

Japan's Changing Political Leadership from Koizumi to Hatoyama

*By Tomohito Shinoda**

Under the leadership of Prime Minister Junichiro Koizumi (2001-6), policy making in Japan changed drastically. During the five and a half years of his term, however, Koizumi successfully streamlined the public sector, privatized the special public corporations, government financial institutions, and, most importantly, the postal services, whilst also resolving the problem of non-performing loans. In the area of foreign and national security policy, Koizumi also took advantage of newly strengthened political institutions, and anti-terrorism legislation in an extraordinarily short period of time and dispatched Japan's Self-Defence Forces (SDF) overseas under wartime conditions for the first time in the country's post-war history.

What made these unprecedented achievements under Koizumi's leadership possible? What happened under the LDP government after Koizumi? What is the political situation under the current Hatoyama government? This paper addresses these questions to explain the changing political leadership in Japan.

Traditional Policy Making

The Liberal Democratic Party (LDP) long controlled the Diet, and thus the government, from the time of its formation in 1955 until 1993. During this long, single majority rule, the LDP became highly decentralized. Powerful LDP members formed and maintained separate factions that competed for national influence. Leaders of large factions played a decisive role in LDP presidential elections because factional coalitions with a majority in the party chose the party leader, who then became Prime Minister. These factional leaders were, in some ways, more powerful than the prime minister, and their open challenges weakened his leadership. The competition among LDP factions in elections accelerated fundraising races, which were seen as a major cause of political corruption.

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The LDP's factionalized structure also influenced the make-up of the cabinet. Although appointive authority belonged to the prime minister, factions served as a channel to allocate cabinet posts. When the prime minister formed his cabinet, he had to consider the factional balance and specific requests for posts from each faction. Cabinet members, therefore, were often more grateful for their appointments and remained more loyal to their faction leaders than to the prime minister. As a result, cabinet members served as channels for their faction's political and policy priorities, making it more difficult to form a unified, effective cabinet.

The cabinet's limited term also reduced its effectiveness. From the late 1950s on, each LDP government conducted cabinet reshuffling almost every year. By the 1970s, the political career ladder within the LDP became more institutionalized. Regardless of ability, almost all the LDP lower house members were entitled to a cabinet appointment after their sixth term. This high turnover for cabinet ministers strengthened each ministry's professional bureaucracy. During their short tenure, cabinet ministers had difficulty exerting control over the bureaucracy and had to gain its support to function in their position. In return, they often represented their ministry's sectional interests in the cabinet.

In addition to such intra-party factionalism and government sectionalism within the cabinet, the cabinet's lack of policy initiative weakened the prime minister's power. While Japan's constitution gives executive power to the cabinet, the Cabinet Law did not clearly define the prime minister and the Cabinet Secretariat's—his supporting body equivalent to the U.S. White House or the British Prime Minister's Office—authority in initiating policy. Many officials at the Secretariat were on loan from other ministries. Since their loyalty often went to their home ministry rather than to the prime minister, they were reluctant to encourage policy initiatives from the cabinet. Bureaucrats in the ministries therefore initiated most policies. They consulted with policy experts, *zoku*, in the LDP and built consensus within the government around policy initiatives, reducing the cabinet to a largely ceremonial role. The policy process in the Japanese government was thus highly decentralized, making it difficult for the prime minister to exercise strong leadership.

Hashimoto's Administrative Reform

The lack of strong leadership in the Japanese government became the center of public debate after the disastrous experience of the 1995 Hanshin Earthquake. Reinforcing the power of the prime minister became one of the major themes of administrative reform efforts under Prime Minister Ryutaro Hashimoto (1996-1998). The Diet approved the framework of Hashimoto's reform plan in June 1998, and most of institutional changes and

ministerial reorganization were introduced in January 2001. Hashimoto's reforms included revision of the Cabinet Law to establish clear authority for policy initiatives from the prime minister and the Cabinet Secretariat, and the reorganization of the Secretariat. The law clarified the prime minister's authority to propose important, basic policies at cabinet meetings. Under the old law, this also was technically possible, but cabinet meetings had never, traditionally, been the place for policy initiative. The cabinet dealt with policy issues that had already been discussed and pre-approved by top bureaucrats. This practice strengthened the bottom-up style of Japanese government decision-making, and weakened the prime minister's political initiative. The revised law supported a more decisive role for the prime minister.

