



# CAN THE LDP SURVIVE GLOBALIZATION?

By Takashi Inoguchi

Japanese political development since 1945 is best understood in three historical periods: the period of military occupation (1945–1952), the period of high economic growth (1952–1985), and the period of accelerating globalization (1986–2006) (Table 1). Each period is characterized by key players and a receptive political institution. To consider the current period of accelerating globalization in context, it is necessary to summarize the periods succinctly as they relate to the growth and success of the Liberal Democratic Party (LDP), which dominates the political system in contemporary Japan.<sup>1</sup>

## FEATURES OF THE LDP-DOMINATED POLITICAL SYSTEM

Japan, soundly defeated in World War II, was occupied by Allied forces for seven years. The US (specifically General Douglas MacArthur) led the Allies, occupying and reforming Japan by indirect, rather than direct, rule. This choice was based on a strong impression that the Occupation authorities were dealing with Japanese people who, rather than treating Americans as wartime enemies, warmly welcomed them. Moreover, since the US government's top priority was global confrontation with Communism, it was deemed preferable for as much of the actual governing as possible to be turned over to the Japanese people themselves. Few people doubt that the foundation for Japan's contemporary political system was rebuilt during this occupation period.

One of the first tasks undertaken was to dissolve and purge the groups in power who had led Japan into war. Most of the central bureaucrats and personnel, with the exception of war leaders and prominent bureaucrats who conspired with them, were retained. Three groups did the main restructuring of the political parties—younger bureaucrats who rose to the top during the occupation, middle-aged politicians who were purged as war leaders or conspirators during the war and occupation, and younger politicians who emerged on the scene after the war. By 1952, this restructuring paved the way for a period of high economic growth, and for the 1955 emergence of the center-right LDP party. Freedom of expression, labor unions, and

**Table 1**  
Features of the LDP-Dominated Political System during Three Historical Periods.

MILITARY OCCUPATION (1945–1952)	
LDP (and preceding parties) support base	Self-employed farmers, self-employed businessmen
Priority policies	Employment, energy, financing, obtaining foreign currency, industrial infrastructure
Predominant government ministry	Economic Planning Agency
Reasons for supporting opposition parties	Platform for elimination of poverty, removal of military bases
STRONG ECONOMIC GROWTH (1953–1985)	
LDP support base	New middle-class masses
Priority policies	Macroeconomic policies, social policies
Predominant government ministries	Ministry of International Trade and Industry, Ministry of Finance, Ministry of Health and Welfare
Public sentiment and concerns	Desire for economic rebuilding
Reason for supporting opposition parties	Platform for peace and equality
GLOBALIZATION (1985–2006)	
LDP support base	Voters who appreciate optimism in the face of stresses from globalization
Priority policies	Value of currency, science and technology, gender, population
Predominant government ministries	Prime Minister and his Cabinet
Public sentiment and concerns	Desire for risk-sharing and optimistic approach to future
Reason for supporting opposition parties	Platform for community-based system with a more human touch

The irreversible advancement of globalization has shifted Japan's high priority policies from macro-economic management—to those designed to alter economic standards and regulations.

a general election system emerged as part of the new framework put forth under occupation reform. Japanese citizens gradually adapted to the new framework, and during the high economic growth period, the general election system began to function as a means of conveying public opinion to politicians.

### ACCELERATING GLOBALIZATION

The period of accelerating globalization spans 1985 to the present. The Plaza Accord, signed by the G7 nations in 1985, was a revolutionary agreement that resulted in Japan lowering its artificially high yen exchange rates. Prior to the Plaza Accord, trading goods and services—with very little currency trade—was the norm. In the one-year period from 1985 to 1986, however, currency trading was fifty to one hundred times higher than goods and services trading, and has remained at this level ever since. Promoting financial integration on a dramatic and worldwide scale, the Plaza Accord symbolizes globalization.<sup>2</sup>

While globalization ignores national borders, it divides national economies and facilitates the merger of highly competitive firms. Less competitive businesses gradually slide to lower and lower levels of income and production. At the end of the twentieth century, the momentum behind this phenomenon gained further strength with revolutionary progress in computer technology and transportation of goods.

