THE END OF LDP’s ONE-PARTY DOMINANCE IN JAPAN?

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Executive Summary

1. Prime Minister Aso Taro dissolved the Lower House on 21 July 2009 to pave way for the Lower House Election slated 30 August 2009. Public opinion polls forecast the ruling Liberal Democratic Party (LDP) losing the forthcoming election.

2. This loss will spell the end of LDP’s one-party dominance since 1955. This may usher in a two-party system with political parties alternating in power, a feature common in the West.

3. The LDP’s impending defeat is due to many factors: a string of poor leadership, bad governance (especially over the pension system fiasco), weakened party organizations, shrinking support from its traditional support groups (farmers, postal masters and construction companies), and genuine competition from a more credible opposition party, the Democratic Party of Japan (DPJ).

4. Hatoyama Yukio, the top leader of the DPJ, will become the next Prime Minister if his party were to win the coming election.

5. A DPJ government will also be confronted with the same set of intractable problems bedeviling the LDP: the ageing problem, demographic decline, a public debt equivalent to 170 percent of GDP, and economic stagnation.

6. Many DPJ politicians are mainstream conservatives but not the offspring of LDP politicians. Faced with the LDP’s structural barrier of hereditary politics and unable to win a place on the ruling party’s ticket, many young and ambitious candidates have joined the main opposition party instead.

7. A DPJ-led government is unlikely to make any radical shifts in its foreign relations and national governance. While adhering to the US-Japan Alliance, a
DPJ government will place emphasis on greater Japanese participation in United Nations Peacekeeping Operations.

8. Japan’s relations with China and South Korea will probably improve because the DPJ is less ideological than the LDP over their “burden of history”. Even if a DPJ government were to stop referring to the Fukuda Doctrine (Japan’s friendship paradigm towards Southeast Asia named after former LDP Prime Minister Fukuda Takeo), it will continue friendly relations with this region for Japan’s national interest against the backdrop of a rising China.

9. In contrast to the pro-business LDP, a new DPJ government is likely to pay greater heed to consumer interests and social welfare, policies which may make it harder to pull Japan out of its current recession and also aggravate the burgeoning public debt.
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LDP: Heading for defeat in the Lower House?

1.1 Prime Minister Aso Taro dissolved the Lower House on 21 July 2009 to pave for the Lower House Election slated 30 August 2009. Public opinion polls forecast the ruling Liberal Democratic Party (LDP) losing the forthcoming election. Hatoyama Yukio, the top leader of the main opposition DPJ (Democratic Party of Japan), will become the next Prime Minister if his party were to win the coming election (Appendix One).

1.2 According to a recent poll, 39 percent wants a DPJ government while only 15 percent picks the LDP. Only 20.6 percent supports the Aso Cabinet.¹ Losing this coming election will spell the end of LDP’s one-party dominance since 1955, and possibly usher in a two-party system with alternating parties in power, a political feature common in the West.

1.3 A DPJ government will also be confronted with the same set of intractable problems bedeviling the LDP: the ageing problem, demographic decline, a public debt equivalent to 170 percent of GDP, and economic stagnation.

1.4 While not radically different from the LDP, a Hatoyama-led DPJ government is likely to be less pro-business and more supportive of social welfare and consumer interests. But more governmental spending on welfare will aggravate the public debt, and raise questions whether a DPJ government can lead Japan out of its current recession.

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Since 1955, the LDP has been the perennial party-in-power at the national level except for a brief interlude in 1993. During the past 54 years, the ruling party has shaped the policy agenda of the Japanese state and society --- a strict adherence to the US-Japan alliance, strong reliance on the bureaucracy and its developmental policies, close ties to interest groups (especially big businesses, farmers, construction companies and postal masters), and the distribution of public works largesse to rural Japan to create a relatively egalitarian society in exchange for votes.