The cabinet decision in May 2000 also reinforced Cabinet Secretariat authority. It states that the Cabinet Secretariat's role is "to present policy direction for the government as a whole, and coordinate policy strategically and proactively" and instructs other ministries to recognize that "the Cabinet Secretariat is the highest and final organ for policy coordination under the Cabinet." This definition allows the prime minister and the cabinet to initiate and proceed with policy processes independent of the relevant ministry.

Koizumi's Top-Down Decision-Making

With these institutional changes, the Cabinet Secretariat under the Koizumi administration played a central role to initiate and proceed with three major pieces of legislation. The first major piece of such initiative was the Anti-Terrorism Legislation. After the September 11th incident, Koizumi's Cabinet Secretariat under the leadership of Chief Cabinet Secretary Yasuo Fukuda and his deputy Teijiro Fukukawa, quickly organized a taskforce to design the Japanese government's response.

The new institutional arrangements of the Cabinet Secretariat avoided interagency conflicts between the Japan Defense Agency (JDA) and the Ministry of Foreign Affairs (MOFA), and enabled smooth operations in the task force. As a result, on September 19, Koizumi was able to announce his plan to actively support American reprisals for terrorist attacks in a very timely manner. By October 5, the Koizumi cabinet approved the legislation to dispatch the Self Defence Forces overseas. The anti-terrorism legislation passed in the Diet just after three weeks of deliberation. It was a considerably smooth passage for a major legislation to dispatch SDF units abroad in times of combat for the first time.

After the passage of the anti-terrorism legislation, Prime Minister Koizumi tried to take advantage of this momentum to pass the Contingency legislation. The legislation

would provide a framework for dealing with an emergency in case of military attack on Japan. The proposed bills covered clarifying the government's decision-making process, strengthening the authority of the prime minister, facilitating action by the Self Defense Force, and limiting personal rights of Japanese citizenship. This was the first attempt since the end of World War II for the Japanese government to pass new bills governing the nation's response to a military attack.

The Koizumi government simply followed the same strategy as in the Anti-Terrorism legislation. Basically, the same taskforce within the Cabinet Secretariat restarted their original task of drafting the Contingency Legislation. Although the bills were suspended during the Diet sessions in 2002, during the ordinary session in May 2003 they passed the lower house after the agreement was reached between the ruling coalition and the Democratic Party of Japan (DPJ). A combined 90 percent of the members who attended voted for one of the most controversial legislations in Japan's postwar history.

The same strategy was adopted again for the Iraq Special Measures Law. The taskforce in the Cabinet Secretariat drafted the new laws that would enable the dispatch of the Self Defense Forces to Iraq for active contribution to humanitarian and reconstruction activities in Iraq. The legislation passed the Diet in July 2003, and based on the legislation the Japanese government dispatched the Self Defense Forces to Iraq in February 2004.

In addition to the national security policy area, the Koizumi administration was quite active in domestic and economic reform policies. Among them, the postal reform deserves close attention, since it had been a political goal for Koizumi for more than twenty years and attracted significant media attention involving the 2005 general election.

During the campaign for the April 2001 LDP presidential election, Koizumi publicly promised that he would promote "reform without sanctuary" and his support rate skyrocketed to the highest level on record (the records go back to 1949), to figures as high as 78 percent according to the *Asahi Shimbun*, 85 percent according to the *Mainichi Shimbun*, and 87 percent according to the *Yomiuri Shimbun*. When Koizumi formed a coalition government, he secured an agreement with the coalition partners, Komeito and the Conservative Party, to promote postal reform including its privatization.

The first political hurdle was to pass the legislation which would shift the task of postal services from the Postal Service Agency for five years to a new government-run corporation, the Japan Post, as decided by Hashimoto's administrative efforts. In April 2002, many LDP members who were against the reform, publicly criticized Koizumi's legislative initiative as a step toward privatization, and were prepared to block it. Koizumi publicly announced that he would pick a fight to see "whether the LDP crashes the

Koizumi Cabinet or the Koizumi Cabinet crashes the LDP.” The highest policy making organ within the LDP, the General Council, wanted to avoid a fierce political confrontation, and came up with an unusual compromise. The Council approved the Cabinet’s action to submit the legislation without approving the content of the bill. Without full approval from the LDP, the Koizumi cabinet managed to pass the legislation in July 2002.