Against this backdrop, where do governing parties find their base of support? When parties that seek to govern continue to be obvious opponents of globalization, they place themselves in a tenuous position. Moreover, globalization encroaches upon virtually every aspect of policy. Governing parties cannot merely accept this inevitability; they must also, on a continuing basis, be technologically innovative, improve efficiency, and increase competitiveness. The LDP support base must be concerned primarily with companies that continue to compete internationally, and must maintain an organizational structure that supports these companies.

In attempting to promote economic competitiveness, Japanese governments have engaged in the reform and privatization of financial institutions. Japan's Postal Privatization Bill prompted strong opposition even within the LDP. In a memorable election campaign, Prime Minister Junichiro Koizumi dissolved the Lower House for an election he called a "referendum on the issue of postal privatization," thereby purging the group within the LDP that opposed privatization, which culminated in an overwhelming victory for the LDP.

Globalization demands deregulation and smaller government, but Japan's long tradition of bureaucracy-driven development has slowed progress in both areas. For competitive Japanese companies that have already shifted their energy and resources to international development, the country's deregulation pace lags, and what progress has been made is limited in scope.

### ELECTORAL SUPPORT BASES FOR THE LDP

In a period of globalization, where does the LDP find its base of support? Japanese citizens who supported the LDP during this period are those who sympathized with the resolve of the leaders to take an optimistic and aggressive approach to forging new roads in the face of future uncertainties presented by globalization.<sup>3</sup> They were won over by the enthusiasm and courage of these leaders and their willingness to take risks. The majority of Japanese have a vague sense that, despite the fact that government deregulation and market liberalization (symbolized by postal privatization) may seriously impact their own employment and lives, Japan will face a difficult future without these changes. This public sentiment has been based on former Prime Minister Koizumi's unparalleled enthusiasm and courage in taking on these risks himself. This sentiment was further reinforced by the Prime Minister's style: he strategically and skillfully expressed carefully thought-out ideas in few words during the election campaign. In this sense, the body of support for the LDP comes more from those who have a strong belief that Japan should now venture, with optimism, into the vast uncertainty of the future, than from those united by similar vocational interests.

The irreversible advancement of globalization has shifted Japan's high priority policies from macroeconomic management to policies designed to alter economic standards and regulations. Equally important are policies and programs designed to help those left behind. In many respects, Japan has yet to establish a safety net for people in need of government assistance; in some areas where there appears to be such a safety net, there are signs of stress. Social policies (the pension system, social welfare, nursing care, healthcare, etc.) put in place during the years of economic growth, when young people made up a significant proportion of the country's population, now have high costs due to a considerable change in population demographics and waning economic growth. Lack of gender equality is striking, and any change will defy traditional Japanese social mores and prejudices. It is clear that, first and foremost, revolutionary change in corporate culture is necessary.

Resolving these issues depends in part on an effective policy that will reverse the decline in Japan's population. The notably high trend of childless couples, ongoing by 2005, is closely related to other social policy dilemmas. Employment, education, facilities, family, neighborhoods, and other issues cannot be resolved simply by adjusting the amount of money allocated to them by the government. Among advanced democratic nations, it is largely a matter of routine that significant

**Voters are no longer enticed by the promises of Diet members to bring money back from the central government. In fact, these promises are more often met by troubled expressions from voters in the home district.**

funds are allocated for policies that leaders have agreed upon. Globalization, however, has brought to the fore a number of issues that previously had not posed significant problems. Competing in a global environment without addressing these issues is becoming increasingly difficult. For this reason, we are seeing less policy emphasis on ministries that have traditionally been allocated large portions of the national budget—the Ministry of Land, Infrastructure, and Transport; the Ministry of Health, Labour and Welfare; the Ministry of Education, Culture, Sports, Science and Technology; the Ministry of Internal Affairs and Communications; and others.

Naturally, issues taken up by individual ministers within the Cabinet may at times bring certain policies to the fore, such as the move to postal privatization endorsed by the Minister of State for Economic and Fiscal Policy, and the prominence of the position of Minister of State for Gender Equity and Social Affairs. Only Ministers of State can make a certain ministry or agency predominant. Bureaucrats at larger ministries and agencies offer strong resistance to political maneuvering, and government agency culture is not conducive to immediate decision-making or swift action. With policy allocation a matter of long-established routine, it is difficult for agencies to marshal the will to redesign policy. This is another reason that Prime Minister and Cabinet positions are taking increasingly prominent roles in driving government policy.

