

DPJ's Broken Promise and the End of the Anti-Koizumi Era in Japan

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The Democratic Party of Japan (hereafter DPJ) has ruled Japan since 2009 but is now at risk with Ozawa Ichiro's departure from the DPJ only after three years. On July 2, 2012, Ozawa, former DPJ president and influential figure in DPJ intraparty dynamics, announced his departure from the DPJ with 49 fellow Diet members. He and his fellows have criticized the DPJ's election manifesto and fundamental identity as being broken with Prime Minister Noda Yoshihiko's effort to raise the consumption tax. A split of Ozawa's group from the DPJ seemed inescapable when Ozawa and 56 fellows voted against a bill for a consumption tax hike in the Lower House on June 26, 2012. Noda's continued support for the consumption tax hike and Ozawa's reactive choice to break away have increased political uncertainty in Japan. Japan may undergo Diet dissolution and a general election this fall due to the divided DPJ. How can we understand the DPJ's endogenous collapse and what will be the impact of this political upheaval on Japan's political future?

I argue that DPJ solidarity did not have a strong foundation beyond an anti-Koizumi framework and that there was no intraparty consensus on some DPJ leaders' new policy agenda, which is not related to the anti-Koizumi framework. When Koizumi Junichiro aggressively enhanced neoliberal structural reforms in the early 2000s, DPJ politicians were at first perplexed because Koizumi's key agendas were well matched with their "small government" orientation. However, they soon found a solution for the anti-Koizumi framework

with a doctrine for "more universal welfare without a tax hike" under the leadership of Ozawa. The DPJ's differentiation from Koizumi's Liberal Democratic Party (hereafter LDP) was successful in the 2007 Upper House election and the 2009 Lower House election. However, Kan Naoto and Noda have tried to deviate from an Ozawa-led manifesto of no tax hike since 2010 because they found that a stable universal welfare system demands sound fiscal conditions and that a consumption tax increase is the only way of relieving the huge fiscal deficit problem. When the anti-Koizumi was exhausted as a core driving force of DPJ solidarity, the DPJ had become stuck in diverging policy orientations between fiscal soundness and no tax hike—and finally split. The divided DPJ symbolizes the end of the anti-Koizumi era in Japanese politics. Koizumi's structural reform has dominated the discourse of Japanese politics in the last decade. However, the end of the anti-Koizumi era never means the rise of new discourse of Japanese politics. Since the DPJ and the LDP lost their differences on policy orienta-

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tions, the stable two-party competition structure is dwindling in Japan. The more crucial point is that Japanese political leaders do not have new visions for Japan's future political economic model beyond Koizumi's structural reform and the anti-Koizumi framework's emphasis on welfare.

Fiscal Deficit, Global Financial Crisis, and Consumption Tax Hike

Among DPJ politicians, the first proposer of a consumption tax hike was Kan. When he became prime minister after Hatoyama Yukio in June 2010, he suggested an agenda of a consumption tax increase from the current 5 percent to 10 percent. Since the DPJ won the 2007 and 2009 elections with a manifesto of "more universal welfare without a tax hike," there was furious reaction from many DPJ politicians. Ozawa, a founder of the DPJ manifesto, was infuriated. Ozawa and his fellows continued to argue that the Japanese government can find fiscal sources for increasing welfare through the curtailment of wasteful budgets. In addition, the LDP, the long-lasting supporter of increasing the consumption tax, criticized Kan's suggestion as a defection from the DPJ's initial doctrine. In the Upper House election held in July 2010, the issue of a consumption tax hike was a main reason of the DPJ's defeat. Ozawa fought with Kan in the DPJ presidential election in September 2010 for defending a manifesto of no tax hike. Although Kan won that election and could retain the prime minister post, he could not vigorously enhance a consumption tax increase in late 2010.

Kan's untimely suggestion of a consumption tax hike just one month before the election was politically nonsensical but based on his high awareness of Japan's severe fiscal deficit problem. Kan had served as financial minister in the Hatoyama cabinet. He had responsibility for simultaneously achieving three goals: fiscal soundness, the curtailment of wasteful governmental

