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Japan's election

Lost in transition

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Japan's people are trapped in the past. Their new government must help secure them a future

Reuters

EARLIER this year, when Yukio Hatoyama set out to become Japan's next prime minister, he called his campaign advisers and asked them to scrap one of the party's main catchphrases on the grounds that it was too simplistic. The offending slogan was, in Japanese, *seikatsu dai-ichi*, or (less catchily) "your daily life comes first". They begged him not to drop it.

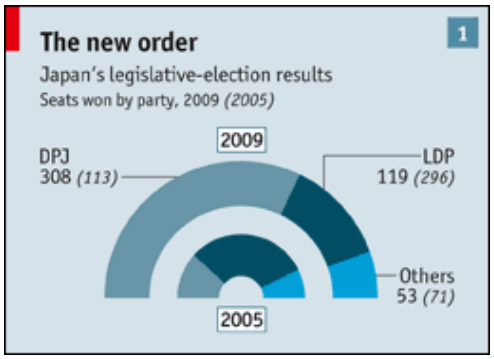
Mariko Fujiwara, of Hakuhodo, the advertising agency advising Mr Hatoyama (pictured above), says the phrase tapped into two of the main concerns gnawing on Japanese voters: their anxiety about their own living standards, and their sense that things around them which they thought "fundamentally Japanese" were falling apart. It was vital, she said, that Mr Hatoyama's Democratic Party of Japan (DPJ) continued to tell voters that it felt their pain. Mr Hatoyama capitulated.

Slogans are two-a-penny in politics. But that one, repeated often in the muggy heat of a gruelling August campaign, goes a long way towards explaining why Japanese voters, whose frustrations have been building up for decades, have finally demolished the crumbling dynasty that has ruled them for the past half-century.

It has taken a long time to screw up the courage. Since Japan's bubble economy burst 20 years ago, the country has suffered economic stagnation, flawed leadership, bureaucratic mismanagement, corruption scandals and stockmarket decline. Throughout it all, except for 11 short months in 1993-94, the Liberal Democratic Party (LDP), in cahoots with big business, bureaucrats and other interests, has clung to power, as

it had since it was first elected in full cold-war regalia in 1955.

No longer. In a brutal verdict, the LDP lost almost two-thirds of the seats it had won in the 480-seat lower house of parliament in 2005 (see chart 1). The DPJ won by a landslide, capturing 308 seats, making it the biggest party in both the upper and lower houses (though it may still need the support of various small coalition parties).



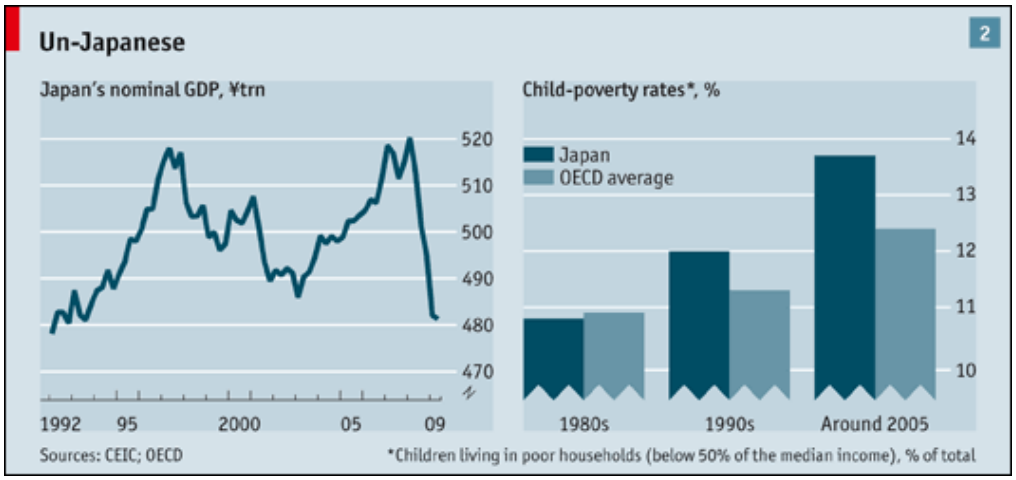
Rage against the machine

Dozens of LDP stalwarts were swept into retirement. A former prime minister and finance minister lost their jobs. Almost half of those voted in for the DPJ were first-time candidates, with an average age of less than 46. Only one-tenth of those elected for the LDP were new to the job.