To many older voters, the LDP was the political steward of the Japanese economic miracle and the world’s second largest economic superpower. But to many younger voters in the past two decades, the LDP is the party associated with economic malaise (since the bursting of the bubble economy in 1991 and a prolonged recession) where good jobs for the younger generation have become increasingly scarce, lifetime employment eroded, and the income gap widening between individuals in a country proud to be predominantly middle-class. That the country today is suffering from its worst economic recession since the end of World War II due to plunging exports is certainly not to the advantage of the ruling LDP.

In the recent July 2009 Tokyo metropolitan election, a barometer to the August Lower House Election, the LDP suffered a historical defeat --- the worst in four decades. This disastrous electoral result at the national capital accentuated the disunity within the LDP --- between those who wanted to replace the unpopular Aso Taro with a more attractive leader before the

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2 Even at the height of LDP’s one-party dominance at the national level, opposition parties did succeed in capturing local governments at the prefectural, mayoral and ward levels in Japan. The converse is also true. Even if the LDP were to lose decisively in the coming August Lower House Election, the party will not be totally wiped out because it will still control many local governments led by LDP-affiliated governors and mayors in certain prefectures, cities, wards and villages.

3 In the July 2009 Tokyo metropolitan elections, the DPJ captured 54 seats and the LDP 38 out of 127 seats. Interestingly, the DPJ faced off the LDP in six out of seven single-seat constituencies and won five. See “DPJ’s success in Tokyo election deals another blow to Aso”, Mainichi Daily News, 13 July 2009.

This suggests that the DPJ may wipe out the LDP in the single seat constituencies of the forthcoming Lower House Election. This first-past-the-post system coupled with a proportional representation component was first introduced in the 1996 Lower House Election as part of Japan’s political reforms.
coming election and others who believe that the party should not break ranks by having a bruising leadership contest just before the polls.

1.8 The ruling party tried to tar the top leaders of the main opposition DPJ with political corruption. But it is actually a hypocritical case of the “pot calling the kettle black” because the incumbent LDP, with its extensive ties to interest groups, is most notorious among the Japanese political parties for endemic corruption.

1.9 Apparently, the ruling party unleashed public prosecutors against the chief secretary of then DPJ president Ozawa Ichiro for accepting illegal political contribution (a paltry 21 million yen [US$216,000] by Japanese standards) from the Nishimatsu Construction Company. Ozawa was obliged to resign as party president to avoid damaging the image of the DPJ just before the Lower House Election. However, the public prosecutors let LDP Economy, Trade and Industry Minister Nikai Toshihiro off the hook for a “lack of evidence” even though it was widely believed that his faction also received money from the Nishimatsu Construction Company.

1.10 The LDP also accused new DPJ president Hatoyama Yukio for violating the Political Fund Control Law by listing dead people as individual donors to his political fund. (The amount from the “grave” is estimated to be between 4 to 7 million yen [US$42,000 to US$74,000] --- again miniscule by Japanese standards of political donations).

1.11 But thus far, there has not been a strong public backlash against Hatoyama probably for two reasons --- a quick apology from him, and public awareness that Hatoyama is personally a very wealthy man, a scion from an illustrious and rich political dynasty, who can well afford the sums listed in his political funding organization.

1.12 Ironically, even though Hatoyama Yukio is the grandson of then Prime Minister Hatoyama Ichiro, the opposition DPJ has kept the ruling party on the defensive by advocating the populist measure of barring second and third
generation candidates in national elections. Indeed, more than a third of LDP parliamentarians today are second, third and even fourth generation politicians.

1.13 Although there were capable third generation politicians like former Prime Minister Koizumi Junichiro, there is the rising perception in Japan that many second and third generation politicians have the undue advantage of having name recognition and inheriting a political machine in their electoral constituencies, but are neither strong nor capable as their fathers and grandfathers in politics and leadership.4

1.14 Indeed, former Prime Ministers Abe Shinzo and Fukuda Yasuo are also hereditary politicians who “threw in their towels” too easily barely a year in office after encountering political difficulties.5 Prime Minister Aso is the grandson of former Prime Minister Yoshida Shigeru (maternal side) and the great-great-grandson of Okubo Toshimichi, a great leader of the Meiji Restoration.6

1.15 Recent LDP leaders, therefore, appear to lack passion and gumption, out of touch with the public, and incapable of dealing with the serious problems confronting Japan such as the current economic crisis, the ageing problem and demographic decline, and reforming the scandal-ridden pension system.

