



## POLITICAL CHANGE IN JAPAN

by Elisabet Cortiles i Taribó\*

*Whereas the United States voted for the future in November 2008, Japan voted against the past on the 30<sup>th</sup> of August this year. It was a punishment vote against the Liberal Democratic Party (LDP), that had governed the country for more than half a century (aside from eleven months during the mid-90s) and that has now lost the confidence of its citizens and with it, power.*

The LDP, a party that emerged after the Second World War with the arrival of democracy to the country, ensured that a nation that was physically and emotionally destroyed by the atomic bomb and defeat was transformed into the second world power. Its economic policies had a stunning success until the end of the 80s, when the housing and finance bubble burst. Since then the Liberal Democratic Party had unsuccessfully tried to lead Japan out of the economic crisis. Its poor handling of the situation, corruption within the party, lack of leadership, periods of recession and an increase in unemploy-

ment have all led the Japanese to lose their patience. Although not particularly partial to change, the public had no alternative but to vote for the opposition Democratic Party of Japan (DPJ), that was established just eleven years ago. The majority of the party's members are politicians that were disaffected with the LDP and decided to form a new political group. A good example is the new prime minister and leader of the DPJ, Yukio Hatoyama, himself a former member of the ranks of the Liberal Democratic Party. Indeed his grandfather was one of its founders.

With a voter turnout of some 70%, the Democratic Party of Japan gained an absolute majority in the lower house. They went from 113 seats to 308, forming a coalition with two minority parties, the Social Democratic Party (SDP) and the New People's Party, thus gaining even more support in parliament. This majority adds to the one it already holds in the senate and that it must try to maintain in the upcoming elections of July 2010 if it wishes to go ahead with its proposed reforms unopposed.

Mari Matsumoto, a Tokyo housewife, explains that the LDP's main error was to 'distance itself from the public and not to have listened to their needs'. Her husband, a New York marketing executive, adds that, 'the Liberal Democratic Party failed because it didn't appreciate how difficult the current economic situation is for the Japanese middle class'.

Hatoyama's electoral campaign focused precisely on emphasising that the electorate would be the party's main focus of attention. He promised to improve the standard of living of the Japanese with more, improved social policies. One in particular is a family benefit of 192 euros a month for every school-age child, which is in addition to the 2,600 euros parents receive when a baby is born. The thinking behind the measure, aside from social welfare, is to fight against the ageing of the Japanese population. According to the World Health Organisation, Japanese life expectancy stands at 83 years, the highest in the world, while the birth rate has not stopped falling since 2006. The ageing population has not only led to a loss of workers, it has led to increased expenditure on pensions. Japan's ministry of health calculates that in 2025 the government will spend more than 1,000 million euros on pension payments.

Aside from benefits for families with children, Hatoyama's government also wishes to make secondary education free, increase the minimum wage, increase farmers' subsidies and eliminate tolls on the motorways. All in all, these are initiatives that the Japanese look forward to, but view with some uncertainty.

Masahito Abe, a young salesman who lives in a small city close to the capital, warns that, 'the DPJ has not clearly outlined where it will get the money from to carry out its proposed measures'. Hatoyama's social reforms are valued at the astronomical sum of 54,000 million euros in 2010 and a further 125,000 million the following year. These figures are seemingly incompatible with Japan's public deficit, which represents 180% of GDP, and one of the highest debts for a developed nation.

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**CHINA WILL SOON TAKE SECOND PLACE IN THE RANKING OF WORLD POWERS AND HATOYAMA NEEDS TO IMPROVE DIPLOMATIC RELATIONS WITH THE ASIAN GIANT IN ORDER TO TAKE ADVANTAGE OF ITS ECONOMIC IMPULSE**

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How will the new government manage to deal with public debt and finance its social reforms? According to Hatoyama, the key lies in changing the economic model and reforming public administration, two pillars the Japanese government have never managed to move.

Japanese civil servants are seen to be among the most bureaucratic in the world and have become a hidden power in the government's shadow thanks to the control they have over public spending. The new prime minister has

promised to reduce bureaucracy and use the savings thereby generated on his social policies. In order to carry this out, the government will create the National Strategy Office that will include civil servants from both the public and private sector who will be charged with designing the new Japanese administrative system. The Office, headed by the new Deputy Prime Minister, Naoto Kan, will also supervise the administration of the budget and decide on Japan's political priorities.

