

**JAPAN'S 2009 ELECTORAL TSUNAMI
AND ITS IMPLICATIONS**

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Executive Summary

1. Led by Hatoyama Yukio, the main opposition Democratic Party of Japan won a landslide victory (308 out of 480 seats) in the August 2009 Lower House Election and will replace the ruling Liberal Democratic Party which has been in power for 54 years.
2. Japanese voters emphatically threw out the LDP from power and opted for political change. Apparently, voters have lost confidence in the LDP's ability to govern and helm economic recovery.
3. The export-led developmental model which has earlier propelled Japan to become the second largest economy in the world (with the LDP as the political steward) is in trouble as the country has been gripped by an unprecedented postwar unemployment rate of 5.7 percent, and persistent economic stagnation since 1991.
4. The DPJ's 2009 victory will end the political gridlock between the hitherto LDP-controlled Lower House and the DPJ-controlled Upper House. Simply put, the DPJ will control both the Lower and Upper Houses and the legislative process should become smoother.
5. With its solid majority which permits the DPJ to hold all the chairmanship of the standing committees in the Lower House, the party will dominate the legislative process. Nevertheless, the DPJ still needs to forge a ruling coalition with smaller parties especially when it does not have an outright majority in the Upper House.
6. Fighting a manifesto-based campaign, the DPJ promised the following key features: financial child-care support for all families, removing highway tolls and gasoline taxes, direct subsidies to farmers, minimum pension support and not raising the consumption tax in the next four years. Less clear is how the

DPJ is going to fund these populist measures even though it anticipates securing money by eliminating wasteful public work projects.

7. The new ruling party intends to establish a new National Strategy Bureau as its key policy-making body.
8. To clip the wings of the powerful bureaucracy, the party plans to dispatch at least a hundred members of parliament to oversee the various ministries. It is again unclear how the DPJ is going to promote a politician-driven rather than a bureaucratically driven policymaking process when the party and its MPs lack think-tanks and policy expertise of their own.
9. The new DPJ government must perform if it were to win the next Upper House election slated in 2010. Rather than a political honeymoon, the Hatoyama Administration will be on a ten-month probation with voters.
10. If the Japanese economy were to eventually turn around, it may have less to do with the DPJ's policies but more a result of rising exports to Chinese and US markets when they recover. However, the DPJ's intention to shift Japanese economic growth from one based on export-led to domestic consumer-driven will not be helped by a rapidly ageing population.

JAPAN'S 2009 ELECTORAL TSUNAMI AND ITS IMPLICATIONS

LAM Peng Er*

30 August 2009 Lower House Election Results

- 1.1 The main opposition Democratic Party of Japan (DPJ) won an electoral tsunami of 308 out of 480 seats --- the highest number of seats for a single party in Japanese party history (See Appendix One).¹ Armed with an electoral mandate, the DPJ will displace the ruling Liberal Democratic Party (LDP) which has been in power for 54 years except for ten months between 1993 and 1994.
- 1.2 Exasperated and sickened by the failure of the LDP to seriously tackle the social problems of an eroding lifetime employment system,² rising

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¹ The magnitude of the DPJ's electoral tsunami actually caught it by surprise. The media reported: "The Democratic Party may be forced to give up some parliamentary seats because its overwhelming victory in the electoral districts may not leave enough candidates on the party's list for the proportional representation vote. Under the current electoral system, a candidate can run in both an electoral district and the proportional representation segment. A candidate who has won a constituency will automatically be omitted from the proportional representation list. If the party wins more than it expects to in the electoral districts, there could be a shortage of candidates in the list for the proportional representation seats. When this happens, the party would have to give up the seats they won in the proportional representation segments. These seats will then be provided to other parties". *NHK World*, 30 August 2009.

The media noted: "The LDP did not just lose the election; it was humiliated". See "DPJ hands historic loss to LDP, takes over government", *Asahi Shimbun*, 31 August 2009.

