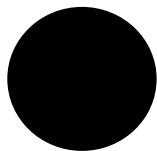


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The Failure of Japan's Political Reform

Ko Mishima

In Japan, a revealing political drama unfolded this past summer. Its featured star was the charismatic prime minister, Junichiro Koizumi. In early August, rebels in his Liberal Democratic Party (LDP) in the upper house of the Diet killed his bill to privatize the state-owned postal service. A stubborn advocate of postal privatization, Koizumi had vowed to press for this legislation even at the risk of “ruining” his party. True to his word, he decided to stake his party’s prospects to postal reform by calling a snap election for the lower house. Furthermore, he assailed opponents of privatization in his party and sent “assassins”—competing candidates—to their districts. Given Japan’s consensus-driven political culture, it was a remarkable episode. In the event, Koizumi’s tactics paid off. Japanese voters awarded him an overwhelming mandate, as the LDP won 296 of 480 contested seats.

Prime Minister Koizumi’s political strategy was alien to the traditional patterns of LDP politics. Many overseas observers viewed his electoral victory as a positive augury for Japanese politics. For at least a decade, Japanese politics have been mired in confusion and policymaking has stagnated. Hence the belief that a new dawn had finally broken. In my opinion, however, this is unduly optimistic and fails to take account of deeper currents in Japanese politics. In my view, Koizumi’s “new politics” should be seen as a sign of continued and deepening confusion.

Prime Minister Koizumi, who was born to a traditional political family, is an un-

likely rebel. Thirty years ago, he won election for the first time by inheriting his parliamentary district from his father, as have many other LDP politicians. Notwithstanding his conventional background, he tended to be a maverick who made provocative remarks and refused to nurture his own group of followers. In the election for the LDP presidency in 2001, however, his unconventional style unexpectedly found favor with a majority of LDP members, partly owing to the extreme unpopularity of then Prime Minister Yoshiro Mori. Koizumi’s inauguration as LDP president and as prime minister seemed a breakthrough. His initial approval rating reached as high as 80 percent, and although his support rate has declined somewhat, he is still the most popular leader of postwar Japan.

Koizumi’s four-year tenure has indeed brought significant changes in the LDP’s internal dynamics. Two changes are notable. The first is the weakening of factional powerbrokers. Factions had long been the cornerstone of internal LDP politics. Their leaders selected the party’s president, who automatically became prime minister, and gathered political funds from business donors. LDP parliamentarians tended to identify with factions more than with the party itself.¹ Believing factions were obsolete, Koizumi has consistently tried to undercut them. For example, he has deprived them of their traditional right to nominate candidates for ministerial appointment. He has also ceaselessly attacked the Hashimoto faction, which had dominated the party’s

center since the early 1980s under the successive leadership of a number of influential politicians, including four former prime ministers—Kakuei Tanaka, Noboru Takeshita, Keizo Obuchi, and Ryutaro Hashimoto.

The second notable change is the weakening of so-called *zoku* (tribal) politicians. *Zoku* politicians are senior and middle-level LDP parliamentarians who specialize in a particular area of policy. Thanks to their extensive networks, they have substantial influence over policymaking.² Concretely, they operate through an LDP organ called the Policy Research Council.³ Recently, *zoku* politicians have been seen as an obstacle to economic reform since they serve special interests. Koizumi has successfully contained *zoku* power by promoting market-oriented economic policy. Nor does he hesitate to confront these politicians directly, as exemplified by his seeking to reform the research council in early 2002.

Factions and *zoku* politicians are among the most important components of the LDP's traditional politics. So at first glance, Koizumi's achievements seem impressive. Yet, it is premature to conclude that Koizumi is changing Japanese politics for the better. In the past decade or so, Japan's political system as a whole has been undergoing a fundamental transformation. Therefore, it is necessary to assess Koizumi's achievements in the broader context.

The Need for Reform

In the early 1990s, a segment of the Japanese elite—notably executives of export-oriented firms, prominent politicians, international bureaucrats, and scholars—came to believe that Japan's political system required fundamental reform. They believed so for two main reasons. The first was entrenched corruption, highlighted in the late 1980s and early 1990s by several major scandals. These involved not only LDP politicians but also opposition leaders, suggesting the

depth of corruption in the Japanese political community.