The election was an act of political protest. "It was as though an anti-LDP fever gripped the nation," says Gerald Curtis, a veteran campaign watcher and professor of political science at Columbia University. The swing against the LDP was even more startling given the scepticism people felt about the untried DPJ, forged from four former parties that spanned the fiscally conservative to the socialist.

Sunday's poll was the culmination of decades of social change, in which the voters have learnt to see through the LDP's patronage and pork-barrel politics. Instead of roads and bridges to nowhere, they want doctors, nurses and economic opportunity. "It's the end of machine politics," Mr Curtis says.

But something deeper may be afoot, too. By some estimates, the economic crisis this year has, in nominal terms, battered growth as much as the Great Kanto Earthquake, which destroyed much of Tokyo and neighbouring Yokohama in 1923. There are signs of what some call "a collective identity crisis" in Japan. Income disparity, growing numbers of impoverished pensioners and child poverty (see chart 2) clash with a view of their society that the Japanese cherish. Likewise, they look outside their borders and see their country being eclipsed by China, which is enjoying just the sort of boom Japan did from the 1950s to the 1980s.



The great question is whether the DPJ, and society at large, have the appetite to face this insecurity and rebuild a nation that can thrive in a globalised world. Too often, the Japanese are tempted to hark back to the past, when their country was strong and its economy secure. Will the DPJ have the courage in the coming years to map out a future for Japan, or will it cling to weary nostalgia?

To witness what has gone wrong, the Japanese need go no farther than their nearest park. Early in the morning amid the mist rising off the ground, they can find slumbering bodies, heads under open umbrellas, shoes arranged neatly at the foot of a sleeping mat. These are Japan's growing army of homeless: young people thrown out of work in the recent slump and unable to pay their rent; and middle-aged men, some of

whom say they cannot bear the shame of bringing their troubles home.

Hamamatsu, a coastal town south-west of Tokyo, has its share of shattered lives. Workers were laid off right down the supply chain almost as soon as home-town outfits like Yamaha and Suzuki saw export orders slump last year. The lay-offs included many Brazilians of Japanese descent, who had flown to Japan because factories needed cheap, part-time labour rather than expensive Japanese workers on full contracts. The jobless Brazilians live with each other if they cannot pay the rent, and the church provides the neediest with food parcels. At a Catholic church recently, they were making soup to share among those, like themselves, eking out the last of their savings. That included homeless Japanese men, who, unlike the Brazilians, cannot face turning to friends or family for shelter.

That unemployed Brazilians are staffing soup kitchens for homeless Japanese is deeply shocking in Japan. It also conflicts sharply with a view of the country held by some Westerners that, despite 20 years of economic stagnation, the Japanese soldier on largely unaffected by the crisis, and have no appetite to reform their economy and society.

Many Japanese do indeed remain proud of the country's economic achievements from the late 1950s onwards, when memories of the crushing poverty and hyperinflation of the immediate post-war years were receding, Japan, under the then youthful, tenacious LDP, embarked on an "income-doubling plan" that was spectacularly successful. The savings rate shot up, providing a pool of money for investment. Consumers made "sacred regalia" of the three essential tools of modern life: the television, washing machine and fridge. Workers made lifelong allegiances to fast-growing start-ups with names like Honda and Sony, and often lived in homes cheaply provided at the company's expense. Since then, the country has clung to the belief that society has become so universally middle-class that class itself has almost become meaningless.