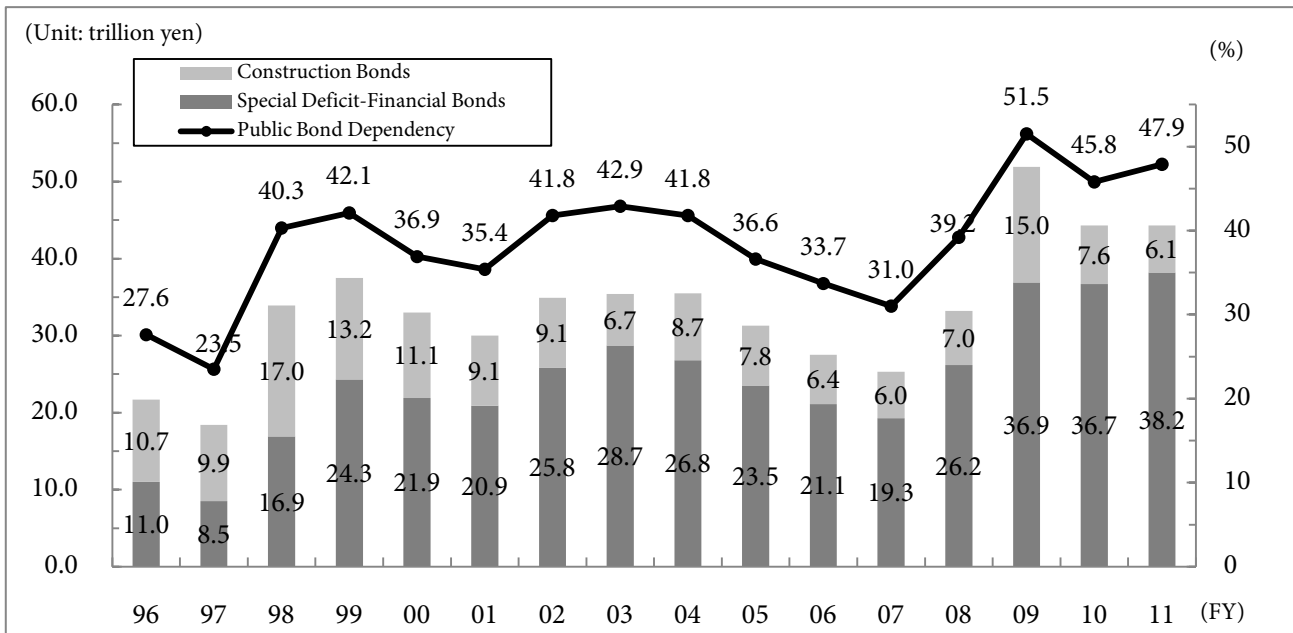
expenditures, and the increase of welfare expenditures. However, Japan already held notorious fame for its huge government deficit. Japan's ratio of national debt to gross domestic product (GDP) was already over 100 percent in the late 1990s and, according to the International Monetary Fund (IMF), will reach 236 percent, twice larger than the United States, in 2012.¹ As Figure 1 shows, the Japanese government's dependency on bond issues has been over 30 percent since 1998. If Japan's urgent state goal is to shrink the fiscal deficit, Japan should decrease governmental expenditures or increase tax revenues. The curtailment of other governmental expenditures could not match the natural growth of the existing social security expenditures, let alone expenditures for other welfare programs. As Figure 2 shows, Japan has annually spent 30 trillion yen more than its tax revenues since 1998. Therefore, Kan's suggestion of a tax increase is a logical conclusion from a standpoint of fiscal soundness.

In addition, the Hatoyama administration faced an economic recession originating from the global financial crisis, because Japan's economic recovery in the mid-2000s was largely based on the increase of exports. Japan's dependency on trade for its GDP was 20 percent in 2001 but reached 35 percent in 2008.² The global financial crisis has diminished global demand for Japanese manufactures. In 2009, Japan had a problem of excessive supply. Although the recovery of Japanese manufacturers' global competitiveness had been a positive result of neoliberal structural reforms during the Koizumi cabinet, their greater dependency on the global market is an unexpected consequence. The Hatoyama cabinet should take the Keynesian remedy for overcoming this economic recession. As Figure 2 shows, tax revenues were sharply decreased from 51 trillion yen in 2008 to 44.3 trillion yen in 2009. However, Japan's governmental expenditures were highly increased from 84.7 trillion yen in 2008 to 101 trillion yen in 2009. This means Japan's fiscal condition was worsened. As Figure 1 shows, Japanese government's dependency on bond issues skyrocketed from