The second reason was the slow pace of economic reform. As a result of the Plaza Agreement—an international accord on foreign exchange that the G-5 nations (the United States, Britain, France, West Germany, and Japan) signed in September 1985—the value of the Japanese yen rose sharply. But ordinary people did not benefit from this strengthening of their currency. Retail prices of imported goods remained high and no major improvement was perceived in living standards. Moreover, at that time, Japan accumulated huge trade surpluses with the United States and European countries, and this became a diplomatic headache. Some economists foresaw a possible breakdown of the Japanese economy, which proved to be the case in the late 1990s. They contended that the Japanese economy had depleted its advantage as a late developer. Hence, they urged the government to employ new economic strategies to sustain growth.

Owing to these concerns, economic reform emerged as a major agenda item by the end of the 1980s. In the decades of high growth since the 1950s, Japan had developed an economic system characterized by extensive state intervention and long-term relationships among economic players.⁴ The reformers faulted this system as tending to protect the interests of producers at the expense of consumers; it was stability-driven and deficient in the flexibility needed for innovation. Thus the reformers proposed that the state relax its grip over the economy, and that market forces be allowed greater leeway. But the political establishment responded to this call for liberalization very slowly. So the reformers' discontent grew.

In the first half of the 1990s, the reformers began to take the offensive in the political arena. A number of study groups produced concrete reform proposals.⁵ The ferment extended to party politics. This was manifested most clearly when the LDP sud-

denly fell from power in August 1993. This hitherto unthinkable event was precipitated over the issue of electoral reform. The LDP was sharply divided, and two reform groups—one led by Ichiro Ozawa and Tsutomu Hata, two younger members who were thought likely to preside over the party in the next generation, and the other by Masayoshi Takemura, a prefectural-governor-turned-parliamentarian who aimed to make advances at the national level—defected from the party.⁶ Both groups established new parties and played a critical role in launching a non-LDP cabinet, led by Prime Minister Morihiro Hosokawa.

As the reformers began to predominate, they also began to agree on priorities. According to their consensus, political reform would have two main purposes: to end the LDP's monopoly of government and thereby create a competitive two-party system, and to reduce the bureaucracy's power in policy-making. The LDP's dominance, coupled with a strong bureaucracy, has been a defining characteristic of postwar Japanese politics. In the event, the reformers succeeded in realizing two major objectives—the Electoral Reform of 1994 and the Central Government Reform of 2001.

Electoral Reform of 1994

The LDP ruled Japan continuously from its inception in 1955 to its temporary retreat in 1993. The reformers judged this one-party dominance as a malfunction of Japan's political system. In their opinion, the lack of competition resulting from the LDP's monopoly made all political parties indolent—whereas the LDP was content with its hegemony, opposition parties failed to exploit its weakness proactively. So reformers concluded that to advance economic growth and lessen corruption, it was vital to promote competition in party politics. They further concluded that to encourage competition, it was imperative to turn the existing multi-party system into a new two-party system by creating a large opposition party that

could challenge the LDP. The reformers had the American and British models in mind. Their assumption was that in both countries, the two-party system abetted the vigor of politics by causing regular alternation of ruling parties.

So how could Japan's traditional multi-party system be turned into a new two-party system? The reformers' answer was electoral reform. In postwar Japan, a unique system, commonly referred to as "the medium-size constituency system," had been adopted for the lower house, except for the first postwar election in 1946. In this system, Japan was divided into 130 electoral districts, and each district elected between three and five parliamentarians. The reformers proposed to abolish these medium-size constituencies and introduce the single-member district as in the United States and Britain. The reformers were firm believers in Duverger's Law, an axiom in political science which states that the single-member district favors the two-party system.⁷ The underlying logic is rather simple: in the single-member district, the third party will disappear sooner or later because rational voters generally refrain from wasting their ballots. The reformers hoped that the forces of Duverger's Law would encourage smaller parties to combine into one big party.

The reformers argued, moreover, that the single-member district would bring additional advantages. In medium-size constituencies, the LDP had to run more than one candidate in any given district to retain its majority in the legislature. This made it difficult for the LDP's local organizations to play a central role, because if they supported a particular candidate other LDP candidates running in the same district would certainly complain. As a result of the ineffectiveness of the party's local organizations, LDP politicians cultivated individual support organizations, called *koenkai*.⁸ These support organizations were prone to emphasize local pork barreling and networking rather than the LDP's policy platform. In addition, develop-

ing individual support organizations was extremely costly, inclining LDP politicians to donor politics. The reformers argued that the new single-member district system would make individual support organizations unnecessary and therefore lead to “policy-centered” electoral competition.⁹