Yet after the boom years of the 1980s degenerated into the lost decade of the 1990s, increasing income inequality, unemployment and social dislocation have begun to tarnish that alluring image. The slump that began late last year has sharply exacerbated the problem, pushing the unemployment rate to 5.7%—low by international standards but a record in Japan. The first to be thrown out of work, as the Brazilians in Hamamatsu attest, are those doing irregular and part-time jobs and earning up to 40% less than those on full contracts. Until the crash, their numbers had steadily climbed, from 16.4% in 1985 to 33.7% in 2007. This has swollen the ranks of an insecure economic underclass.

According to Sawako Shirahase, a sociologist at the University of Tokyo, young Japanese—and especially women—are suffering most. No recent figures capture the effect of the latest slump, but before it started, more than half the female labour force was employed as non-regular workers. Half of the elderly women who live alone have annual income below the ¥2m-a-year ($21,500) poverty line. Even the marriage rate has fallen—65% of women in their 20s are single. Partly, Ms Shirahase says, that is because they cannot find young men with good enough prospects to start a family.

This creates what some disparagingly call "a winners and losers society". Income disparity can breed a healthy sense of competition. But in a highly regulated economy such as Japan, which does not have free competition and lacks equality of opportunity, inequality can also be hard to escape.

The old guard

For those at the bottom of the income scale, there had always been a last hope: the LDP. For much of its tenure, it could be counted on to provide public-works projects when employment faltered, or to underpin prices for farmers. Those politicians who could persuade the powerful national bureaucrats to dish out the pork in their electoral districts were often treated as local heroes.

But even that has worn thin. Just over a week before the election, farmers in Sekigahara, in central Japan, had every reason to thank the ruling party. They received a brand-new ¥6m rice harvester, with the prefecture's name printed on the side. But all of them are old men, some in their 80s, whose toil is made all the harder because their children long ago left for the brighter lights of the city. Several spoke yearningly of the DPJ's farm policies.

The ability to provide support, whether that meant a feeling of middle-class prosperity or a handout in the nick of time, kept people voting for the LDP time and again. Even so voters began to lose faith in the kind of

society such policies had created, says Jeff Kingston, head of Asian studies at Temple University in Tokyo. “A lot of stuff is coming out that tarnishes the image of the LDP and holds up a mirror to the country. People are asking ‘Is this the kind of society we want?’ The answer is no.”

The same may be true when the Japanese look overseas. For much of their history, they have taken comfort from shutting out the world. But that is no longer possible because of globalisation, the geopolitical importance of their neighbourhood, and the likelihood that they may need to bring in more foreign workers as their population shrinks. Japan will soon surrender its position as the world’s second-largest economy to China; its large exporters are looking for salvation to Chinese demand, not American consumers.

AP

Land of the rising sunflower

Japan will struggle to accommodate the outside world. As borders blur, it has benefited through exports, but its own boundaries remain sacred. In the campaign the DPJ was forced to abandon its plan to start free-trade talks with America, after lobbying from farmers. “Made in Japan” remains a potent symbol to consumers and producers alike; one farming official in central Japan could put precise numbers on the home-grown content of a traditional Japanese breakfast, including rice and seaweed, compared with a Western one with buns and milk: 64% to 15%. But, sadly for him, the Western breakfast is rising in popularity.

The Japanese have so many reasons to resent the LDP that you might think voting it out of office would be cathartic. But on Sunday night horns did not honk and crowds did not gather. Even the DPJ disappointed television crews when it told them that it was not hosting a victory party. (If crowds had gathered they would have been rained on anyway: a passing typhoon drenched Tokyo.) The Topix share index was almost as flat as the mood around town.

That may have partly been because voters have mixed feelings about the DPJ. In opinion polls before the vote, there was as much scepticism about its policy manifesto as there was about the LDP’s. But lethargy also infects politics in general. Ask economists, sociologists or businessmen what the government should reform and you are often met with a baleful shrug. Ichiro Shiraki, a successful businessman who employs scores of elderly women in central Japan to wrap seaweed around his company’s rice crackers, can see the consequences of ageing all around him. But ask him what the government should do to help and he appears flummoxed. “That’s the politicians’ job, not mine,” he says.

