Reasons for the fall of the LDP

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Introduction

The Liberal Democratic Party (LDP) was formed on 15 November 1955. From that time to the present day the LDP has dominated the Japanese political scene, holding power throughout except for a brief period of one year from 1993 to 1994 when opposition parties managed to form a coalition and end the LDP's monopoly of power. The coalition was unable to hold together, although long enough to pass legislation which made changes to the election system, in particular, aimed at ending the way parties received funding from outside interests. The final legislation passed did not go far enough but did make the significant change of introducing single-seat constituencies as a part of that process.

In 1994 the LDP came back to power in the most unlikely of coalitions, together with their main ideological rivals over the decades, the Japan Socialist Party, now renamed the Social Democratic Party, and Sakigake, a splinter group of dissident LDP politicians. In this unlikeliest of coalitions, Tomiichi Murayama, the SDP leader, became Prime Minister. After Murayama stepped down in January 1996, Ryutaro Hashimoto took over as Prime Minister in the coalition. The comeback of the LDP was all but complete after the election results of 1996. Since then the LDP has remained in power but has been unable to solve the country's economic ills and is continuously dogged by scandals within the party and bureaucracy.

Currently Koizumi, rather than the LDP, is extremely popular with the public because of his promises to push through critical reforms. Expectations among the public are high that Koizumi is the man for the job. Should he fail to deliver at least some of his promises, it could have serious repercussions for the future electability of the LDP.

In this paper I will examine the main events since 1955 and reasons which contributed to the loss of power in 1993.

1955 to the 1970s

On 15 November 1955, the Liberal Democratic Party came into existence as a direct response to the threat the Socialist Party posed at the time.

The pre-war ruling elite gave them all the financial backing necessary to guarantee power, but the conservatives learnt to become better organised at grass roots level, in particular, organisation in the rural areas, which was the key to holding power, through the establishment of *koenkai* and pork-barrel politics to gain support. The Socialists, on the other hand, did not have the same level of financial backing afforded the LDP, most of its support was union based which meant urban areas, and they had difficulty holding the party together because of ideological differences. Their refusal to change their antipathy towards the Japan-US military alliance as well as their support for the Soviet/ East European form of socialism with the coming of the Korean War and the general move towards a bi-polar world made the Socialists increasingly unappealing to the electorate in the 1960s. In addition, the LDP had all the means at its disposal including bribery, ballot-rigging, gerrymandering and coersion as well as successful economic policies to persuade the electorate to vote for them. Besides, the electorate had only ever experienced a police state or military occupation, had seen how the brief liberalisation period had been taken away from them by the very forces that had introduced it in the first place, were faced with the realisation that the pre-war ruling elite was still in charge, and were too busy trying to survive.

The 'developmental state' economic policies initiated by the bureaucracy under MITI and the Finance Ministry which was adopted by the top-heavy ex-bureaucratic LDP proved to be spectacularly successful. The decade of the 1960s saw the LDP move away from a state of 'potential' ruling party to a party destined to rule 'in perpetuity', or so it appeared.

The real struggle for power in the political system was among the LDP itself, among the five to seven factions which made up the party. In 1972, Kakuei Tanaka became Prime Minister. This was a milestone in the history of the LDP. For the first time someone outside the bureaucratic or university elites had become Prime Minister. He had a limited high school education and came from the rural backwater of Niigata. He took pork-barrel politics to a new level; his Niigata constituency stood by

him even through the worst moments of the Lockheed scandal because he was one of their own and looked after them. They received the largest benefits of any prefecture. 'For every yen in taxes sent to Tokyo, they received three in return'.[1] He outmanoeuvered the main opposition to him in the LDP, Takeo Fukuda, and infiltrated key ministries with his own people, setting up systems of 'zoku' to influence decision making. He did not invent corruption within the political system, he perfected it. Through the system of 'favours for money' he was able to build up the most powerful faction within the LDP. The size and dominance of his faction upset the relative balance within the party itself creating the potential for greater schisms in the future. Tanaka became the greatest exponent of 'the power behind the scenes', until he lost control of his own faction in 1986. His pupils learnt from the master and learnt to use the system in the same way.

When the Lockheed scandal broke in 1976 it damaged the LDP considerably. There was the first split, as disaffected party members left to form the New Liberal Club. Corruption among politicians was well known but the scale of the money involved and at the very top of the political and business worlds as well as involvement of the underworld left an indelible mark on the public at large. To make matters worse, there was no sense of wrong-doing, Tanaka showed no remorse and continued to serve as a member for Niigata into the 1980s. The LDP showed itself to be arrogant and to have total disregard for public opinion. The LDP was sowing the seeds of its own downfall.