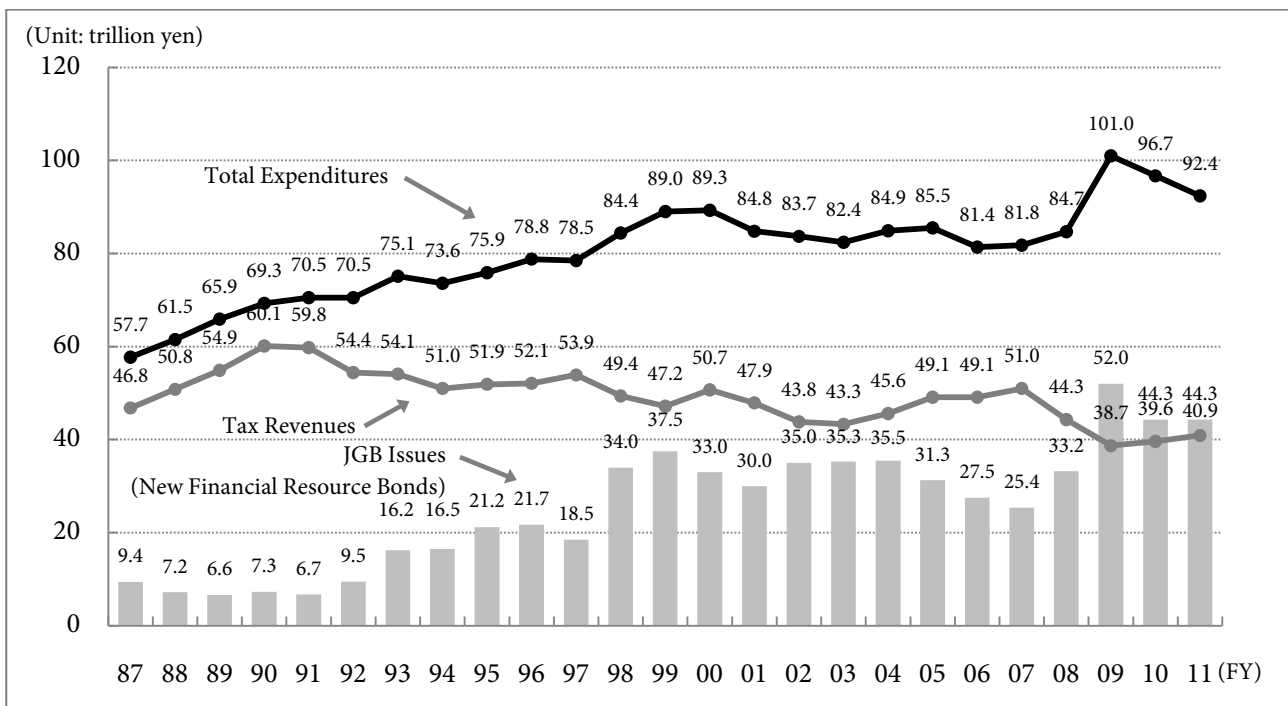
39.2 percent in 2008 to 51.5 percent in 2009.

<Figure 1> Changes in Government Bond Issues and Bond Dependency Ratio



Source: Ministry of Finance Japan, *Debt Management Report 2011*

<Figure 2> Changes in Tax Revenues, Total Expenditures, and Japanese Government Bond (JGB) Issues



Source: Ministry of Finance Japan, *Debt Management Report 2011*

Kan suggested a consumption tax hike in this context. Although the Upper House election in July 2010 damaged his proposal's realization, he found a

better political environment for promoting a consumption tax increase when Ozawa was indicted due to a violation of the Political Fund Law in January



2011. However, the unexpected East Japan Earthquake and Fukushima Daiichi nuclear accident halted the development of consumption tax hike discussions in early 2011. Although Kan had tried to advance government preparation and intraparty discussion of a consumption tax hike even during overwhelming national disaster, the task of consumption tax increases should be postponed to the next cabinet. Kan should resign in August 2011 for unskilled and problematic management of the earthquake and nuclear accident. In mid-2011, the DPJ was divided between proponents and opponents of a consumption tax hike. The Ozawa group, allied with the Hatoyama group, firmly stood against a consumption tax increase and supported Kaieda Banri, minister of economy, trade and industry, in the DPJ presidential election held August 29, 2011. However, Finance Minister Noda, a supporter of the consumption tax hike, was elected president of the DPJ and inaugurated as prime minister the next day.

The Three-Party Deal on Tax and Social Security and Ozawa Ichiro's Choice

In his inauguration, Noda declared that he would be staking his political career on passing a consumption tax hike bill. As finance minister in the Kan cabinet, he firmly believes in the inevitability of a consumption tax hike for alleviating the fiscal deficit problem. However, he has faced three unfavorable conditions: unwelcoming public opinion, strong opposition from the Ozawa group within the DPJ, and the LDP's antagonistic stance on a DPJ-led tax hike.

Noda's first task was designing a party platform on a consumption tax hike. Although Ozawa had been on suspension from party membership due to a trial, he maintained powerful influence within the party. The Ozawa group had been the largest one within DPJ intraparty dynamics since 2009. Therefore, a collision between the Ozawa group and Noda-supporting groups during intraparty discussions on a consump-

tion tax increase was inevitable. In addition, the two camps have been also in disagreement over Japan's participation in Trans-Pacific Economic Partnerships (TPP). In late 2011, Noda had led the DPJ's settlement of a party platform on these two issues. While he declared the initiation of negotiating Japan's participation on TPP in the Asia-Pacific Economic Cooperation (APEC) Summit on November 11, 2011, he set the end of 2011 as a deadline for the settlement of a party platform on the consumption tax hike. Under the leadership of Maehara Seiji, chair of Policy Research Committee, the DPJ could settle its party platform on a two-step consumption tax hike—from 5 percent to 8 percent in April 2014 and to 10 percent in October 2015—and also on reorganizing the social security system, in December 2011.