After Koizumi was re-elected as LDP president in September 2003, he decided to take advantage of the newly created Council of Economic and Fiscal Policy (CEFP) under the Cabinet Office to promote postal reform, and asked the Council to draft the reform plan. The CEFP fully supported Koizumi’s privatization plan, and came up with the Basic Principles for Privatization on October 3. As a result, the postal privatization was included in the LDP’s manifesto or policy platform for the November 2003 general election. The ruling coalition’s victory with 237 seats out of 480 lower house seats was perceived by Koizumi as a popular mandate to push through the postal privatization.

The Koizumi cabinet finally submitted the privatization plan to the Diet in April 2005. While the bill passed the lower house, it was defeated in the upper house as scores of the ruling coalition members defected. In return, Koizumi dissolved the lower house to see if voters would support his reform plan. In the September 11 general election, Koizumi sent LDP candidates to run against the defectors, and won an overwhelming majority of seats with 296 LDP seats and 31 Komeito seats. With this public support, the Koizumi cabinet finally enacted the legislation on October 14.

LDP Governments after Koizumi

When Koizumi’s successor, Shinzo Abe, formed his cabinet, he chose his friends and allies as cabinet ministers in order to reward them for their support. The first Abe cabinet, at the outset, received as high as a 65 percent approval rating, according to a *Kyodo News* survey. With this high public support, he intended to continue Koizumi’s policy to pursue fiscal reform without a tax increase. Abe believed that economic growth should come first, and that Japan’s fiscal balance would improve with a higher growth rate without a tax increase. This position led Abe to clash head on with the MOF, which wanted to raise the consumption tax.

Abe confronted the LDP construction *zoku* by announcing their intentions to use road-related taxes for broader purposes. Road-related taxes, about JPY3.5 trillion a year, were used only for road construction to meet the demands of LDP politicians for more roads in their home districts. After a fierce battle between the Abe cabinet and LDP *zoku* members, a political compromise was reached. The government would put only the surplus

road tax revenue into the general expenditures after the funds for necessary road construction projects had been spent. The failure to move all the money into the general account was a major setback for Abe's plan to cut the fiscal deficit. Chief Cabinet Secretary Tadahisa Shiozaki and his deputy Junzo Matoba did not have enough administrative skill or political resources to mobilize Abe's top-down policy initiative. The Abe cabinet could not fully take advantage of the strengthened Cabinet Secretariat to push forward his reform for fiscal policy making.

On the other hand, Abe showed strong leadership in the area of foreign policy by moving quickly to improve relations with China and South Korea. During Koizumi's leadership, the prime minister's visit to Yasukuni Shrine offended Chinese and South Korean political leaders. Prime Minister Abe promised that, unlike Koizumi, he would not publicly visit the shrine in his official capacity of prime minister, though he refused to say whether he would visit it in private. In response, Chinese and South Korean leaders welcomed Abe's visit to Beijing and Seoul in October 2006, which significantly improved Japan's bilateral relationships with each of these countries.

Abe also pushed three major pieces of national security legislation forward. First, he successfully enacted the legislation to upgrade the Defence 'Agency' to a 'Ministry'. Second, Abe moved to establish procedures for a national referendum to amend the Constitution. Third, the Abe administration introduced a bill to facilitate changes regarding US forces in Japan. Although these legislative proposals were initiated and delivered with strong leadership from Prime Minister Abe, they were not introduced by the Cabinet Secretariat in the top-down decision-making style of the Koizumi administration. The Defence Agency itself proposed that it be turned into a ministry. The referendum bill was proposed by LDP and Komeitō legislators. MOFA and the Defence Agency prepared the facilitation of US bases. The only national security-related bill introduced by the Cabinet Secretariat was one to establish a National Security Council. This bill, however, was not even discussed in the Diet during Abe's tenure, and eventually died.

In the fall 2007 Diet session, the legislation to continue the SDF mission in the Indian Ocean for anti-terrorism activities became a major issue. Abe's sudden resignation made it logistically impossible to extend the existing anti-terrorism legislation before it expired on November 1. Abe's successor, Yasuo Fukuda, introduced new legislation which would dispatch the Maritime SDF only for refuelling operations to support maritime inspections in the Indian Ocean. In order to pass the legislation, the Fukuda cabinet had to override the rejection of the upper house with a two-third majority of the lower house, by taking advantage of the rarely-used constitutional power under Article 59. On 11 January

2008, the legislation was enacted to authorize the government to restart maritime operations in the Indian Ocean.