The 1980s to the Bubble Crisis

As long as the economy was performing well, the public tended to look the other way but Japan had moved on, it was no longer a 'developmental state' by the end of the 60s, it was a fully-industrialised nation and a major exporter. Economic GNP growth had slowed from ten per cent annually to half, especially after the first oil crisis. Japan was becoming the 'nail that sticks out' economically but the LDP, because of its dependence on special interest groups like the farmers and certain business sectors for support, failed to initiate a change of direction continuing the same policies of a

[1] Louis D.Hayes, *Introduction to Japanese Politics*, (second edition, New York: Paragon, 1995), chapter 5, p. 108.

'developmental state' long after the policies had outgrown their usefulness to the point where they were becoming counter-productive. Later, when Japan needed to change direction, the system was unable or unwilling to respond quickly.

The 1980s was another economic boom period, reaching its zenith at the end of 1989, but it was a 'boom-bust' expansion. The Finance Ministry pushed the Bank of Japan to lower interest rates and to make loans freely available. The result was too much money in the economy resulting in wild speculation both at home and abroad. When the government finally acted in 1989 the economic bubble burst, causing many speculators to lose their assets.

The 1980s also saw pressure grow on Japan to open up its markets to outside competition, the Plaza Accord of 1985, resulted in the rapid appreciation of the yen. To remain competitive Japanese companies had to move their production abroad causing a certain amount of 'hollowing out' of industry in Japan. There was a schism developing between these successful companies and the inefficient, protected domestic producers. The successful companies were feeling more and more handicapped by Japan's protectionist barriers and the negative impact it was having on business abroad as countries began to take retaliatory measures. These companies and their workforce were becoming multi-national. The big byword for Japan was '*kokusaika*', internationalisation, and in some areas that is precisely what was occurring. The public was becoming sophisticated including awareness that as an advanced industrial nation their political system was an embarrassment.

After the relatively popular regime of Yasuhiro Nakasone, the Prime Ministership passed to Noboru Takeshita in 1987. He had broken with Tanaka and taken most of the faction with him. He was very much identified as a product of the Tanaka school of politics. His introduction of the indirect sales tax (shouhizei) was not popular, not when there was a growing perception of the 'haves' and 'have nots' as land assets rose spectacularly on the stock market. He also alienated the farming vote when under international pressure he allowed beef and oranges to be imported into Japan.

To make matters worse for Takeshita, another major scandal, the Recruit 'shares for favours' scandal was exposed by the media in 1988. It was the worst scandal since the Lockheed case and again the Tanaka faction was involved. Takeshita resigned in April 1989, along with many of the top leadership in the LDP. The scandal did not only affect the LDP, members of other parties, including the Socialists, were also

involved. For the first time top officials of the bureaucracy in the Ministries of Education and Labour were also implicated. Takeshita's successor, Sosuke Uno, was almost immediately engulfed in a sex scandal. Normally these kinds of matters are ignored by the Japanese press but when it was published in a scandal magazine and then given prominence in a leading US paper, the Japanese press had no option but to publish the story. It further undermined the reputation of the LDP and showed how the electorate was becoming less tolerant of their politicians. The scandal was exploited, in particular, by the new leader of the Socialist Party, Takako Doi, who appealed to the female vote to show their disapproval in the Upper House elections held in July 1989.

Many analysts of the period tend to underestimate the impact Takako Doi had on the downfall of the LDP in 1993. Her election as party leader in 1986 as the first woman of any party galvanised the public, especially women voters, into taking a greater interest in politics. She also helped to steer the Socialist Party away from its unelectable dogma by replacing the Soviet/East European socialist model with the 'social democratic' model of Western European countries, and later ending hostility to the US − Japan Security Treaty. She showed herself to be a very capable performer in Parliament and changed perceptions about the Socialist Party as unelectable among the general public.

In the summer election for the Upper House, the LDP lost control for the first time in its history. It still had the most seats but could no longer rely on the smooth passage of legislation. Not only was it a shock for the LDP, it also made the opposition parties aware that the LDP was vulnerable in the polls.

1989 was a special year in many other ways, the world was changing, the Soviet communist system was collapsing. Japan was changing, not just in politics, it was also the end of an era with the death of Emperor Hirohito.

From the bubble to 1994

The LDP reacted to their reversal in the polls by replacing Uno with a 'clean' politician. Unfortunately all the top leadership was tainted by Recruit so they had to turn to a secondary-level politician, Toshiki Kaifu. Kaifu gave credibility back to the LDP and helped steer them through the 1990 Lower House election successfully.