In 1993, electoral reform became a focal point of national politics. The LDP and other parties negotiated intensely for an acceptable deal. But since the LDP failed to unite over the question of electoral reform, it did not secure the majority in the general election held that July, for the first time since 1955. A non-LDP cabinet was born with Hosokawa its leader. This cabinet did succeed in obtaining passage of an electoral reform bill in February 1994. The new system combined the single-member district and proportional representation.¹⁰ The reformers accepted this compromise in order to build a majority coalition in the legislature. However, Hosokawa’s non-LDP cabinet lasted only eight months, allowing the LDP to return to office within a year of its fall.¹¹

The Central Government Reform of 2001

In modern Japanese politics, the permanent bureaucracy has always occupied a plenary place. Unlike China and South Korea, Japan does not have the indigenous tradition of an examination-based bureaucracy. The bureaucracy we find today is a product of the efforts of state building during the Meiji era (1868–1912). Meiji leaders created it to play a central role in modernizing Japanese society. And their aim was successful. Under the tutelage of the bureaucracy, Japan grew rapidly. Within three decades, it brought about the transformation of a backward island country into the sole Asian power able to compete with Western powers. The bureaucracy weathered the American occupation after the Second World War. Although occupation authorities implemented a large-scale reform of Japan’s political system, they imposed only cosmetic changes on the bu-

reaucracy, through which they governed Japan indirectly.

As years passed and the LDP’s rule took firm root, the bureaucracy retained its traditional strength.¹² The LDP has for the most part regarded the bureaucracy not as a rival but as a partner in the running of the government. Since the bureaucracy is renowned for its organizational excellence, the LDP has found it advantageous to respect its independence. Besides, LDP politicians, especially *zoku* politicians, tend to cater to special interests. This has meant that the bureaucracy could secure considerable influence in policy areas that have less to do with special interests—for example, diplomacy, the environment, and macroeconomic policy.

The reformers, however, deemed the bureaucracy’s strength as another structural liability in Japan’s political system. The bureaucrats’ strong political power was considered antithetical to democratic values because they were not accountable to the public through election. Additionally, in the 1990s, scandals occurred involving senior bureaucrats, eroding popular trust. More important, the bureaucracy was accused of hindering economic reform. Japanese bureaucrats are accustomed to interventionist policies and are generally unwilling to let market forces determine the future of the Japanese economy. Ministries often have intimate relations with companies under their jurisdiction and tend to represent the latter’s interests, which in turn has led to *amakudari*, the practice by which retiring bureaucrats join the management of private companies they once regulated.

It was Prime Minister Ryutaro Hashimoto who embarked on a large-scale administrative reform to strengthen the politicians’ grip on the bureaucracy. Interestingly, Hashimoto’s leadership style was similar to Koizumi’s in many respects—Hashimoto unambiguously took a pro-reform stance; he was indifferent to intra-party factional politics;¹³ he preferred top-down decision-making. Immediately after

winning the general election in October 1996, Hashimoto established a special council for administrative reform. This initiative faced considerable opposition within the LDP, but Hashimoto prevailed by making pragmatic concessions.¹⁴ He submitted a reform blueprint in 1997, and after three years of preparations, his blueprint was put into effect in January 2001 as the Central Government Reform.

The Central Government Reform has become the largest restructuring of administrative organizations since the occupation years of the late 1940s.¹⁵ In particular, several changes were made to allow the cabinet to supervise the bureaucracy more effectively. A new system of political appointees was introduced. As a result, the number of political appointees to senior positions increased substantially.¹⁶ It also became possible for the prime minister to appoint a new type of minister who holds special legal coordinating authority. The prime minister's legal power was further augmented. A Council on Economic and Fiscal Policy, a special cabinet committee chaired by the prime minister, was instituted to increase political control over economic and fiscal policy. And it became possible for a prime minister to form a cabinet secretariat with political appointees instead of bureaucrats. A new organization, the Cabinet Office, was created. According to the reform planners' blueprint, it would be staffed by experts recruited from the private sector and would become a major source of policy ideas independent of the bureaucracy. Lastly, the ministries were reorganized extensively and their number decreased from 23 to 13. One of the aims of this reorganization was to reduce the number of officials serving the central bureaucratic machine.

Outcome of the Reforms

To the disappointment of reformers, the Electoral Reform of 1994 and the Central Government Reform of 2001 have brought about only meager results. The termination

of the LDP's monopoly of power is still a distant possibility. Nor is there a sign of declining bureaucratic power. As Prime Minister Koizumi's tenure continues, the futility of the reforms is noticeable to everybody.