In this process, public opinion on the consumption tax hike was getting increasingly worse. When Noda was inaugurated as prime minister in September 2011, the approval rating on the consumption tax hike rose to 49 percent while the disapproval rating shrank to 42 percent, according to *Nihon Keizai Shinbun* poll.³ This favorable public opinion was dependent on the Japanese expectation of new political leadership. Since, however, intraparty discussion had become nasty and noisy, the disapproval rating grew to 56 percent and, in contrast, the approval rating went down to 36 percent, in January 2012.⁴ As Figure 3 shows, the disapproval rating on the consumption tax hike has remained around 50 percent in early 2012. However, Noda and proponents of the consumption tax hike emphasized different results on slightly different questions. When the Japanese were asked if they agree or not on the necessity of a consumption tax hike instead of Noda's detailed proposal, the approval rating on the necessity of a consumption tax hike itself has maintained over 50 percent.⁵ This has been one of driving forces of Noda's push on the consumption tax hike.

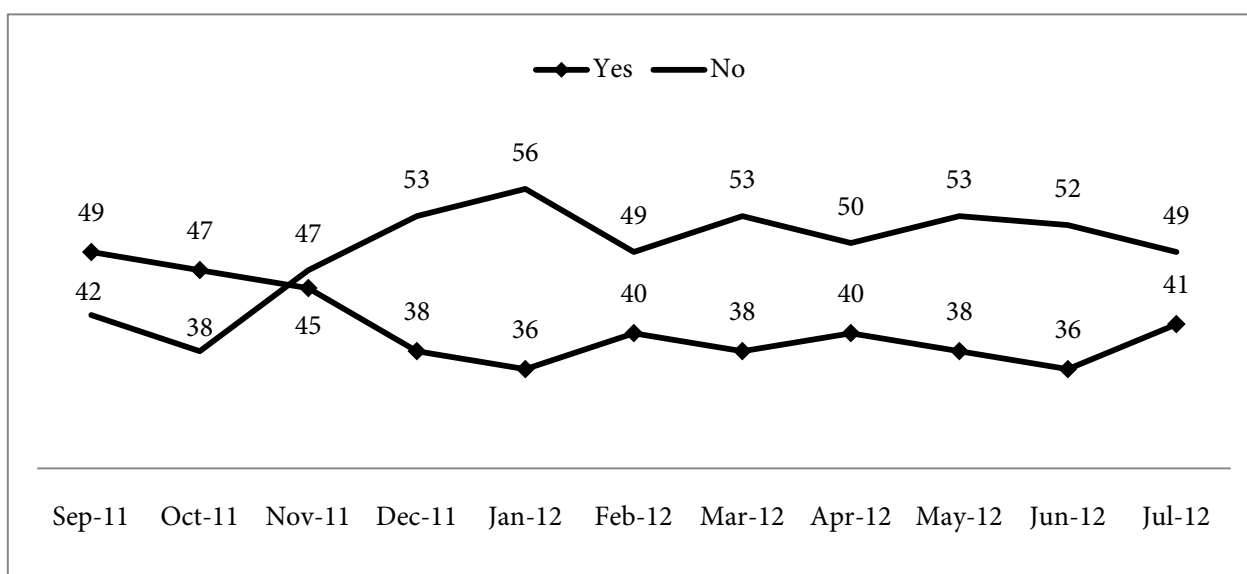
In the early half of 2012, Noda had focused on making a deal on the tax and social security with the LDP. Since the DPJ has not been a majority party in



the Upper House, cooperation with the LDP is inevitable. Besides, approval of the consumption tax hike looked risky even in the Lower House under possible blackballing of the Ozawa group. Therefore, Noda's DPJ was on flimsy ground against the LDP. The LDP, long-standing supporter of a consumption tax hike, has not accepted the DPJ-led proposal. The LDP had argued that dissolution of the Lower House and a general election should come before the passage of bills on reforming tax and social security systems. The LDP had a virtual casting vote between Noda and Ozawa in early 2012. If the LDP had continued to be against DPJ-led bills, the Noda cabinet would collapse. On the other hand, the LDP's cooperation with Noda meant

Ozawa's worsening situation within DPJ intraparty dynamics. After Ozawa was given a verdict of not guilty on April 26, 2012, his influence within DPJ intraparty dynamics looked more commanding. Although discussions between Noda and Ozawa during May and early June were unsuccessful, Noda's approach to the LDP became more flexible. In early June, Noda made a concession to the LDP, dismissing Tanaka Naoki, minister of defense, and Maeda Takeshi, minister of land, infrastructure, transport and tourism. This cabinet change was a precondition of the LDP's participation in the screening process on tax and social security bills.