² At least a third of the Japanese work force today comprises "temporary" workers on short-term contracts who can be laid off with little compensation by employers during an economic downturn. Although Japan during the Koizumi Administration (2001-2006) adopted "neo-liberal" policies of market deregulation (including labor), the firing of "temporary" workers runs against the norms of Japanese society which adheres to the postwar ideal of lifetime employment forged during the halcyon days of the Japanese economic miracle. But Koizumi-style structural reforms have lost currency in Japan today because of enduring postwar norms of a predominantly middle class society against rising social inequality. Moreover, neo-liberal policies (or market fundamentalism) have been discredited against the backdrop of the global financial crisis triggered by the US sub-prime mortgage problem and, in part, due to a lack of proper state regulation.

unemployment, a widening gap between the rich and the poor, and an insolvent pension system, Japanese voters emphatically threw out the LDP and opted for political change.³ Ironically, a wave of defections among LDP supporters was the key factor in the crushing victory scored by the DPJ.⁴

- 1.3 Bracing the strong winds of an impending typhoon, Japanese voters turned out in record numbers (since the introduction of the new electoral system in the 1996 Lower House Election) to cast their ballot. The voter turnout in single-seat constituencies in the 2009 Lower House Election was 69.28 percent. One plausible explanation is that many voters were angry enough to brave the elements and punish the LDP at the polls.⁵
- 1.4 The DPJ campaigned primarily on “change of government” (*seiken kotai* [政権交代]) which found a resonance among disgruntled voters. The LDP tried to promote itself as having the proven track record and “power to take responsibility” (*sekinin ryoku* [責任力]) but lacked credibility especially when its top leaders (former Prime Ministers Abe Shinzo and Fukuda Yasuo) were quite irresponsible and weak, quitting abruptly and barely a year in office each in 2007 and 2008.
- 1.5 The export-led developmental model which has earlier propelled Japan to become the second largest economy in the world (with the LDP as the political steward) is in trouble as the country has been gripped by an unprecedented postwar unemployment rate of 5.7 percent and persistent economic stagnation since 1991, and a sharp drop in external demand for Japanese exports due to the global financial crisis triggered by the US sub-

³ Other contributory factors to the LDP’s political deluge include a string of poor political leaders (Abe Shinzo, Fukuda Yasuo and Aso Taro) after the departure of charismatic and popular Prime Minister Koizumi Junichiro, a rapid decline in its party membership and *koenkai* (personal candidate support organization) over the past decade, and the abandonment or weakened support by its traditional interest group backers --- postal masters, construction companies, farmers and medical associations, and a serious opposition keen to displace the LDP from power. See Lam Peng Er, “The End of LDP’s One-Party Dominance in Japan?”, *EAI Background Brief*, No. 466, 23 July 2009.

⁴ According to exit polls, 30 percent of LDP supporters cast their ballots for the opposition DPJ. See “Poll: 30 percent of LDP faithful voted DPJ”, *Asahi Shimbun*, 1 September 2009.

⁵ Voting is not compulsory in Japan. Judging from historical trends, if the weather was bad, voter turnout tended to be lower than on a sunny day.

prime mortgage problem. Apparently, many voters simply lost confidence in the LDP's ability to govern and spearhead an economic recovery.

- 1.6 The DPJ's electoral tsunami also swept away many of LDP's and Komeito's (Clean Government Party) top leaders. The two coalition partners, therefore, must renew their leadership, and rethink their roles as viable opposition parties.⁶
- 1.7 Especially for the chastised LDP, it must reconsider the meaning and relevance of "conservatism" in 21st century Japan beyond pork barrel politics for rural Japan, Koizumi-style "market fundamentalism", or a rightwing ideology which glorified the past (while ignoring Imperial Japan's invasion of Asia) and revising the postwar Peace Constitution. Besides respect for the Japanese Emperor, tradition and culture, what can a "New" LDP and a redefined "Japanese conservatism" (*Nihon hoshu shugi* [日本保守主義]) offer to the voters especially the young?
- 1.8 Hatoyama Yukio, DPJ President and Prime Minister-designate, said at his press conference that the victory was a beginning of changes: the change of parties in power, the smashing of the traditional "iron triangular" network of politicians, bureaucrats and interest groups especially industry, and the end of bureaucracy-dependent policymaking to a politician-driven policymaking process.
- 1.9 According to Hatoyama, Japan will also change from "bureaucratic sovereignty" (*kanryo shuken* [官僚主権]) to "popular sovereignty" (*kokumin shuken* [国民主権]). This is in line with the DPJ's 2009 election slogan of "Citizens' Livelihood First" (*Kokumin seikatsu dai ichi* [国民生活第一]).⁷

⁶ The LDP lost a number of its bigwigs in single-seat races including former Foreign Ministers Machimura Nobutaka (leader of the largest LDP faction) and Nakayama Taro, as well as Finance Minister Yosano Kaoru and former Finance Minister Nakagawa Shoichi (who appeared drunk at a G8 meeting). However, Machimura and Yosano regained their seats in the proportional representation system. Komeito leader Ota Akihiro and Secretary General Kitagawa Kazuo lost their seats and planned to step down from their party posts.

⁷ Hatoyama's press conference, NHK, 31 August 2009.