No sooner had the Diet passed the electoral reform bill in early 1994 than parties other than the LDP began to weigh amalgamation. At the end of 1994, a majority of non-LDP parties agreed to unite and together they launched the New Frontier Party (NFP), which counted more than 200 parliamentarians among its original members. However, it failed to establish itself as a political force capable of replacing the LDP. It was essentially an opportunistic coalition of diverse parties. Ultimately, it fragmented into smaller parties by the end of 1997.

Since then, the Democratic Party of Japan (DPJ) has risen. It started in 1996 as a relatively small party that incorporated defectors from the Socialist Party and executed an organizational leap by absorbing former members of the NFP in 1998. Like the NFP, the DPJ suffers from acute internal division, but it has managed to preserve its unity, at least outwardly. It has fought three general elections for the lower house as the LDP's chief opponent, but it has so far been unsuccessful in matching the LDP. In the 2000 parliamentary elections, it obtained only about half as many seats as the Liberal Democrats. In the 2003 elections, it failed to narrow this disparity with the LDP, and in the elections last September, it suffered a devastating loss, securing only about a third as many seats as the LDP. As a result, it is now on the verge of collapse. Thus it is highly unlikely that Japan will have an effective two-party system in the near future.

Some claim that the emergence of relatively large opposition parties (first the NFP and then the DPJ) is in itself beneficial, with the DPJ disciplining the LDP by proactively offering alternative policy proposals. But, realistically, this gain is marginal. The DPJ's stance is often not much different from the LDP's. And the DPJ's alternative proposals are

often seen as unreliable, in part because of wide disagreement on important issues within the party and also because of the party's lack of experience. Electoral reform has also notably failed to eliminate individual support organizations from the political scene. Although these organizations may be less effective than in the past, they are still the most important vehicle of electoral mobilization for LDP politicians.¹⁷

Central Government Reform has also been disappointing. This outcome is attributable in no small part to Prime Minister Koizumi, whose inauguration coincided with its implementation. Indeed, Koizumi has shown little inclination to take advantage of the new mechanisms introduced by the legislation. He does not try to intervene proactively in the decision-making of individual ministries by making increased use of political appointees. Nor has he shown interest in making nonbureaucratic appointments to fill senior positions in the cabinet secretariat. Elite bureaucrats continue to occupy these jobs. Nor does the Cabinet Office function as a source of policy ideas independent of the bureaucracy. Finally, in spite of the halving of ministries, the number of elite bureaucrats remains the same as before.

Nowhere is Koizumi's lack of enthusiasm for the Central Government Reform more apparent than in his reluctance to constrain bureaucratic power. Indeed, bureaucrats continue to enjoy significant influence over policymaking. For instance, the Ministry of Finance, which is typically seen as the strongest in Japanese officialdom, maintains its considerable discretion in the making of budgetary policy. It does so in spite of the establishment of the aforementioned Council on Economic and Fiscal Policy, whose primary aim is to reduce its budgetary power. Ironically, the ministry sometimes helps Koizumi run this council and, in doing so, advances its interests. In the late 1990s, the ministry was subjected to heavy criticism due to policy failures and

corruption scandals. Nevertheless, it has recovered its previous power thanks to Koizumi's political popularity.

The Future of Japanese Politics

Koizumi's new politics, in truth, have not signified a new beginning. On the contrary, they have clouded the vision of Japanese politics that reformers have conjured. There has been a vigorous movement for political reform over the last decade or so, and many reformers have made earnest efforts to restructure Japan's political system fundamentally. Unfortunately, their movement has not succeeded in bringing about meaningful changes. Moreover, the movement itself is about to run out of steam. In the midst of the excitement over Koizumi's new politics, the movement's two purposes—the end of the LDP's monopoly of power and the weakening of bureaucratic power—have dropped from the national agenda. And, under the guise of a reborn LDP, the same old faces continue to dominate Japanese politics.

The failure of the political reform movement over the last decade is arguably attributable to the Japanese people's strong attachment to the status quo. It is this irrefutable attitude toward reform among the Japanese people that has produced Koizumi's political "bubble." While the prime minister makes noise about reform, his approach has been gradualist. Even the privatization of the postal service cannot be seen as radical. By echoing the prime minister's provocative remarks on the need for reform, the Japanese can see themselves as progressive. But his go-slow approach allows them to postpone making hard decisions.