<Figure 3> Public Opinion on Consumption Tax Hike



Source: the author from *Nihon Keizai Shinbun* monthly polls

The DPJ and the LDP agreed to screen and revise the DPJ-led proposal on June 6, 2012. The screening process did not take a long time. The DPJ, the LDP, and the Komeito made an agreement on bills for reforming taxes and social security on June 15, 2012. Although the DPJ and the LDP have different stances on reforming the social security system, they made a decision for more future discussion on social security issues, which means no decision at all. Two parties were of the same opinion on the necessity of a con-

sumption tax hike and hastened its legislation. The three-party deal on the tax and social security was an unexpected development to Ozawa and his fellows. Noda became able to realize a consumption tax hike without the Ozawa group's support. Bills on reforming the tax and social security were passed by the Lower House on June 26, 2012. Ozawa and his fellows (total 57) voted against these bills. Hatoyama voted against a bill on a consumption tax hike but reassured that he would stay in the DPJ; Ozawa with 49 Diet members



walked away from the DPJ on July 2, 2012. Instead of losing influence within the DPJ, Ozawa is again attempting political reshuffling. He named his new party People's Living First, which had been a key slogan of the DPJ during the 2007 and 2009 elections.

Koizumi's Legacy and the DPJ's Complex Policy Orientations

The disintegration of the DPJ, originated from Ozawa's departure, symbolizes the collapse of the party competition between the DPJ and the LDP that dominated the 2000s. The two parties provided clearly different visions on political economic systems in the 2000s. Obvious divergence between the LDP and the DPJ had provided the environment of an advance of two-party politics and a politician-dominant policy system. This evident two-party competition was at first organized by Koizumi's structural reform.

The LDP, a long-lasting majority party in postwar Japan from 1955 to 2009 (except 1993–1994), had maintained its rule with a well-orchestrated combination of developmental industrial policy and clientelistic redistribution policy. While developmental industrial policy was a tool for gaining the support of globally competitive sectors, the LDP could acquire the supporting blocks of domestically insulated sectors and local residents with clientelistic redistribution policy.⁶ Since the LDP was a kind of coalition between internationalists and protectionists,⁷ it could not enhance aggressive economic reform, which would damage domestically insulated sectors, when Japan faced a globalized economic environment. The LDP had kept its clientelistic redistribution policy toward farmers, the self-employed, small and medium business, and local residents even in the 1990s. Koizumi broke down this LDP's traditional governing strategy.⁸ He had aggressively pushed structural reform for propelling global competitiveness of Japanese manufacturers. Although his assertive choice caused

intraparty opposition, especially on the postal reform issue, he could get large-scale support from the middle class of metropolitan areas. The LDP's lopsided victory in the 2005 Lower House election shows that Koizumi's structural reform successfully acquired nationwide support.⁹

However, his structural reform damaged the living conditions of Japanese related to domestically insulated sectors. Koizumi had shrunk public investments, a key tool for clientelistic redistribution. In the mid-2000s, economic disparity originating from the worsened living conditions became dominant in Japanese discourse.¹⁰ Every economic reform always produces winners and losers. After Koizumi's structural reform, the Japanese became worried about the reform's damaging effects on income equality and social integration. The DPJ could be a majority party within this context. Instead of rebuilding clientelistic redistribution mechanisms, the DPJ has designed a proposal of a universal welfare system as an anti-Koizumi framework's specific policy agenda.¹¹ A manifesto of "more universal welfare without a tax hike" was a production of the DPJ's anti-Koizumi orientation. Ozawa had successfully led the DPJ's victories under a slogan of "People's Living First." However, the current rupture of the DPJ represents that anti-Koizumi was finished as a source of DPJ solidarity.

The split of the DPJ originated from its diverse membership composition. When the current DPJ was founded in 1998, its key leaders were quite different from traditional progressive politicians. The DPJ was a gathering of mild conservative politicians who criticized a rigid state system guaranteeing to pour fiscal spending into clientelistic redistribution mechanisms. They favored small government, a politician-led policy system, and deregulation for breaking the rigidity of the Japanese political economic system.¹² This policy orientation provided the increasing support from middle classes of metropolitan areas to the DPJ. However, the scenario changed with the rise of Koizumi. Koizumi's LDP, which the DPJ criticized as one of the



segments of the nonperforming Japanese system, captured the DPJ's policy agendas under the title of structural reform. The DPJ lost its policy differentiations and also support from middle classes of metropolitan areas during Koizumi's rule.

Ozawa, joining the DPJ in 2003, had a vision different from that of other DPJ leaders. During his time in the LDP until 1993, he had been a prince of the Tanaka-Takenaka faction, well utilizing machine politics and so backing clientelistic redistribution mechanisms. He has been fully aware of how to mobilize votes from local residents. He had led the construction of the DPJ's anti-Koizumi framework with emphasis on welfare. Unlike the selectiveness of public investments and subsidy systems for maintaining clientelistic redistribution mechanisms, the DPJ's new doctrine was to enhance the universality of redistribution mechanisms. However, it was highly beneficial to get support from local residents similarly to the LDP's traditional clientelistic redistribution mechanisms. Although there is the difference between selective and universal, Ozawa well utilized redistribution mechanisms, which is always helpful to mobilize votes, for the DPJ's victories in the 2007 and 2009 elections.