- 1.10 Although the DPJ won an electoral tsunami, Hatoyama said that the party will not gloat over its victory. In actuality, the new electoral system (first-past-the-post [300 seats] coupled with proportional representation [280 seats] first adopted in the 1996 Lower House Election magnified the DPJ's triumph. With 47.43 percent of the popular vote in the single constituency districts, the DPJ captured 221 seats while the LDP with 38.68 percent won only 64 seats (See Appendix Two).
- 1.11 In the proportional representation section, the DPJ captured 42.41 percent of the votes (translated into 87 seats) while the LDP won 26.73 percent (and an allocation of 55 seats) (See Appendix Three). The nature of the electoral system, in part, explains the magnitude of the DPJ's victory. Indeed, the new electoral system magnified the palpable anger of voters against the moribund LDP.

The DPJ's Policy Agenda and Challenges

- 2.1 The DPJ's 2009 victory will end the political gridlock between the hitherto LDP-controlled Lower House and the DPJ-controlled Upper House. Policy-making in Japan has been in paralysis since the LDP's defeat in the Upper House in 2007. Simply put, the DPJ will now control both the Lower and Upper Houses.⁸
- 2.2 This parliamentary breakthrough in policymaking is critical at a time when Japan is facing a severe economic downturn against the backdrop of the 2008-09 global financial crisis and plunging Japanese exports.
- 2.3 With its solid majority which permits the DPJ to hold all the chairmanship of the standing committees in the Lower House, the party will dominate the

⁸ Besides the election manifesto of the DPJ, the following books provide details of the party's policy aspirations: Jimbo Tetsuo, *Minshuto ga yakusoku suru 99 no seisaku de nihon wa do kawaru ka* [How will Japan change with the policy pledges of the Democratic Party of Japan?] (Tokyo: Daimondosha, 2009), Tachibana Tamiyoshi (ed.), *Minshuto 10 nen shi* [Ten-year history of the Democratic Party of Japan] (Tokyo: Daiichi shorin, 2008) and Uesugi Takashi, *Minshuto seiken wa nihon o do kaeru no ka* [How will a Democratic Party of Japan Administration change Japan?] (Tokyo: Asuka, 2009).

legislative process. Nevertheless, the DPJ still needs to forge a ruling coalition with smaller parties especially when it does not have an outright majority in the Upper House.⁹

- 2.4 Barring any unforeseen political scandals, there is also a good chance that Hatoyama Yukio will become and remain Prime Minister for the full legislative term of four years.¹⁰ This time round, the fate of the ruling coalition is likely to fare better than the unstable non-LDP Hosokawa Administration between 1993 and 1994.¹¹
- 2.5 The Hosokawa Administration was supported by an unwieldy group of eight disunited parties with the LDP remaining the largest political party even though it was in the opposition. The situation is totally different today: the Hatoyama government will be supported by a large DPJ in coalition with just a few small allies; the LDP is no longer the largest party in parliament.
- 2.6 Fighting a manifesto-based campaign, the DPJ promised the following key features: financial child-care support for all families, removing highway tolls and gasoline taxes, direct subsidies to farmers, minimum pension support and not raising the consumption tax in the next four years.¹² Less clear is how the DPJ is going to fund these populist measures even though it anticipates securing money by eliminating wasteful public work projects.¹³

⁹ If the DPJ can secure a majority of seats in the next Upper House Elections, it can theoretically dispense with its small allies and form a government on its own.

¹⁰ Hatoyama was dogged earlier by fraudulent reporting of his political financing when even dead people appeared as donors. But these allegations thus far have not gained much traction because Hatoyama is known to be personally a very wealthy man (thanks to his Bridgestone tire family fortune) and has no necessity to resort to dodgy fund raising.

¹¹ The possibility of DPJ infighting that would, together with the LDP's rebirth, lead to further political realignment cannot be totally excluded. But the desire for power might well be a glue to hold the DPJ together.

¹² See Democratic Party of Japan, "Manifesto: The Democratic Party of Japan's Platform for Government", 18 August 2009.

¹³ The press noted: "The biggest question concerning the DPJ's proposal for free expressways is who would pay for the cost of building and maintaining of these roads". See "Debate on expressway tolls", Editorial, *Asahi Shimbun*, 31 August 2009.