Who’s the boss

Such diffidence dates back a long time. As Ms Fujiwara, the advertising executive, puts it, until recently the Japanese held industry, not government, responsible for looking after people; firms provided job security, income and benefits; the government’s task was to make sure they stayed in business. “People knew instinctively that as long as the economy took care of them, ideology was something they didn’t need to debate,” she says.

This has created citizens who vote, but who have little interest in what politicians actually do with power. Masaru Tamamoto, a social commentator, laments the lack of ideological debate among the voting public, and among political parties, too. It is hard to change. He notes that Japan has never had a people’s revolution; big changes in history, such as the Meiji restoration of 1868, were top-down affairs led by disgruntled members of

the samurai elite. When hard-left protest groups emerged in the 1960s, they were quickly suppressed because of Japan's cold-war relations with the West. The country has also long been immensely proud of its bureaucrats—they, too, date back to the samurai who sheathed their swords and became pen pushers from the 1600s onwards. Until recent scandals over their handling of the pensions system, people tended to defer to them to steer the country correctly.

Such a disengaged voting public carries risks for Japan's future. Mr Curtis, of Columbia University, notes that neither the DPJ nor the LDP enjoys a core group of supporters. That helps explain why voters are so fickle. "If all Japanese politics becomes is a swing from one party to another, you have a situation in which Japan will be in irreversible decline," he says.

So will the DPJ be able to excite voters enough to convince them of the need for change? On the campaign trail, the party looked narrow in its ambitions, preferring chequebook politics to radical policies. It promised child subsidies, free secondary schools and guaranteed minimum pensions—though often without explaining clearly how it would pay for them. Mr Curtis, however, says he expects actual handouts in the first year to be a lot less than the headline figures promised. He thinks the DPJ's leaders are fiscally more hawkish than the manifesto suggested.

Perhaps the DPJ will be bolder with a second area of policy. The party wants to break the bureaucrats' control over the nation's purse strings by creating a strategy bureau, close to the prime minister's office, to draw up the budget. The bureaucracy is, indeed, in need of reform. Its departments often operate in bunker-like isolation. Problems that range across ministries are therefore rarely solved. The worry is that Mr Hatoyama's government lacks administrative experience; it has only a handful of people who have previously held cabinet office. It cannot afford to alienate its ministries too quickly, not least because it needs their help to implement policy and to pull Japan out of its slump.

Thirdly, the party has pledged over the longer term to reduce the economy's reliance on export industries, which were closely affiliated with the LDP, by spurring domestic demand. This is a worthy goal that the LDP repeatedly failed to achieve. "The whole emphasis on tax policy has been to offer breaks to companies on investment, while the household sector has had mild tax hikes," says Peter Tasker of Arcus Research, a Tokyo-based consultancy. The DPJ has not fully spelt out how it plans to make the shift, however (see article).

Japan's recent experience of bold economic reform ended badly. One of the most lambasted figures in the election was Junichiro Koizumi, the lion-haired, pro-American who led Japan from 2001 to 2006. He won a landslide victory for the LDP in 2005 promising to privatise the postal service, and made some headway in freeing up the labour market. But the crisis has damaged his legacy. He had told voters that without pain there would be no gain. The way the DPJ portrayed his tenure on the campaign trail, there was plenty of pain but no gain.

Out of the wreckage

However, Mr Koizumi's legacy has not stopped reform-minded politicians in the regions. One of those, until he recently stepped down, was Hiroshi Nakada, mayor of Yokohama, the city adjoining Tokyo, who cut a dashing figure sitting in the foyer of the mayor's office, offering full disclosure of government accounts to his constituents. His approval ratings remained high to the end, even though he cut the city budget. But he, too, worries about his countrymen: "People are confused. Japan has lost a sense of identity."

It is easy to dismiss Japan after so many disappointments—to forget that it still has high savings, low crime, high-tech industries and creative flair. The wonder of Japan is that it sometimes meanders for years, decades, even centuries, and then erupts into a burst of creativity and reinvention. This may be one such moment, when the toppling of a political monolith unleashes hidden depths of civic action. But that will happen only if the DPJ grows bold enough to lead the way.