DPJ solidarity had been strong under the policy agenda for a universal welfare system when the DPJ fought with Koizumi's legacy. However, there was increasing divergence when DPJ politicians became the majority party but faced the global financial crisis. Ozawa has sustained a view emphasizing redistribution mechanisms, but other DPJ leaders have been more worried about the souring fiscal condition.

Kan and Noda's turn to fiscal soundness as the DPJ's main policy goal was not the core of their original policy orientation. They more strongly favored small government, deregulation, and a politician-led policy process than fiscal soundness before Koizumi's rule. As responsible leaders of the government, however, they responded to the state's crucial need for future sound fiscal condition. They well knew that a consumption tax hike had been a damaging factor to

the cabinet's political resilience in Japanese political history. While Ohira Masayoshi, who mentioned the introduction of a consumption tax, lost the 1979 election, Nakasone Yasuhiro's suggestion of introducing a consumption tax in 1986 became a driver of his resignation in 1987. In 1994, Hosokawa Morihiro's attempt at a consumption tax hike was a critical factor in his coalition cabinet's collapse. Although political leaders recognize this issue's hazardous effect on their rule, they should go for it when they consider the sound management of Japan's future political economic system. Kan and Noda's emphasis on a consumption tax hike appeared in this context. Bureaucracies of the Ministry of Finance have provided the basic framework for a consumption tax hike for fiscal soundness.¹³ Founding fathers of the DPJ in 1998 such as Kan, Okata Katsuya, Maehara, and Senkoku Yoshito have accepted bureaucracies' calls for a consumption tax hike when it was no more urgent a political task to maintain the anti-Koizumi framework. The consumption tax hike can be well matched with many DPJ founding fathers' original orientation for a less-state-driven sound political economic system. Only Hatoyama opposed a consumption tax hike because he felt responsibility for the party manifesto on no tax hike prepared during his DPJ presidency.

On the other hand, Ozawa's opposition to a consumption tax hike is based on his preference for redistribution mechanisms for vote mobilization. Although he was an aggressive proponent of a consumption tax hike in 1994, he returned to his original orientation for upholding local residents' benefits under the anti-Koizumi framework. To Ozawa, "better welfare without a tax hike" was the most significant foundation of a governable DPJ. As a proponent of stable two-party competition, Ozawa got a chance to build DPJ's differentiation from the LDP. If the DPJ were to accept a consumption tax hike, it would lose its differentiation from the LDP and also lose its supporting base from local residents. In addition, unlike many DPJ proponents of the consumption tax hike, who have metro-



politan areas' middle classes as their main political support base, Ozawa and his fellows are mainly based on local residents' support and so would be more politically damaged by the consumption tax hike.

Koizumi had worked as a binder of unsuitable political groups within the DPJ. When Koizumi's legacy was disappearing, the rapture of the DPJ was inevitable. Koizumi's era is finally ending with the DPJ's split. Koizumi's structural reform and its legacy have dominated Japanese politics in the 2000s. However, Koizumi's legacy is now fading away.

The Unreliable Future of Japanese Politics

How will the rupture of the DPJ affect the future of Japanese politics? After passing in the Lower House in June 2012, bills on reforming taxes and social security were screened in the Upper House. The final legalization for the consumption tax hike seemed to have no problem because of the three-party deal among the DPJ, the LDP and the Komeito. However, there was a controversy between the DPJ and the LDP. Whereas the LDP wants a speedy advance to dissolution of the Lower House and a general election, the DPJ is looking for a chance to slow this political change. The approval rating of the Noda cabinet is very low—28 percent—and the approval rating of the DPJ is lower—18 percent, according to the *Nihon Keizai Shinbun* poll, surveyed July 28–29, 2012. On the other hand, the approval rating of the LDP remains around 27 percent.¹⁴ The LDP considered utilizing the DPJ's unpopularity for regaining political power and urged Noda to make a pledge on the Diet dissolution by August 8, 2012, as a condition of passage of bills reforming taxes and social security in the Upper House. After the meeting with Tanigaki Sadakazu, LDP president, on the same day, Noda made a deal with the LDP and the Komeito to pass bills and to hold a general election in the “near term.” Bills could pass the Upper House on August 10, 2012, with this confirmation on Diet

dissolution and a general election. Therefore, Diet dissolution and a general election will inevitably be held soon.