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5 Abe complained of severe indigestion, while Fukuda lamented that the opposition parties which control the Upper House made it too difficult for him to govern. To critics, Abe and Fukuda appear like wimps and politicians worth their salt should be much more resolute than that. Such a lack of resolve reflected poorly not only on Abe and Fukuda but the LDP for choosing them.

6 Aso tries to cultivate a persona of being a common guy by declaring himself an avid manga lover, but is a patrician reputed to have a high living lifestyle who loves to spend most nights drinking at high end clubs with his cronies.
LDP’s Woes: Long time in the making

2.1 Even if the LDP were to pick a more attractive leader as its new “poster boy” for the August Lower House Election, it appears unlikely that the party will snatch victory from the jaws of defeat. The caveat is that with more than a month to polling day, there may be surprises during the campaign period.

2.2 The LDP’s impending defeat is due to many factors: a string of poor leadership, bad governance (especially over the pension system fiasco), weakened party organizations, shrinking support from its traditional support groups (farmers, postal masters and construction companies), and genuine competition from a more credible opposition party, the DPJ.

2.3 Except for the Koizumi interlude (2001-2006), the LDP was struggling electorally over the past two decades. Since the LDP lost the 1989 Upper House Election, it needed coalition partners to retain control of the Upper House. Similarly, the ruling party had to forge coalitions with smaller parties to retain a parliamentary majority in the Lower House since 1994.

2.4 Despite its coalition with the Komeito (Clean Government Party), the LDP lost the Upper House in 2007 and had to rely on its present two-thirds majority in the Lower House to override the veto of the Upper House.\(^7\) It appears an uphill task for the LDP-Komeito coalition to capture a simple majority let alone a two-thirds majority in the Lower House this August. In the unlikely case that the LDP-Komeito coalition were to win a simple majority, the Japanese political system will face a worse political gridlock because the coalition can no longer count on a two-thirds majority to override the opposition-controlled Upper House.

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Footnote:

\(^7\) The organizational backbone of the Komeito is actually the Soka Gakkai, a Nichiren Buddhist lay organization, with a claimed household membership of at least ten million. It is reputed that the Soka Gakkai can deliver approximately ten thousand votes to each LDP candidate in a single-member district in the Lower House in metropolitan Japan. In this regard, the LDP has already depended on its junior partner, the Komeito, since the late 1990s and probably cannot win on its own in many constituencies in urban Japan.
Presumably, many voters are aware that the simplest way to break this logjam is to vote for the DPJ in the Lower House because if the latter were to control both the Upper and Lower Houses, the problem of a political gridlock will not arise. In the midst of a serious global economic crisis, there is little incentive for voters to support the LDP because a political paralysis means that it would be difficult for Japan to respond adequately to serious economic challenges.

**LDP Leadership: Koizumi Good, Successors Bad**

3.1 Charismatic Prime Minister Koizumi Junichiro threw a lifeline to his party, the LDP, when he became wildly popular among the electorate by promising “structural reforms”, privatization of the postal services (postal savings were hitherto a cash cow of the government) and “changing Japan by changing the LDP”.

3.2 But the LDP’s popularity during the Koizumi era turned out to be ephemeral because it was based primarily on the charisma of Koizumi --- unmatched by subsequent LDP presidents and Prime Ministers Abe Shinzo, Fukuda Yasuo and Aso Taro. Even Koizumi’s dream of building a reformist, urban-based “New LDP” was not realized despite being in power for five years.

3.3 Since Koizumi, every LDP Prime Minister has lasted barely a year in office and left ignominiously without a fight. The last three Prime Ministers have been lackadaisical towards rising public anger over Japan’s troubled pension system.