Overriding legislative action was politically risky, and the Fukuda administration had to utilize this measure with caution. In January 2008, for example, LDP Secretary General Bunmei Ibuki tried to use this tactic when he introduced a proposal which would extend the controversial temporary gasoline tax. This attempt met with strong public resentment, and Ibuki had to withdraw the proposal at once, leaving the gasoline tax to expire at the end of March 2008. On April 30, the Fukuda cabinet passed legislation to revive the gasoline tax, again with a two-thirds majority in the lower house.

This incident, however, exemplified the vulnerability of the Fukuda cabinet with its unstable power base in the Diet. As his job approval rate stayed in a low level of 25 percent, Fukuda announced his resignation on September 9, and hoped that his successor would be able to dissolve the lower house under a better political environment in order to improve the power balance in the Diet in the subsequent election.

When Taro Aso took the prime ministership, his cabinet initially received 48 percent of public support. Aso, however, did not immediately dissolve the lower house as Fukuda had hoped. On 30 October, the prime minister declared that he would postpone the general election in order to achieve economic recovery. Aso delivered two economic stimulus packages: one of 5 trillion yen for FY2008 and one of 15 trillion yen for FY2009. In the national security front, he successfully passed the legislation to extend the SDF's refuelling activities in the Indian Ocean, and enacted the Anti-Piracy Legislation to dispatch the SDF vessels to protect foreign vessels from pirate attacks off Somalia. However, the public support for his cabinet steadily declined.

Then, the DPJ government

When Aso finally decided to dissolve the lower house in July 2009, his support rate was as low as 17 percent. In the 30 August general election, the DPJ recorded a historic victory, capturing 308 seats in the 480-member lower house to bounce the LDP out of power. The new prime minister Yukio Hatoyama received a support rate of 71 percent, the second highest in history next only to Koizumi.

As the DPJ manifesto during the election campaign called for reducing the bureaucratic influence on the government, Hatoyama encouraged the ministers, the senior vice ministers and the parliamentary secretaries to take political initiative within each ministry. These DPJ members in the government frequently met with each other and made policy decisions. Thus, new boundaries seemed to have been established in each ministry

and deemphasized the role of the bureaucrats. However, Prime Minister Hatoyama suffered from a financial scandal from the beginning of his term. Many experts claimed there was a lack of prime ministerial leadership under the DPJ government. As a result, the early stage of the Hatoyama administration demonstrated the decentralized nature with strong political leadership within each ministry but a lack of a core leader.

In the DPJ, Secretary General Ichiro Ozawa established a stable power base with strong loyalty from many of the newly elected DPJ members--143 of the lower house and 32 of the upper house. With his power, Ozawa has been promoting three types of reform. First, he pushed through the unification of the policy making under the cabinet by abolishing the DPJ policy councils. Second, he has established the unified petitioning system to the Office of the Secretary General, and has prohibited DPJ members to directly contact government officials. This inevitably has discouraged the bureaucrats to receive visits by the opposition LDP members. Now, Ozawa is fully controlling all the appointments within the new ruling party, the distribution of political funds, and the strategy formation and candidate selection of the July 2010 upper house election.

In the upper house election, 121 seats of the 242-member house will be reelected. Many experts predict that the DPJ will hold a majority in the upper house as well, capturing more than 60 seats. First, high expectation from the public for the new government still exists. Second, Ozawa's election strategy seems to surpass that of the LDP. Third, LDP's former coalition partner, Komeito, will not be so active to cooperate with LDP candidates. Fourth, LDP president Teiichi Tanigaki is not an appealing party leader to the public. According to the internal source, after the DPJ gains a stable majority in the both houses, Ozawa wants to further extend his influence by sending his close associates to establish the "full-fledged" government.

Japan's policy making has been drastically changing. The Koizumi government demonstrated top-down, centralized decision making by taking advantage of the newly strengthened political institutions of the Cabinet Secretariat. Under the LDP governments after Koizumi, however, the political environment did not support such decision making. The DPJ government under Hatoyama brought about the new political leadership within each ministry with more active DPJ members at the post of minister, senior vice minister and parliamentary secretaries. While the prime ministerial leadership was not seen in the early stage of the Hatoyama government, the new equilibrium for political leadership in policy-making will eventually be put into practice after the July 2010 upper house election.