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Lifting Japan's Curse of Muddling Through

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Save for a short break in the 1990s, Japan's distinctive system of one-party rule has been in place now for almost 55 years. But as the economy lurches through its deepest-ever postwar crisis, confidence in Liberal-Democratic Party rule is at low ebb.

Might change be at last in the offing?

The ruling party still enjoys the majority it gained when the charismatic Koizumi Junichiro went to the country four years ago calling for privatization of postal services as the centre-piece of a neo-liberal reform package, but circumstances have greatly changed since then. The people were not consulted when Koizumi was succeeded by two Prime Ministers (Abe and Fukuda) who both threw in the towel after short terms, nor when the present incumbent, Aso Taro, took office in September 2008. Aso's support levels, never high, sank as his administration suffered from scandals and incompetence, falling to just over ten per cent as Aso tried to distance himself from Koizumi's agenda and as his closest colleague, Finance Minister Nakagawa, turned up drunk to a G7 meeting in February. Since then, it has recovered slightly, especially as the opposition Democratic Party experienced serious troubles, alluded to in the following paper. Elections must be held by September at the latest.

Here seasoned political commentator, Karel van Wolferen, author of the best-selling The Enigma of Japanese Power (1990), offers his reflections on the prospects for change, written in the immediate wake of the replacement of Ozawa Ichiro as head of the opposition Democratic Party of Japan by Hatoyama Ichiro. GMcC

The forced resignation of the leader of Japan's opposition party, Ozawa Ichiro, and the election [17 May] of Hatoyama Yukio as his successor, may appear to outsiders as the proverbial storm in a teacup, but it is more than that: it is directly related to the question whether or not Japan's curse of muddling through will be lifted after the forthcoming elections, especially now it has been demonstrated, once again, that the "immune system" of Japan's political world is still capable of keeping down those who might upset the status quo.

The status quo is treasured by Japan's administrative bureaucracy, of which the editors of the big newspapers, the managers of the industrial federations, as well as those of

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the financial institutions and much of big industry also form a part. The absence of waves is a sacred condition. It prevents what is known here as "a confused situation" - disturbance of the social order that the administrators fear most. The Japanese public as a whole is less addicted to the status quo. And when I came back to Japan in the beginning of this year my first conversations with old friends, with political analysts, and in casual encounters, made clear that they were fed up with their country just muddling through.

It has long been accepted by politically aware Japanese that something is wrong with a political system in which politicians have little or no influence over policy-making that brings a noticeable difference, and who are seemingly incapable of setting new goals when confronted with plenty of evidence of malfunctioning caused by policies that no longer address social and economic realities. After a short period of party political upheaval in 1993, the politically interested public has furthermore had the feeling that fundamental reform was not only desirable but also possible. But the promises for reform that would give the country a new direction remained just that - promises. For a while they seemed to be coming true under Prime Minister Koizumi Junichiro, who had come in accompanied by media trumpets and drums and a choir chanting "reform!, reform!" This politician, a very effective TV personality prime minister, kept the illusion alive for a while that great reforms were afoot. But to anyone who scrutinised what he was doing only months into his administration it became clear that he was doing the bidding of a bunch of officials inside the Ministry of Finance. And that is precisely what Japan's "reformist" politicians are not supposed to do; they are supposed to shake officialdom out of the status quo mode and come up with new political leadership. In the meantime, the term "reform" has become an amulet, and has lost practical meaning. The dire need for it has become a cliche of Japanese politics, and is reiterated in countless speeches.

In January of this year, with my Japanese friends and acquaintances clearly much more fed up than was normal for them, the old promises had gained great new potential. In the upcoming Lower House elections, to be held before mid-September, the Minshuto opposition party would almost certainly emerge in a position to form a new government under Ozawa. After three months or half a year, so it was widely speculated, Ozawa would hand the government over to one of the three top contenders for leadership of the party, but by then a revised pattern of dealing with bureaucrats might be in place; along with a revised course for the country.

Does Japan need such a thing? Yes. Current economic developments, along with many other things, illustrate it. Japanese industrial exports have plummeted as a result of the collapse of American demand triggered by the credit crisis. The trade balance is in the red for the first time in some 30 years. Panic all around. China is experiencing a similar severe decline in exports, with a multitude of factories closing and hundreds of thousands of workers returning to their own provinces. But the Chinese authorities have seized this opportunity to shift from export oriented to domestic industrial development. And that appears to be working.