The DPJ and the LDP will battle for a majority in the next Lower House election. However, both of them look to have difficulty getting a lopsided victory. Of course, the LDP has a more promising prospect in the next election. The LDP now calculates it may have 220 seats (DPJ 95 seats) among all 480 seats on the basis of current opinion poll.¹⁵ Therefore, the LDP is pressing Noda for the earlier general election. In contrast, the DPJ wants to hold off the election, if at all possible. However, this election will not have evident party competition on policy orientation, because the DPJ and the LDP stand on very similar orientations originated from their cooperation on the consumption tax hike. Pro-Koizumi and anti-Koizumi is no longer a focal point of party competition, and so there is a convergence effect of party platforms between the LDP and the DPJ.

Within a convergence between DPJ and LDP party platforms, the LDP's promising prospect does not come from its own virtues. Political independents may vote to punish the DPJ in the next election. In Japan, political independents, who do not support any party, now stand at 32 percent.¹⁶ Koizumi's LDP in 2005 and Ozawa's DPJ in 2007 and 2009 could appeal to these political independents and win elections. However, the current DPJ and LDP are finding it hard to attract them. Key leaders of both parties do not have personal appeal like Koizumi. In this situation, mayor of Osaka Hashimoto Toru's personal attraction will be one of the critical factors in the next election. The DPJ, the LDP, and Ozawa's new party are paying attention to Hashimoto's local party, Osaka Restoration Association's possible participation in the next election. If Hashimoto's party can win around 50 seats in the next election, he may have a casting vote for the next cabinet. Hashimoto's future may depend on how much the DPJ can recover its popularity. In current opinion polls, the LDP and the Komeito will have half



of the total seats and organize the coalition cabinet without the help of Hashimoto. If the DPJ can avoid large-scale defeat, the LDP needs Hashimoto's help. However, if the DPJ and the LDP end up in a tie, the most promising coalition will be a grand coalition among the DPJ, the LDP, and the Komeito. The grand coalition, which has been discussed since 2011, has the better opportunity in 2012 because of DPJ and LDP party platforms' convergence. However, convergent policy orientations are only a necessary condition but not a sufficient condition of a grand coalition. Political calculation after the next election will determine the configuration of the next cabinet.

On the other hand, Ozawa's future is the gloomiest. Ozawa's new party has clearly differentiated its identity from the DPJ and the LDP. On the consumption tax hike issue, Ozawa's new party maintains its opposition. In addition, Ozawa differentiates his new party from the DPJ and the LDP on reoperation of nuclear power plants. While the DPJ and the LDP accept the inevitability of selective reoperation of nuclear power plants, Ozawa firmly stands against it. Public opinion polls show that no tax hike and no nuclear power generation are highly endorsed by many Japanese. The disapproval rating on reoperation of Oi nuclear power plant is 46 percent, a similar level as the disapproval rating on the consumption tax hike.¹⁷ However, Ozawa's new party is hard-pressed to mobilize this public opinion into votes, as 81 percent of Japanese answer that they do not have any anticipation of Ozawa and his new party.¹⁸ His unpopularity is a demanding factor on his future political career.

If there is no dramatic victory by Ozawa's new party and other minor progressive parties, the next cabinet may show a more conservative attitude, both in economic and foreign policies, than the DPJ's last three years. Regardless of a DPJ-led coalition, an LDP-led one, or a DPJ-LDP grand coalition, it is unlikely to nullify consumption tax hike bills, since fiscal soundness is the dominant discourse in policymaking communities. Besides, there will be more reforms on social

security programs for shrinking governmental burdens. In the trend of rapidly aging population with low economic growth, Japan cannot ignore the necessity of "scaling down" its overall political economic system.

In foreign policy, the DPJ had taken a relatively gentle attitude toward Asia. Although there was an escalation of conflicts with neighboring countries, such as a boat coalition in Senkaku with the People's Republic of China (PRC) and constant disputes over Dokdo with Korea, Hatoyama's suggestion on Asian community and Kan's apology to the Korean government and Korea for Japan's colonial rule showed the DPJ cabinets' mild attitude. The DPJ has attempted to manage conflicts within East Asia. However, the current escalation of Dokdo and Senkaku issues is transforming the DPJ's pro-Asia attitude toward a more aggressive one in foreign policy. In addition, the LDP and Hashimoto's new party are more conservative in foreign policy. The LDP is now designing a more conservative manifesto to differentiate itself from the DPJ. The LDP's final proposal on its manifesto, published August 3, 2012, includes conservative agendas like possessing legal rights on military activities through constitution revision.¹⁹ Hashimoto is also famous for a hawkish attitude on foreign relations. The participation of the LDP or Hashimoto in the next cabinet may influence more conservatization of Japan's foreign policy. Although the DPJ may remain in the next cabinet, its softer attitude will be more fragile than in the last three years.