- 2.7 The new ruling party intends to establish a new National Strategy Bureau as its key decision-making body to formulate budgets and basic diplomatic policies under the leadership of politicians rather than top civil servants.¹⁴ This Bureau will come under the direct control of the Prime Minister.
- 2.8 To clip the wings of the powerful bureaucracy, the party plans to dispatch at least a hundred members of parliament to oversee the various ministries as senior vice ministers and parliamentary secretaries. It is again unclear how the DPJ is going to promote a politician-driven rather than a bureaucratically driven policymaking process when the party and its MPs do not have the benefit of think-tanks and sufficient policy expertise of their own.¹⁵
- 2.9 Moreover, most of its MPs lack governing experience.¹⁶ Out of 308 DPJ candidates who won a seat in the 2009 Lower House Election, 143 are political greenhorns.¹⁷ Despite the party's rhetoric, it will have to work with the powerful bureaucracy to formulate and implement policy change.¹⁸

¹⁴ "DPJ plans large rise in PM's aides: Enhancing of politicians' power targeted", *Daily Yomiuri Online*, 27 August 2009.

¹⁵ Ministries and agencies have just submitted their initial requests for fiscal 2010 budget. The media reported: "Among thorny requests are 21.05 billion yen by the land ministry to construct two dams, one each in Gunma and Kumamoto prefectures. Although the DPJ manifesto vowed to cancel the two dam projects, the ministry went ahead and included them in its budget". See "budget requests hit record 92 trillion yen", *Asahi Shimbun*, 1 September 2009.

¹⁶ The media noted: "The party (DPJ) is made up of an inexperienced group of left-wing activists and LDP defectors. It is just 11 years old, and only a handful has served in top government positions". See "Japan opposition takes on economy after landslide", *Daily Yomiuri Online*, 31 August 2009.

¹⁷ The media reported: "On Sunday (30 August), 143 new faces running on the DPJ ticket won seats". See "Lower Houses gets facelift: More women and newcomers", *Asahi Shimbun*, 31 August 2009. Some new MPs are in their late 20s, many in their 30s and 40s. Conceivably, it will be difficult for political novices to tell experienced bureaucrats what to do.

¹⁸ The Japanese media noted: "Central government officials on Monday appeared unruffled by the Democratic Party of Japan's landslide victory driving the long-dominant Liberal Democratic Party from power for only the second time in its 54-year history. A day after the House of Representatives election, many officials working in Kasumigasaki, Tokyo's bureaucratic center, said the outcome was not a surprise as they have largely factored in the main opposition party's handsome victory". See "Japan bureaucracy appears unruffled by DPJ's sweeping victory", *Kyodo News*, 31 August 2009.

An astute watcher of Japanese politics remarked: "The DPJ is not calling for the destruction of the bureaucratic system. If they did, then ... there would be no way to make policy. They have to make use of the bureaucracy". See "Bureaucrats jockey to face new management", *Japan Times*, 1 September 2009.

- 2.10 The DPJ envisages Japan moving away from a corporate-centric economic model to one that focuses on helping people and bolstering consumer demand. It has promised to extend 26,000 yen monthly to each child until junior high school, direct subsidies to farmers, toll free highways, a higher minimum wage and tax cuts. The estimated bill is 16.8 trillion yen (US\$179 billion) when fully implemented by 2013 fiscal year.¹⁹
- 2.11 The party envisages cutting waste from public works and tapping on the gasoline tax to fund these programs.²⁰ However, some critics remarked that the DPJ's plan is a "financial fantasy that would worsen Japan's precarious fiscal health".²¹
- 2.12 The outstanding long-term debt of the central government and local governments combined is projected to rise to 816 trillion yen by end March 2010, equivalent to about 170 percent of Japan's gross domestic product.²²
- 2.13 According to the DPJ's manifesto, it will target a reduction of carbon dioxide emission by 25 percent from 1990 level to combat global warming. This is significantly higher than the LDP government's goal of 15 percent. Apparently, Japanese businesses have expressed concern whether such ambitious goals are achievable without hefty costs to industries.
- 2.14 The DPJ's promise to remove road tolls is also problematic. First, critics have claimed that the free use of expressways would require more taxpayer money to repair and maintain roads to the tune of some 30 trillion yen of debts piled up by the operators of these highways.²³ Second, the free use of highways is likely to encourage greater usage leading to more traffic jams and greater

¹⁹ "New strategy for growth needed", *Daily Yomiuri Online*, 31 August 2009.

²⁰ Hitherto, the gasoline tax has been reserved for road construction and maintenance. This was part and parcel of the LDP's pork barrel politics of public works to secure electoral support especially in rural Japan.

²¹ *Ibid.*

²² "State debt at record 860 trillion yen", *Asahi Shimbun*, 31 August 2009.

²³ "Debate on expressway tolls", editorial, *Asahi Shimbun*, 31 August 2009.

carbon dioxide emissions which will compromise the DPJ's plan for a low carbon emission society.