3.4 Japanese public opinion was infuriated by Aso’s policy flip-flops, and his scandal-ridden cabinet (including Finance Minister Nakagawa Shoichi appearing drunk at a G7 meeting in Rome --- a national embarrassment indeed). In June 2009, Minister of Post Hatoyama Kunio quit after opposing the reappointment of Japan Post Holdings president Nishikawa Yoshifumi.

3.5 Aso lost much public credibility because Nishikawa was deemed to be an incompetent manager of a privatized firm. The fact that three cabinet ministers
from the Aso Administration quit within less than a year reflected poorly on the Prime Minister and his party in the eyes of the public.

3.6 Aso created confusion in his party and electorate after intimating that he does not support privatization of the post offices even though he was the Minister of Post during the Koizumi Administration. That earned Aso a stinging rebuke from Koizumi who had kept a low profile after he resigned as Prime Minister at the height of his popularity in 2006.8

3.7 Although Koizumi remains the most popular politician in Japan, he is adamant not to run again for party president and lead his party to the August polls. Unfortunately for the LDP, there is no one within the party who is charismatic and credible like Koizumi.

3.8 The former Prime Minister declared that he will retire politically but will yield his seat to his son to run in the coming election. Ironically, the most reform-minded Prime Minister of Japan in recent years also practices hereditary politics --- a hallmark of the LDP.

Weak Organizations: LDP and traditional supporters

4.1 In recent years, the LDP has lost critical support from its traditional hard-core supporters from the post offices, construction companies and farming communities. Koizumi’s charisma and electoral triumph of winning a two-thirds majority in the 2005 Lower House Election by championing the privatization of the postal services only masked the organizational weakness of the LDP and its core supporters for a short while. Postal masters abandoned the party after Koizumi pushed for postal privatization and purged anti-privatization LDP members from the party.

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8 The media reported: “The premier’s latest blunder involved the privatization of Japan’s postal savings system, the world’s largest holder of deposits. On Feb. 9, he backed off from previous comments opposing the sale of Japan Post Holdings Inc., which were condemned by LDP and opposition lawmakers. The comments (by Aso) “are almost laughable, rather than maddening,” Koizumi said yesterday. “Without faith in the prime minister’s words, elections can’t be fought.” See “Koizumi’s criticism increases pressure on Aso before election”, Bloomberg, 13 February 2009.
4.2 Koizumi also cut back on public works considerably during his five-year tenure as Prime Minister. During this period of fiscal austerity and budget cuts for public works, many construction companies (another important clientele of the LDP which supplied political funding, manpower for elections and votes) collapsed. Some critics also blame the Koizumi-led LDP for the widening socio-economic gap between regions in Japan due to cut backs in public works.

4.3 Japanese farmers were also very nervous when Japan during the Koizumi era forged various FTA (Free Trade Agreements) abroad even though agriculture (especially rice) was consciously excluded from these agreements. The fear among Japanese farmers was that these FTAs are the thin edge of a wedge which will eventually lead to the liberalization of the agricultural sector. Ozawa Ichiro also pushed the opposition DPJ to woo the farmers and rural Japan, and promised them direct subsidies if his party were to gain power.

4.4 The ruling party’s organization is also in trouble and suffering from inexorable decline in mass membership. By 2009, the party has only 1.12 million members drastically down from 5.47 million in 1991. Simply put, the LDP’s mass membership today is only a fifth of what it was less than two decades ago.

4.5 LDP politicians are most dependent on the koenkai (personal candidate support organization) which is distinct from the party branch at the grassroots. The koenkai is not based on ideology or policies but a political machine which provides goods and services, and camaraderie among supporters of a LDP politician in his constituency. The members of this

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11 The DPJ receives organized support from the unions, the Japan Communist Party from party membership and the Komeito from the Soka Gakkai lay Buddhist organization.
political machine will help to mobilize the votes during the election campaign. The *koenkai* is also a patrimonial possession which a father can pass to his son in a system of dynastic politics at the grassroots.