What will be the next key determinant in Japanese politics? Policy orientation is no longer a determinant of party competition, unlike in the last decade. Instead, political leaders' personal attraction will be more crucial than in recent years. This situation will make Japanese politics more unreliable. Although Koizumi well utilized his personal appeal and so was a symbol of populist politicians in Japan,²⁰ he provided a policy-oriented axis of Japanese politics in the last decade. Without his neoliberal attitude in economic



policy and hawkish attitude in foreign policy, there might be no DPJ regime. Koizumi was, ironically, an organizer of stable two-party competition in Japanese politics. Under Koizumi's legacy, Japan could have a more reliable structure of political competition. However, we can see the end of the anti-Koizumi framework in 2012. Since major parties are converging in economic and foreign policies, new competition based on different policy orientations is now halting. Instead, we can see the strength of another Koizumi legacy, that is, the rise of politics based on personal attraction.

For a reliable political structure, Japan needs new lines of competition based on different policy orientations. The possible alternative will be different orientations between growth and sustainability. Koizumi's LDP and the anti-Koizumi's DPJ both focused on growth, while squeezing all potential. Whereas Koizumi tried to utilize structural reform for growth, the DPJ has designed a "new growth strategy" in order to regain new economic vitality. However, some commentators emphasize that growth is not enough for maintaining the current Japanese political economic system and that Japan should prepare for survival instead of growth.²¹ Survival means to acquire sustainability of the Japanese political economic system given the aging problem and the nuclear accident. On this point, Ozawa's new party's doctrine for no nuclear power may be the crucial asset in future political discourse. Although Ozawa's political career looks gloomier nowadays, he may establish a new strategy of accomplishing sustainability without nuclear power. If Ozawa succeeds in creating a new vision for Japan's sustainability, this will be his final contribution to Japan in the last days of his political career.

Koizumi and Ozawa have dominated Japanese politics in the last decade because they could provide visions for Japan's future. The end of the anti-Koizumi era means a decline of Koizumi's legacy and also of Ozawa's influence. Although Ozawa may provide a new vision, this new vision is unlikely to successfully deliver to Japanese politics under Ozawa's leadership.

Japan requires new political leadership able to provide new visions and also to consolidate this vision within party competition lines. This will be a crucial factor in forming a more reliable political structure in Japan. ■

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Notes

- ¹ *Nihon Keizai Shinbun*, May 22, 2012.
- ² Ministry of Economy, Industry and Trade Japan, *White Paper on International Economy and Trade 2012*, p. 503.
- ³ *Nihon Keizai Shinbun*, September 4, 2011.
- ⁴ *Nihon Keizai Shinbun*, January 15, 2012.
- ⁵ *Nihon Keizai Shinbun*, February 19, 2012.
- ⁶ Kent Calder. 1988. *Crisis and Compensation: Public Policy and Political Stability in Japan, 1949–1986*. Princeton, NJ: Princeton University Press.
- ⁷ T. J. Pempel. 1998. *Regime Shift: Comparative Dynamics of the Japanese Political Economy*. Ithaca, NY: Cornell University Press.
- ⁸ Masato Shimizu. 2005. *Kantei Shudo: Koizumi Junichiro no Kakumei*. Tokyo: Nihon Keizai Shinbunsha.
- ⁹ Yu Uchiyama. 2007. *Koizumi Seiken: “Patosu no shusho” wa nani o kaeta no ka*. Tokyo: Chuo Koron Shinsha.
- ¹⁰ Toshiaki Tachibanaki. 2006. *Kakusa Shakai: Nani ga Mondai na no ka*. Tokyo: Iwanami Shoten; Yukio Yanbe. 2007. *Itami wa mo takusan da: Datsu Kozo Kaikaku Sengen*. Kyoto: Kamogawa Shuppan.
- ¹¹ Jiro Yamaguchi. 2007. *Posuto-Sengo Seiji e no Taikojiku*. Tokyo: Iwanami Shoten.
- ¹² Osamu Watanabe, Atsumi Ninomiya, Tomohiro Okada, and Michio Goto. 2009. *Shin Jiyushugi ka Shin Fukushikokka ka: Minshuto Seikenka no Nihon no Yukue*. Tokyo: Junposha.
- ¹³ Katsu Eijiro, who worked as administrative vice-minister of finance from July 2010 to August 2012, led the overall process of the consumption tax hike. He is considered the most influential person in the rise of the consumption tax hike issue and its successful realization.
- ¹⁴ *Nihon Keizai Shinbun*, July 30, 2012.
- ¹⁵ *Nihon Keizai Shinbun*, August 18, 2012.
- ¹⁶ See note 14.
- ¹⁷ *Nihon Keizai Shinbun*, June 25, 2012.
- ¹⁸ See note 14.
- ¹⁹ *Nihon Keizai Shinbun*, August 4, 2012.
- ²⁰ Hideo Otake. 2006. *Koizumi Junichiro Popyurizumu no Kenkyu: Sono Senryaku to Shuho*. Tokyo: Toyo Keizai Shinposha.
- ²¹ On the debate between growth strategy and survival strategy, see Bungeishunju, ed., 2011. *Nihon no Renten, 2012*. Bungeishunjusha, pp. 150–159.