Japan's prime minister and the cabinet are dominant policymakers in this current era of globalization. Against a backdrop of critical public opinion, the slightest statement by a high-ranking Japanese politician is now carefully weighed and measured against anticipated negative public reaction. Even specialists who craft these political statements are not necessarily guaranteed success; their chance is most often no greater than fifty-fifty. However, in the Seventh District by-election in Chiba Prefecture—for a vacant seat in the Lower House (on April 23, 2006)—it was clear that former Prime Minister Koizumi, despite his boldness and skillful campaigning, lost his edge to the careful calculations of Ichiro Ozawa—the new face of the Democratic Party of Japan—who put greater emphasis on mobilizing voters and gave a human touch to his campaign.

The effective use of the Ozawa campaign strategy bore fruit even more successfully when the charismatic and tactful Koizumi was replaced by Shinzō Abe; as Prime Minister, Koizumi could serve only two consecutive terms. Prime Minis-

ter Abe was neither charismatic nor tactful in election campaigning. Furthermore, the phase of globalization changed somewhat after he took power. The economy had picked up markedly, yet income gaps between rich and poor, and between metropolitan and rural residents, had grown to an intolerable extent by Japanese standards. Tax and other burdens have gone up visibly, while social policy benefits have been tangibly reduced. Ozawa organized campaigns in hundreds of desolated villages and towns, appealing to those in need, in a style foreshadowed by his Chiba by-election campaign in 2006. Ozawa and the DPJ dealt the Abe-led LDP a humiliating defeat in the July 2007 Upper House elections. Abe never politically recovered and resigned, citing health reasons, on September 12, 2007. He was replaced by Takeo Fukuda, who was elected by majorities of both LDP Diet members and prefectural LDP chapter representatives.

Where do opposition parties find their base of support during accelerating globalization? The transition in the Lower House electoral system from mid-sized to smaller electoral districts was significant, creating serious structural change under which both governing and opposition parties vie for a single seat in a single electoral district. No less significantly, with government spending strained to the limit, the status quo—of granting large-scale public works expenditures and subsidies in the form of local grants from the central government to local governments, or budgetary subsidies to implement large-scale social policy as an agent of the central government—is no longer viable. To obtain public works expenditures or subsidies, in matching funds form, local governments must secure budgets equal to or greater than the expenditure disbursed by the central government. Pork barrel spending and other funding schemes will no longer come from the central government, at least not on a regular basis. Voters are no longer enticed by the promises of Diet members to bring money back from the central government. In fact, these promises are more often met by troubled expressions from voters in the home district.

What is it, then, that wins politicians voter support? The political message now serves to organize a body of support be-



Image from Democratic Party of Japan TV ad featuring (from left) DPJ leaders Yukio Hatoyama, Ichiro Ozawa, and Naoto Kan.

Image source: The UCLA International Institute Web site at <http://www.international.ucla.edu/print.asp?parentid=72344>.

**Globalization emphasizes the economic unit, which exists in an environment of cutthroat competition. One political strategy takes an optimistic approach and faces globalization head on.**

hind a party and determines which demographic will be mobilized. Ichiro Ozawa's slogan in the Chiba by-election, for example, was "From the line of vision of the people." To illustrate, he spoke on the campaign trail standing on a pile of crates and rode his bicycle around his district to speak directly with the people. He did not emulate Koizumi's respected boldness, skillful rhetoric, or his method of giving speeches to large groups of onlookers from the top of a campaign truck. Ozawa had a great sense of competition with Koizumi. In a style referred to as street-side campaigning, he pursued a campaign strategy that asked for voter support at face-to-face meetings with organizations in the district. Ozawa declared during the 2007 campaigns that he would resign from the party leadership if the Democratic Party of Japan did not win the Upper House election, and he pressed then Prime Minister Abe to do the same, i.e., resign from Prime Ministership if the Liberal Democratic Party did not win.

Not long ago, street-side campaigning was the forte of the LDP, while opposition parties were known for exaggerated rhetoric. Despite the explicit confrontation on political issues with little chance of opposition parties taking the actual reins of government, these parties were content to stay with grandeur and overstatement, resigning themselves to a permanent position outside of power. Today, however, the situation has changed. Primary support for the sweeping LDP policy vision comes from critical voters and those anxious about an uncertain future. The party appeals to these groups with its rhetoric and an image of courage and energy. The LDP chooses this strategy over detailed explanations of policy on the campaign trail because the public finds it difficult to comprehend concrete policies in the face of inevitable cutbacks in government spending, increasingly strong signs that the tax rate will rise, and intensifying international competition.