There is a lot that Japan could do domestically as well. Manufacturing for export has, since the 1950s, been coddled more or less at the expense of economic development in the prefectures. A well coordinated housing program, for instance, could do wonders for domestic demand, and would give the roughly half a million small firms connected with construction something else to do besides covering the countryside in unsightly and unneeded concrete. But the bureaucrats in the economic ministries, so inventive and effective for the first couple of decades after World War

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II, have for some time been just merely focused on preserving their own prerogatives and on keeping things running quietly in their bailiwicks.

Japanese politicians hardly ever make policy. Bureaucrats do. But their priority is to keep things going in the way they've always been going, which means they are usually effective in coming up with adjustment policies, when circumstances change, making it possible to stick to the course that predecessors set out at a time of new beginnings. The unstated but paramount goal since the 1950s has been expansion and preservation of industrial productive capacity for the sake of national strength regardless of corporate profit-making. No other priority has replaced this, and the non-economic government agencies have followed social control policies - in education and labor relations, for instance - in line with it.

Japan's reformist politicians were expected to change that, and to gain some control over Japan's mostly unaccountable officialdom. Foremost among them has been Ozawa Ichiro. The most important protégé of Japan's genius politician, Tanaka Kakuei, he broke away from the LDP, which has held formal power almost all the time since its founding in 1955. Ozawa has been at the center of party political developments since 1993, and because of that as well as a habit of tactical evasiveness, highly controversial. By means of a popular book he has advocated that Japan should become a "normal country," by which he meant that it should be waging conscious politics, seriously discussing desirable policies and finding ways to implement them. Political control over the bureaucracy should be an inevitable element in that development. And such steering control should make it possible for Japan to free itself from a deep dependency on the United States. Japan may not be a protectorate of the United States in name, but in practice it is about as close to being a protectorate as possible. Except for Japan's domestic affairs, which Washington does not understand and over which it has, at best, only sometimes a very tenuous grip.

Ozawa combines a very good understanding of what ails Japan politically with tactical skills in dealing with entrenched power and recalcitrant members of the Minshuto party, which he did much to help give shape and prestige. It has been only in the last six years or so that Japan has had a credible opposition party that could conceivably take-over from the LDP.

When Japanese friends told me in January that Ozawa would probably be the next Japanese prime minister I asked them: but what of the coming scandal? Some things are very predictable in Japan. One of them is the workings of the above-mentioned immune system that deals with threats to the established order. When politicians become too big for their boots, the public prosecutor and the editors of the big national newspapers (which still determine what is official political reality in Japan) join forces to beat them down. Japanese scandals serve the important purpose of reining in extreme behaviour and developments, as I analysed for the Japanese monthly magazine Chuo Koron years ago. (link)

A typical case was the one in 2006, when the spectacularly successful young Internet entrepreneur Horie Takafumi was arrested for putative fraud. He had succeeded in by Japanese standards extraordinary takeover bids, going over the heads of entrenched management, and had become a well-known figure on TV, lambasting the ways of the old guard, helping to create the illusion for a younger generation that an era of truly free market activity was finally dawning for Japan. In a hard-handed manner he was upsetting the unwritten extralegal way things are done in Japanese business. It became too much for those in the Ministry of Finance who decide it is time has come to stop undesirable developments, and thus we saw the familiar

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public prosecutor-big media combination to cut him down to size. He was actually thrown in jail.

Ozawa as prime minister would obviously have been an undesirable development for establishment forces. Hence, Ozawa's secretary was discovered to have accepted large amounts of political funds that he had not properly declared. It so happens that the public prosecutor is capable of engineering a temporary halt to the career of nine out of ten politicians for similar offences any time he feels like it. As various Diet members have remarked: if all their colleagues were investigated for the same infraction, Japan's parliament would be empty. Several retired prosecutors have come out to say that in the case of Ozawa's secretary the prosecutor's office has gone much too far.

This time the Japanese public appeared not so easily bamboozled by the newspapers. One kept hearing, throughout the period of investigation, that this case was "politically inspired." The signal to go after the secretary for what can only be considered a minor infraction came, according to *Sentaku* Magazine, from Hiwatari Toshiaki, the prosecutor general of the Supreme Prosecutors Office. The magazine speculates that high up in the prosecutors' world there was a fear that a Minshuto government would make things more difficult for them, and it refers to the possibility that the prosecutors wanted to repay a political debt to the LDP. But Ozawa does have enemies in his own party, and he is, after all, very controversial.