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**THE NEW JAPANESE GOVERNMENT DOES NOT WISH TO END THE HISTORIC RELATIONSHIP IT HAS WITH THE UNITED STATES, BUT IT DOES WISH TO MOVE OUT FROM UNDER ITS SHADOW IN ORDER TO ENJOY MORE INDEPENDENCE**

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Through such measures, Yukio Hatoyama also plans to cancel the large infrastructure investments initiated by the previous government. According to the prime minister, all too often the concession of public works contracts has been the result of an 'old boys' network' between the LDP and the large companies. It is a relationship that for years has ensured the LDP have remained in power and public capital has gone into the hands of the country's companies.

This economic model, which worked such miracles after the Second World War, has now become outdated. The ageing population, a strong fall in exports, coupled with the global economic crisis, has made the system unsustainable. The direct consequence of the situation is the highest unemployment rate since the end of WWII, standing at nearly 6%.

The younger generation have seen how the neo-liberal system developed

by the LDP has turned against them. Many Japanese who had given their lives to the company have been laid off and have witnessed first-hand how companies now prefer temporary contracts to lifetime commitments from their workers. The newly appointed Minister of Economy, Trade and Industry, Masayuki Naoshima (a 63-year old former unionist), has announced that he will negotiate reforms with the large companies as soon as possible in order to stabilise the precarious job situation that exists at present.

Daisuke Ito, an estate agent and his wife Esther Carrillo, a Catalan translator of Japanese, both feel, 'the economy will only recover when the Japanese regain their trust in the government. The poor economic situation arises out of uncertainty for what will come, which leads people to save rather than to spend. If no one buys anything, businesses make losses and have to lay off workers. It's a vicious circle'.

In order to stimulate internal consumption, Hatoyama's government has committed itself to freezing VAT on products, reducing petrol prices and more importantly, enacting social policies to improve public welfare in order to stimulate consumption.

The make-over of the Japanese economic model also includes a rethink of its relations with other Asian countries. Japan is conscious of the fact that soon China will take its second place in the ranking of world powers and its need to improve diplomatic relations with the Asian giant in order to take advantage of its economic impulse.

One of the first concessions the new government has made is in stopping its visits to the Yasukuni temple. This Shinto temple is where soldiers that have fallen in battle are remem-



bered, including a dozen or so accused of war crimes for their actions in China. The controversial visits to the temple by the former Prime Minister Junichiro Koizumi provoked a serious diplomatic conflict between China and Japan, which Hatoyama's new government has no interest in reviving.

The new prime minister also wants to improve relations with India, the Philippines, Malaysia, South Korea and Australia. Indeed, according to Hatoyama, 'the natural allies of Japan aren't the West, but rather our neighbouring countries'. This does not mean that the new Japanese government wishes to end the historic relationship it has with the United States, but it does wish to move out from under its shadow in order to enjoy more independence. To this end, the Japanese leadership have announced the desire to reform the pacifist Constitution drawn up in 1946, in order that

the country can form an army. This is a reform Hatoyama tried earlier in 2005 with a project that ended in failure. He may attempt it once again, in spite of the opposition of some of the members of his own party and of the parties with which he has formed the coalition. There is also the possibility of closing the American military bases in Okinawa and the end of the agreement under which Japan has to resupply US warships that are in the Indian Ocean. These are all issues that could heighten tensions between the two nations. In reality the Japanese have more important preoccupations to resolve, with the economic stagnation that has lasted nearly two decades being the main one. The majority of the public did not vote for the new government because they thought they were capable of overcoming the problem, but rather because they saw the previous government, the LDP, as being incapable of doing so.

#### \*ELISABET CORTILES I TARIBÓ

HOLDS A DEGREE IN JOURNALISM FROM *Universitat Ramon Llull* (THE BLANQUERNA FACULTY OF COMMUNICATION SCIENCES). SHE SPECIALISED IN INTERNATIONAL JOURNALISM AT THE SCHOOL OF ORIENTAL AND AFRICAN STUDIES (SOAS) OF THE UNIVERSITY OF LONDON. SHE DIRECTS THE *Tots pel Món* (EVERYONE FOR THE WORLD) SECTION OF THE *Tots per Tots* (ALL FOR ALL) PROGRAMME ON COMRÀDIO. CORTILES HAS PRESENTED THE NEWS ON CHANNEL 8TV AND COVERED THE 2007 UPRISING OF THE MONKS IN BURMA FOR RACI. MEMBER OF THE COMMISSION FOR AUDIOVISUAL DIVERSITY OF THE AUDIOVISUAL COUNCIL OF CATALONIA (CAC) AND A JOURNALIST AND AUDIOVISUAL PRODUCER FOR THE *Espai Àfrica-Catalunya*.