By contrast, opposition parties have foregone the strategic exaggeration conventionally adopted by parties resigned to being permanently in opposition. Opposition parties take advantage of the fact that they are not currently in charge of government policy. They set themselves slightly apart from the realm of day-to-day policy, thereby emphasizing the human touch—shaking hands and speaking with as many voters as possible throughout their districts, listening to their troubles, providing a sympathetic ear, and creating the impression that they are the ones who really represent the people.

## **LDP STRATEGIES AND LIMITATIONS UNDER GLOBALIZATION**

The increasing intensity of globalization has created a distinction between political and election campaign strategies, effectively narrowing the range of political options from which politicians are able to choose. Globalization emphasizes the economic unit, which exists in an environment of cutthroat competition. One political strategy takes an optimistic approach and faces globalization head on. Human activity, long organized into units that have represented sovereign nations, is being reorganized at breakneck speed into units at the global level. Resisting this reorganization is an exercise in futility; it cannot be done, given the course of progress in human technology.

It is possible, however, to determine the speed at which the market will globalize, and to know which specific sectors will be primary focal points of globalization. Political strategies will not stem the tide of globalization, and fragmented policy will succeed only in giving one's own side avenues for retreat. Retreat strategies are, however, extremely important politically. They also represent an emotional "social safety net" for the portion of the population most fearful of a changing Japan. Without these strategies, public support tends to hollow out quickly. LDP support could conceivably implode. It is for precisely this reason that election campaigners must embrace and soothe the public, and speak decisively to people's current worries, troubles, dreams, sentiments, dissatisfaction, complaints, and animosities. At the same time, politicians must constantly take action in pursuit of efficiency, profitability, harmony, and transparency in the relentless process of globalization. Without this strategic combination, we cannot expect timely progress on any number of battlefronts. Accordingly, politicians on the campaign trail must not only soothe the public, they must also at times inspire it.

Globalization may bring hardship and challenges. Workers' skill levels (technical and organizational) provide an important tool in increasing efficiency, and corporate entities and other organizations must provide career training. Technological innovation is a significant factor in creating profitability, and more money must be spent on research and development in science and technology. The greater the uncertainty, the more capital must be invested for the future. Rules, regulations—and the ability to enforce them properly—go a long way toward achieving harmony. Harmony is not always created on a whim or through empathy; ensuring harmony by establishing rules and principles in the public at large is important. Just as corporations need a social identity, so do political parties. Self-regulation is an important aspect of transparency. Organizations must make it possible for those outside the group to gain a clear understanding of the scope and method of their activities and objectives. This is equally true for companies, governments, and political parties.

How successful, given an environment of globalization, is the LDP likely to be in implementing these strategies? The party may be limited by three notable factors. First is the significant lack of appropriate leadership. Few people at the grass-



roots level of the LDP are able to take the political risks associated with meeting the demands of the new economy and yet, also display an understanding of public sentiment, attract voters, and soothe people's concerns. Often, LDP politicians are capable of only one part of the equation. Globalization also generates societies based on expertise. The primary goal of every globalization strategy must therefore be to beat the competition through new expertise; to do this, leaders must be capable of executing the assessment-decision-implementation cycle efficiently and effectively.

During the occupation and reconstruction period, as well as during the period of strong economic growth, the LDP adopted a mode of consensus under a style of leadership that invoked trust in the idea that there was no need for fear as long as everyone worked together. The LDP General Affairs Council operated on consensus-driven decision-making that required continued discussions until the last member who opposed a proposal agreed with the rest of the group. This was not a majority vote system. Globalization, however, requires speed, and to address the need for speed, in 2005 the LDP General Affairs Council abandoned the consensus method on the issue of postal privatization. Former Prime Minister Koizumi made this possible because he accepted risk, shouldered responsibility, and had the courage and energy required to achieve his goals. The LDP needs more leaders like Koizumi.