4.6 In the 1979 Lower House Election, the rate of *koenkai* membership participation among Japanese voters was 19.7 percent. By the 2005 Lower House Election, only 10.2 percent of voters joined the *koenkai*. Presumably, younger voters in metropolitan Japan are least attracted to the *koenkai* and its activities.

**DPJ: A credible alternative to the LDP**

5.1 The DPJ is very different from its predecessor, the Japan Socialist Party (JSP), as the number one opposition party. The JSP was an ideological class-based party, narrowly supported by the unions, opposed nuclear power, and advocated unarmed neutrality in its foreign policy. In contrast, the DPJ accepts the US-Japan Alliance and greater involvement of Japan in UNPKO (United Nations Peacekeeping Operations). While the doctrinaire JSP was contented to remain a principled and permanent opposition to the LDP, the pragmatic DPJ is determined to seize power.

5.2 A number of its top leaders like Hatoyama Yukio, Ozawa Ichiro and Okada Katsuya defected from the LDP earlier. Indeed, their political values are not significantly different from the LDP’s. Many other DPJ politicians are also mainstream conservatives but not the offspring of LDP politicians. Faced with

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12 Before the 1996 Lower House Election, Japan adopted a “single-ballot, multi-member” electoral system which, on the average, had between three to five seats available within a single constituency. To capture a majority in parliament, the LDP was compelled to run at least two to three candidates in a constituency where five seats are available. These LDP candidates were generally supported by rival factions. Since they were from the same party, LDP politicians had to highlight their own personal qualities and compete on goods and services offered by their political machines rather than common policies and ideology. In 1996, Japan adopted a new electoral system which comprised single member constituency and a proportional representation by party component. Conceivably, if candidates in each constituency are the only ones from each political party, they can compete along policy and ideological lines than the provision of goods and services via *koenkai*. The *koenkai* statistics are from Akarui senkyo suishin kyokai, *Shugiin senkyo no jittai: Dai 44 kai*, p.54.

13 Both Ozawa and Okada were from the Takeshita (ex-Tanaka) faction when they were in the LDP.
the LDP’s structural barrier of hereditary politics and unable to win a place on the LDP’s ticket, many ambitious and young candidates have joined the DPJ instead. In this regard, the DPJ has been able to attract young talents to join and strengthen the party.

5.3 A harbinger of change by the DPJ is its insistence on manifesto-style elections which spelt out clear policies and targets to be achieved, and its winning of the 2007 Upper House Election. Capturing the Upper House was the turning point in the DPJ’s fortunes. Both the LDP and the electorate had to take the DPJ seriously because of its capacity to veto legislation in the Upper House unless overridden by the Lower House. As stated earlier, only a DPJ-led government can ensure the Japanese political system breaking out of its gridlock between the Lower and Upper Houses.

After the August 2009 Election: Scenarios

6.1 There are at least four conceivable scenarios after the LDP’s probable defeat this August:

- the DPJ winning an outright majority or in coalition with smaller parties which oppose the LDP;
- the German solution of a grand coalition (between the erstwhile enemies CDU [Christian Democratic Union] and SPD [Social Democratic Party]) if the DPJ cannot secure a stable majority;¹⁴
- the LDP licking its wounds, reforming itself and biding its time to become a ruling party again in a two-party system;
- the LDP disappearing like the former dominant party of Italy, the Democrazia Cristiana (DC: Christian Democratic Party).¹⁵

¹⁴ Earlier, then Prime Minister Fukuda Yasuo and DPJ President Ozawa Ichiro discussed a possible grand coalition to break the gridlock between the Lower and Upper Houses. But there was considerable objection to Ozawa’s scheme within the DPJ. If this “German” solution were to come into fruition after August 2009, many Japanese voters would be infuriated with the DPJ for “sleeping with the enemy” and it is not inconceivable that the DPJ would be punished electorally for allowing the LDP to share and retain power.