So close to the possibility of taking over the reins of Japan's formal government this relatively new opposition party was not ready to risk a media generated storm directed at the supposedly "corrupt" Ozawa. But on May 17 it demonstrated some courage in electing Hatoyama as the new party president. The younger Minshuto Diet members, who had joined after its initial idealistic period when it was rapidly expanding, tended to be afraid of undermining their own re-election under this more outspoken reformist politician who has made clear that he endorses Ozawa's political program, and will give Ozawa an important job if he is made prime minister.

The party now faces months of fresh attacks, not only from a politically exhausted LDP but also from editorial writers who keep on referring to the Minshuto as being "scandal tainted," something that echoes in the foreign reporting that has picked up on the subject. Discussing it all can lead to eerie sensations. When you meet experienced Japanese reporters and editors you're likely to find them sophisticated and well informed. It is difficult to reconcile this impression with the simplemindedness that passes for political analysis in the newspapers. But they create Japan's official political reality. And part of that reality, today, is the notion that Ozawa and his Minshuto party have been insufficiently contrite about the supposed scandal. Even the people who understand and say that Ozawa's treatment at the hands of the public prosecutor was unwarranted and unfair do not think it illogical that he be criticised for not having bent his head before the public. Under the rules of the Tokugawa government that kept order in feudal Japan all the parties in a quarrel or conflict that disturbed the social order were considered guilty and were punished, regardless of who started it or who was in the right. Related notions of proper behavior when established order is disturbed linger on. It is still good form to apologize when someone bumps into you; after all it was the position in space you occupied that made the bumping possible. Denying the fact of scandal and refusing to show contrition for a supposed disturbance of political peace is therefore met with ritual indignation.

What of the prospects for Japan's political future after the elections, which by the

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estimates of today will make the Minshuto almost certainly the largest party in parliament? This only significant opposition party has been widely criticised for its lack of clearly defined policy plans. There exists considerable skepticism about it being any different from the LDP once it were to form a government. To place this flaw in perspective, one should remember that the Japanese media do not provide a true forum for practical policy discussions. Voices from within the Minshuto who may articulate concrete policy possibilities are simply not recorded. In the rare cases that they are heard, they do not rise above the din of flowery and meaningless cliches that the editors are used to printing.

The kind of announcements that the articulate part of the public says it is waiting for are, moreover, almost by definition controversial as they are bound to touch on the tricky subject of bureaucratic authority. The ambitious Japanese politician with feasible political ideas that go beyond the nursing of his or her own constituency wants to guard against becoming known as "controversial."

But the quite frequently heard conclusion that the Minshuto would not make any practical difference for Japanese politics is much too hasty. Hatoyama does have political ideas and especially in foreign relations, for instance with Russia, he could, as the new face of Japan, fairly restart a stalled process of negotiations. The Minshuto can of course not give direction to the country in the manner of those at the top of the Chinese Communist Party. But even if nothing more happens than the re-emergence of the situation in prewar Japan, when two politically almost identical parties, the Seiyukai and the Minseito, used to take turns in forming the government, Japan would get the benefit of "new brooms" that sweep clean. With those, obstacles to what should be done, in the form of entrenched relationships, can be cleared away. It already experienced a bit of this in 1993, when the LDP was shortly out of power, and when I noticed the new broom effect even in the prefectures.

But one may already expect more. The Minshuto welcomes anyone in the media to its press conferences; doing away with the cartel-like newsgathering practices through "press clubs" closed to outsiders, notorious for their frequent self-censorship. If Minshuto ministers will follow this example, as seems likely, political reporting is bound to change in Japan, and with that probably also the manufacturing of official political reality. It could make a huge difference. Along with breaking the LDP hold on what is formally the government, and the possibility of the introduction of real government, it makes the coming elections the most important Japanese political event in at least sixteen years.

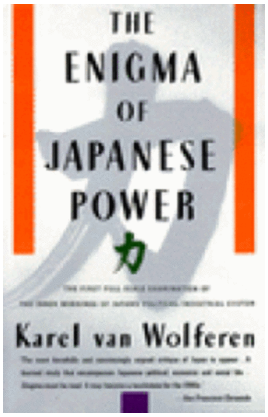
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