In the face of globalization, the LDP must further work to boost the competence of its members. It is unreasonable to expect every one of the hundreds of Diet members to reach this level. As representatives of the people, Diet members serve a diverse array of constituents, which itself is not problematic. The fact is, of the hundreds of representatives, approximately ten percent leave the impression of a well-rounded politician: effective both politically and in terms of policymaking, with a good sense of style, and capable of competently executing measures that address globalization-related issues.

We have reached the end of an age in which simply serving as intermediaries, giving constituents subsidies, and handing over real responsibility to civil servants is sufficient, as it was during the period of strong economic growth. A public opinion survey taken in 1986 in Mito City, Ibaraki Prefecture, found a relatively high rate of approval for the provision of services—acquisition of subsidies and individual favors—to home districts. In the survey, 14.7 percent of respondents indicated that they had benefited from the former, while 3.8 percent had benefited from the latter. By contrast, the Diet survey conducted prior to the 2003 Upper House election clearly indicated that almost no services were being provided to home districts. In this survey, only 0.09 percent of respondents reported receiving subsidies and only 0.03 percent reported obtaining individual favors.<sup>4</sup>

The third limitation of the LDP, no longer giving real responsibility to civil servants, overlaps somewhat with the second. The LDP has achieved immense success by depending wholeheartedly on the type of bureaucrat whose perception of responsibility is partially rooted in the *samurai* ethos. During the period of strong economic growth, the bureaucrats facili-

tated a structure that provided major support for the activities of politicians. As a group, the bureaucrats compensated for the many elements that politicians lacked—playing the role of the brains behind the curtain—which is why Kasumigaseki (the Tokyo district where many ministry buildings are located) is considered the LDP brain trust. A government cannot, however, afford this type of structure in the era of globalization.

Bureaucrats tend to prefer middle-of-the-road, common sense solutions. While they demonstrate technocratic competence, they rarely have novel and imaginative ideas. Bureaucrats tend to strive for simple honesty within a group-oriented, long-term, legal and regulatory framework, attributes sourced in the samurai bureaucratic traditions of the Tokugawa Period. The question now is: how successful will politicians be in extracting themselves from this tradition? In a period of unpredictable foreign and domestic events, understanding and embracing human emotion and public sentiment becomes of primary importance, conditions under which the samurai system does not translate well. The time is ripe for politicians to take the reins, whether major LDP power brokers like it or not. Ceasing their dependence on bureaucrats for legislation requires a break with conventional wisdom, and politicians *must* become more competent than bureaucrats. Conceptual insights about how to appease globalization forces, use them to advantage, and rebuild the system must be integrated into a package of political measures, then presented to bureaucrats, offered for public discussion, and passed into legislation. This new role for politicians relative to the recent past will become increasingly important in a period of increasing globalization. ■

#### NOTES

1. This paper draws partially from Takashi Inoguchi, "Japanese Politics: A New Interpretation," in Rien Segers, ed. *A New Japan for the Twenty-first Century: An Inside Overview of Current Fundamental Changes* (London: Routledge, forthcoming). For a more historical reading, see Takashi Inoguchi, *Japanese Politics: An Introduction* (Melbourne: Trans Pacific Press, 2005).
2. Richard O'Brien, *Global Financial Integration: The End of Geography* (New York: Council on Foreign Relations Press, 1992).
3. Daron Acemoglu, and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (Cambridge: MIT Press, 2006). Takashi Inoguchi, "Japanese Politics: A New Interpretation," in Rien Segers ed., *A New Japan for the Twenty-first Century: An Inside Overview of Current Fundamental Changes*.
4. Mainichi Shimbun, Tokyo University, Joint Survey Results, July 2003 (unpublished).

**PROFESSOR TAKASHI INOBUCHI** is Emeritus Professor of the University of Tokyo. He is a leading authority on political theory and comparative and Japanese politics. He was Senior Vice-Rector of the United Nations University (UN Assistant Secretary General). He has published widely, writing or editing some seventy books (forty-five in Japanese and twenty-five in English) including *Japanese Politics: An Introduction* (Trans Pacific Press, 2005), *Political Cultures in Asia and Europe: Citizens and Societal Values*, (co-authored with Jean Blondel, Routledge, 2006) and *American Democracy Promotion: Impulses, Strategies, and Impacts*, co-edited with Michael Cox and G. John Ikenberry (Oxford University Press, 2000).