Yet this political bubble is bound to burst. More importantly, Koizumi's maverick approach to governing has led to the weakening of mechanisms that have helped the LDP maintain its hold on power. The emasculation of the *zoku* politicians, who have traditionally connected the party to its organized supporting interests, has weak-

ened the party's vote-gathering machinery to the extent that the LDP now must rely on highly volatile "nonaffiliated voters."

The problem is that as a result of the failure of the political reform movement, a new political force that can replace LDP in running the country has failed to emerge. Hence, the uncertainty of the LDP's future mirrors the uncertainty of the future of Japanese politics. ●

Notes

1. See Nathaniel B. Thayer, *How the Conservatives Rule Japan* (Princeton: Princeton University Press, 1969), pp.15–57; see also Cheol Hee Park, "Factional Dynamics in Japan's LDP since Political Reform: Continuity and Change," *Asian Survey*, vol. 41 (May/June 2001), pp. 428–61.

2. On *zoku* politicians, see Gerald L. Curtis, *The Japanese Way of Politics* (New York: Columbia University Press, 1988), pp. 106–16; Leonard J. Schoppa, "Zoku Power and LDP Power: A Case Study of the Zoku Role in Education Policy," *Journal of Japanese Studies*, vol. 17 (winter 1991), pp. 79–106; Brian Woodall, *Japan under Construction: Corruption, Politics, and Public Works* (Berkeley: University of California Press, 1996), pp. 103–23.

3. According to the LDP's rulebook, the cabinet cannot submit bills to the Diet, the national legislature, without securing the consent of three party organs: the Policy Research Council, its divisions, and the General Council. Consequently, these organs are indispensable with respect to the LDP government's decision-making despite their position outside the cabinet.

4. See, for example, Edward J. Lincoln, *Artificial Japan: The Slow Pace of Economic Reform* (Washington, DC: Brookings Institution Press, 2001), pp. 16–55.

5. The most important of these study groups was the Committee for the Promotion of Political Reform (*Minkan Seiji Rincho*). This committee was organized by the business community in collaboration with labor union leaders and scholars. Its proposals had a considerable impact on the reform process.

6. See Hideo Otake, "Forces for Political Reform: The Liberal Democratic Party's Young Reform-

ers and Ozawa Ichiro," *Journal of Japanese Studies*, vol. 22 (summer 1996), pp. 269–94.

7. Maurice Duverger, *Political Parties: Their Organization and Activity in the Modern State* (New York: John Wiley and Sons, 1954), p. 217.

8. See Gerald L. Curtis, *Election Campaigning Japanese Style* (New York: Columbia University Press, 1971), pp. 126–51.

9. For a summary of the new electoral system's merits presented by reformers, see Raymond V. Christensen, "The New Japanese Election System," *Pacific Affairs*, vol. 69 (spring 1996), pp. 49–70.

10. In this system, each voter has two ballots: one for the single-member district system and another for the proportional representation system. The country is divided into 300 single-member districts, each of which elects one parliamentarian. The country is also divided into 11 proportional representation districts, which elect a total of 180 members on the basis of party lists.

11. See Gerald L. Curtis, *The Logic of Japanese Politics: Leaders, Institutions, and the Limits of Change* (New York: Columbia University Press, 1999).

12. Observers of Japanese politics disagree about the political independence of the bureaucracy under the LDP government. I emphasize the bureaucracy's independence from the LDP. For a summary of this debate, see Maurice Wright, "Who Governs Japan? Politicians and Bureaucrats in the Policy-making Process," *Political Studies*, vol. 47 (December 1999), pp. 939–54.

13. At Prime Minister Keizo Obuchi's sudden death in May 2000, Hashimoto replaced him as the chairman of the faction to which both leaders belonged, but Hashimoto never became a factional boss in the traditional sense.

14. See Ko Mishima, "The Changing Relationship between Japan's LDP and the Bureaucracy: Hashimoto's Administrative Reform Effort and Its Politics," *Asian Survey*, vol. 38 (October 1998), pp. 968–85.

15. See Ko Mishima, "The Politics of Political Reform in Japan: The Case of the Central Government Reform, 1993–2003," Ph.D. diss., Johns Hopkins University School of Advanced International Studies, 2004.

16. The number has increased from 48 to 69. Under the old system, the ministries had two types

of senior political appointees: ministers and parliamentary vice ministers. Under the new system, they have three types: ministers, senior vice ministers (*fuku daijin*), and parliamentary secretaries (*seimukan*).

17. See, for example, Hideo Otake, ed., *How Electoral Reform Boomeranged: Continuity in Japanese Campaigning Style* (Tokyo: Japan Center for International Exchange, 1998).