- 2.15 If the Japanese economy were to eventually turn around, it may have less to do with the DPJ's rhetoric and economic policies but more of a result of rising exports to Chinese and US markets in future recovery. It is doubtful whether Japan can shift easily from export-led economic growth to one driven primarily by domestic consumer demand especially when its population is ageing rapidly and the propensity for consumer spending is not great given the disquiet over the insolvency of the pension system.
- 2.16 A serious issue facing the new government is agricultural reform. The DPJ first advocated the conclusion of a Free Trade Agreement (FTA) with the US but waffled on the issue after Japanese farmers protested. Unclear is the resolve of the DPJ when it encounters strong resistance from interest groups and voters in the future.

The electoral tsunami: Long-term implications for Japanese politics

- 3.1 The new DPJ government must perform credibly if it were to win the next Upper House election slated July 2010. Rather than a political honeymoon, the Hatoyama Administration will be on a ten-month probation with voters. If the DPJ does not perform well, then the LDP will have the chance to stage a political comeback at next year's Upper House Election.
- 3.2 While it is difficult for the DPJ to dislodge an entrenched bureaucracy from policymaking and implementation, or to shift a political economy from producer to consumer interests, the new ruling party has the advantage of no more political gridlock between the Lower and Upper Houses, and considerable public goodwill. But public opinion support is often ephemeral in electoral democracies.
- 3.3 Moreover, Japan appears to be a risk-averse society. Despite talks of a "revolutionary" election in August 2009, the Japanese public has no stomach

for radical change. Take for instance the ageing problem, low fertility rate and impending demographic crisis of Japan. The detailed manifesto of the DPJ did not breathe a single word of immigration as a conceivable option to address the ageing problem because that will be too controversial to many Japanese voters.

- 3.4 Regardless of whether the DPJ or the LDP is in power, Japanese society values social stability, predictability and security rather than the risk of massive immigration which may disrupt the harmony of a relatively homogenous nation. But one wonders how the DPJ and future governments are to pay for their ambitious programs when the country is facing fiscal deficits without large scale immigration and a hike in the consumption tax?
- 3.5 The DPJ's victory may herald the emergence of a two-party system with parties alternating in power in Japan. If this comes to pass, Japanese democracy will become a more "common" or "normal" democracy similar to certain systems in Western Europe and the US where political parties rotate in power.²⁴
- 3.6 But Japan may not necessarily follow the West in this regard. It is not unthinkable that the DPJ may establish a long-term one party dominance if it governs well or the LDP imploding and splitting being unable to play the unfamiliar role of a good opposition party. From the ashes of the LDP may emerge another new conservative party ushering in a new bout of realignment in Japanese politics.
- 3.7 The DPJ has promised much and also raised the expectations of Japanese voters for more honest, accountable and open national politics. That may well be one of the most important legacies of the 2009 political tsunami for Japanese politics. Voters will be more demanding on all political parties to be clean, transparent and to reflect their needs.

²⁴ Japan has been labeled an "uncommon democracy" because of the LDP's one-party dominance for decades. See T.J. Pempel (ed.), *Uncommon Democracies: The One Party Dominant Regimes* (Cornell: Cornell University Press, 1990).

APPENDIX ONE 2009 LOWER HOUSE ELECTION RESULTS

Parties	Single Constituency	Proportional Representation	Total
Democratic Party	221	87	308
Liberal Democratic	64	55	119
Komeito	0	21	21
Japan Communist	0	9	9
Social Democratic	3	4	7
Others	6	1	1
Total	300	180	480

Source: *Kyodo News*, 31 August 2009.

APPENDIX TWO VOTE SHARE OF PARTIES: SINGLE CONSTITUENCY

Parties	Number of votes	Share (%)
Democratic Party	33,475,334	47.43
Liberal Democratic	27,301,982	38.68
Japan Communist	2,978,354	4.22
Social Democratic	1,376,739	1.95
Komeito	782,984	1.11
Others	4,151,041	6.61
Total	70,581,679	100%

Source: *Kyodo News*, 31 August 2009.

**APPENDIX THREE VOTE SHARE OF PARTIES:
PROPORTIONAL REPRESENTATION**

Parties	Number of votes	Share (%)
<u>Democratic Party</u>	29,844,799	42.41
Liberal Democratic	18,810,217	26.73
Komeito	8,054,007	11.45
Japan Communist	4,943,886	7.03
Social Democratic	3,006,160	4.27
Others	5,711,186	
Total	70,370,255	100%

Source: *Kyodo News*, 31 August 2009.