¹⁵ In this scenario, reform-minded LDP parliamentarians leave the LDP to form a new conservative party.
While the LDP’s one-party dominance at the national level may well end in August 2009, it is unclear whether a two-party system with alternating parties-in-power (DPJ and LDP) will emerge in Japan like the West. There is also the possibility of a two-and-a-half party system in which the smaller third party, the Komeito, plays a pivotal role by holding a casting vote between the DPJ and LDP. Conceivably, the smashing of Japan’s hitherto iron triangle of the LDP, bureaucracy and big businesses by a DPJ government may mean that Japanese state and society will become more open, fluid and democratic.

Despite wearing the mantle of reform, the DPJ is unlikely to make any radical shifts in its foreign relations and national governance. The US-Japan Alliance remains the cornerstone of Tokyo’s foreign policy regardless of which major party is in power. A DPJ government is likely to place more emphasis on greater Japanese participation in UNPKO.

Sino-Japanese relations may improve because DPJ Prime Ministers are unlikely to visit the Yasukuni Shrine --- the symbol of Japanese militarism to the Chinese and Koreans. However, there are also young DPJ leaders like Maehara Seiji who have harped on the “China threat” theory and support revising Article 9 of Japan’s Peace Constitution.

A new DPJ government may stop referring to the Fukuda Doctrine (the official blueprint of Japan’s friendship with Southeast Asia named after former LDP Prime Minister Fukuda Takeo) but will continue its good relations with this region because it is in the interest of Japan to do so against the backdrop of a rising China.

Whether the LDP can make a comeback will largely depend on the performance of the new DPJ government, and the LDP’s ability to transform itself for the better after a period in the political wilderness. If the LDP can do

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While there is a diversity of party systems in the West, the US and the UK have a two-party system. Japan may end up with a party system closer to the German one --- two big parties representing the center-left and center-right and a number of smaller parties which may become coalition partners.
so, it will prove its critics wrong by showing that, sometimes, a leopard can change its spots, to recapture power.

6.7 In the meanwhile, a DPJ-led government which lacks governing experience will probably be muddling through despite its detailed policy manifesto. Working with Japan’s powerful bureaucracy will also be a challenge to a DPJ ruling party especially when its manifesto declares that it wants to drive policies and clip the wings of the bureaucracy.
APPENDIX ONE
PROFILE OF DPJ LEADER HATOYAMA YUKIO

Hatoyama Yukio (鳩山由紀夫) (born 2 February 1947) represents the 9th district of Hokkaido in the Lower House. He is the grandson of former Prime Minister Hatoyama Ichiro. He graduated from the University of Tokyo and received a PhD in engineering from Stanford University.

Hatoyama ran and won his father’s electoral seat in 1986 on the LDP ticket. In 1993 he left the LDP to form the reformist Sakigake (Harbinger Party). In 1996, he left Sakigake to join the newly formed DPJ.

He became DPJ Party Chairman and leader of the opposition from 1999 to 2002 when he resigned after taking responsibility for the confusion that arose from rumors of mergers with Ichiro Ozawa’s then Liberal Party. He was the Secretary-General of the DPJ before he succeeded Ozawa as party leader following Ozawa's resignation on 11 May 2009. As Secretary-General, he was a strong supporter of Ozawa as Chairman. Hatoyama became Party Chairman due to reciprocal support from Ozawa.

It will not be surprising if Ozawa becomes the power behind the throne after Hatoyama becomes Prime Minister. When Hatoyama became DPJ Party Chairman, he propounded his idealistic philosophy of “yuai” (fraternity, love and trust) which led to derision of laughter from many critics. In actuality, his idea of yuai was influenced by his grandfather Hatoyama Ichiro who established the Yuai Youth Association in 1954 to infuse the spirit of yuai to rebuild Japan. Former Prime Minister Nakasone once described Hatoyama Yukio as “ice cream” --- sweet, soft and light weight. Many Japanese have also given Hatoyama Yukio a new nickname --- “uchujin” (space man or alien) for being a blue blood espousing abstract principles like yuai but detached from the real world of citizens in economic distress.

It is uncertain whether Hatoyama will become an effective Prime Minister who can grapple with Japan’s manifold problems, assuming that the DPJ wins the forthcoming August Lower House election.