku', p. 108.

<sup>98</sup> Quoted in *Financial Times*, <<http://news.ft.com/ft/gx.cgi/ftc?pagename=View&cid=FT34KSFO51D>>.

- <sup>99</sup> The general term 'socialist party' is used here to include both the former Japan Socialist Party and Democratic Socialist Party.
- <sup>100</sup> The frontier group does, however, support the idea of labour cost reductions in the public sector and the transfer of the funds to environmental preservation and education. Asao et al., 'Sayônara Koizumiryô Kaikaku', p. 108.
- <sup>101</sup> Its position on the four postal bills that passed the Diet in July 2002 suggested, however, that it opposed the bills simply for the sake of opposing. In the interpellations in the Diet, DPJ members complained that the bills would 'bureaucratise the private sector', that the 'barriers to private participation were too high', and that 'the bills said nothing about the privatisation of postal savings and insurance'. Democratic Party of Japan, <<http://www.dpj.or.jp/english/news/020706/070603.html>>.
- <sup>102</sup> Zentei, <<http://www.zentei.or.jp/index.htm>>.
- <sup>103</sup> The political arm of Rengô contested national elections for the first time in 1989. It joined the DPJ in 1996 via the Democratic Reform League (Minshu Kaikaku Rengô).
- <sup>104</sup> Zen-Yusei (All Japan Postal Labour Union), <<http://www1k.mesh.ne.jp/JPLU/outline.html>>.
- <sup>105</sup> Professor Matsubara Satoru, quoted in *The Japan Times Online*, <<http://www.japantimes.co.jp/cgi-bin/getarticle.p15?nn20010207a6.htm>>.
- <sup>106</sup> *Nihon Keizai Shinbun*, 24 May 2002.
- <sup>107</sup> *The Japan Times Online*, <<http://www.japantimes.co.jp/cgi-bin/getarticle.p15?nb20020327a1.htm>>. See also Chapter 4 on 'Opportunities Lost'.
- <sup>108</sup> See George Mulgan, 'The Dynamics of Coalition Politics', p. 50.
- <sup>109</sup> See also below.
- <sup>110</sup> *Daily Yomiuri On-Line*, <<http://www.yomiuri.co.jp/newse/20020407wo01.htm>>.
- <sup>111</sup> Okamoto, 'Sutemi', p. 9.
- <sup>112</sup> *Nikkei Weekly*, 11 December 2001.
- <sup>113</sup> See, for example, my comments on this issue in, 'The Dynamics of Coalition Politics', pp. 49–50.
- <sup>114</sup> Kitaoka, 'Can Koizumi the Demagogue Become a True Leader?', p. 283.
- <sup>115</sup> Quoted in *Financial Times*, <<http://news.ft.com/ft/gx.cgi/ft?pagename=View&cid=FT34KSFO51D>>.
- <sup>116</sup> See also the discussion on the impact of coalition rule on policymaking in Chapter 5 on 'Party-Bureaucratic Government'.
- <sup>117</sup> Haggard, 'Interests', p. 44.
- <sup>118</sup> *Ibid.*, p. 44.
- <sup>119</sup> *Ibid.*, p. 44.
- <sup>120</sup> This is despite Ôtake's assertions that a new axis of division has emerged in Japanese politics between those holding a small-state position versus those with a large-state perspective. See

Ôtake Hideo, *Nihon Seiji no Tairitsu Jiku* [*The Axes of Division in Japanese Politics*], Tokyo, Chûkô Shinsho, 2000.

- <sup>121</sup> The same is true of many economic commentators and academic economists in Japan. They are concerned about the so-called 'side effects' of rampant market reforms such as a widening of the income gap between rich and poor, a slide in the quality of public services and public infrastructure, a decline in social cohesion and a breakdown of law and order.
- <sup>122</sup> See, for example, Jesper Koll's thesis that 'large-scale government intervention has forced the misallocation of resources across all aspects of the nation...Through the nation's financial socialism, inefficient companies have been given the illusion of remaining viable, while their actual competitive position has steadily deteriorated. The most obvious example of this is the huge public spending support that inefficient companies received via massive fiscal packages through the last decade...Almost 10 percent of all private bank credit is now guaranteed by the taxpayer through this financial socialism. On top of this, a full 45 percent of all credit outstanding is funded by the postal savings system, which is administered by bureaucrats and allocated by politicians looking to maximize votes, not economic return. All told, almost 55 percent of all financial credit outstanding is directly or indirectly funded by the nation's public financial system'. *Daily Yomiuri On-Line*, <<http://www.yomiuri.co.jp/newse/20011108wo11.htm>>.
- <sup>123</sup> Endô, quoting Kanbara Eiji, in 'Koizumi Seiken', p. 248.
- <sup>124</sup> J.A.A. Stockwin, 'The Rural-Urban Divide in Japanese Politics and the Roots of Corruption: Does Globalisation Make a Difference?', paper presented to the Symposium 'In Search of Lost Variety: Is Globalisation Levelling Cultural Differences Out?', Freie Universität Berlin, 25 October 2000, p. 2.
- <sup>125</sup> Asao et al., 'Sayônara Koizumiryô Kaikaku', pp. 103–5.
- <sup>126</sup> *Ibid.*, p. 102.
- <sup>127</sup> Kobayashi puts their number at about 50. Kobayashi Yoshiya, 'Koizumi Shushô ga "Jimintô o Suteru Hi"', *Politico*, May 2002, pp. 47.
- <sup>128</sup> Kitaoka, 'Can Koizumi the Demagogue Become a True Leader?', p. 283.
- <sup>129</sup> J.A.A. Stockwin, 'Reshaping Japanese Politics and the Question of Democracy', paper presented to 'Japan at the Millennium: Questions and Continuities', St Antony's College, University of Oxford, 15 November 2001, p. 21.
- <sup>130</sup> 'A Comparative Perspective', p. 11.
- <sup>131</sup> *Japan: Crisis or Reform*, p. 9.
- <sup>132</sup> 'Reshaping Japanese Politics', p. 19.