During his tenure Japan came in for severe international criticism for not giving military support to the Allies during the Gulf War even though substantial monetary aid was provided. The issue was debated ad nauseum in the Diet and by the time the Constitution was revised to allow peacekeeping troops abroad in 1992, the war had already been won. Although a sensitive issue among the Japanese public, it also demonstrated the inability of the political system to act decisively in time of need because of internal party politics.

Kaifu tried to push through his own anti-corruption electoral reform plans with the help of Ichiro Ozawa, a Tanaka protégé, who was central to the electoral demise of the LDP in 1993. Ozawa's motives for reform have been questioned because of his background and his potential involvement in corruption especially the Sagawa Kyubin scandal.[1] He undoubtedly saw his opportunity to gain power by capturing the mood of the nation for reform but he may also have felt the genuine need for reform, in particular, a desire to create single-seat constituencies leading to the creation of two viable (conservative) parties alternating in power. The reform plans failed because of strong resistance not only within the LDP but within other parties against the perceived threat to vested interests, especially the proposals to limit and make funding of party and individual candidates more transparent. Kaifu did not have the factional strength to succeed.

The failure to move on electoral reform divided the LDP into two main camps, those who supported reform and those against.

Kaifu was replaced by Kiichi Miyazawa in October 1991. This was another significant turning point in LDP fortunes leading to their downfall in 1993. Kaifu was genuinely popular among the electorate because he was seen as an honest politician, his replacement with one of the 'old guard' who had been tainted by the Recruit scandal signalled a return to the politics of old. The LDP was seen as 'out of touch' with an electorate increasingly urbanised, looking after self-interests and the interests of its main supporters, big business and farmers (less than five percent of the population in 1989), and not the welfare of the country as a whole, and in a period of recession such as Japan had never experienced since the war.

Not long after Miyazawa was in power, yet another major corruption scandal

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[1] Chalmers Johnson, *Japan: Who governs?* (New York: W. W. Norton, 1995), pp. 291-231.

erupted - the Sagawa Kyubin scandal implicating Shin Kanemaru, the LDP Deputy Prime Minister. Kanemaru was indicted and was made to pay a derisory fine of ¥200,000 after accepting millions in bribes. Takeshita, like his former boss, Tanaka, pulling the strings in the background, was himself caught up in another scandal involving the Japanese 'yakuza'. Both these scandals shook the party to the core. Kanemaru finally resigned his post and that of factional leader of the Takeshita faction. Ozawa together with Tsutomu Hata split the Takeshita faction by setting up a breakaway group known as Reform Forum 21, while the rest of the faction stayed loyal to the new faction leader, Keizo Obuchi.

Miyazawa put forward his own election reform proposals based on 'first past the post' single-seat constituencies while the opposition parties proposed election reform based on proportional representation. When the parties failed to reach agreement, Miyazawa shelved the proposals which resulted in a no-confidence vote in the Diet against his government by the opposition. The vote went against him when the Ozawa/Hata faction voted with the opposition. Miyazawa had no choice but to dissolve Parliament and call a general election for 18 July 1993. Prior to the election, not only the Ozawa/Hata group left to form the Shinseito (Japan Renewal) Party but another group of disaffected LDP members formed the Sakigake Party.

The scandals, rift in the party, and poor economic conditions resulted in a dramatic election result and a record low turnout of sixty per cent demonstrating the general disillusionment with the whole political process. The LDP still had the highest number of seats but not enough for a majority. Even then the LDP showed complacency expecting to hold onto power in coalition with a minority party. They were wrong. Ozawa showed his skills as a politician by uniting the opposition parties under the Premiership of Morihiro Hosokawa, a former LDP politician who early in 1992 had formed the Nihon Shinto (Japan New) Party. On 9 August 1993 the new coalition government took power, the LDP domination of Japanese politics had finally been broken.

Conclusion

Historically Japan's development as a nation state has been very different from the Western experience. It emerged into the world after 250 years of isolationism, a feudal

state with an authoritarian form of government. It replaced the feudal state system with a democratic model taken from the West but did not become a democracy by Western standards. It remained in essence an authoritarian state. The political system created was conservative and nationalistic, which developed into a military and police state in the first half of the twentieth century. Corruption in politics was established early on in the system.

The Occupation Forces took over the country with the intention of replacing the authoritarian system with a democratic one based on a mix of the British and American models. The moves towards real democracy were reversed by the Occupation forces as the Cold War developed in the late 1940s and the Americans became alarmed at the rise of radical left politics, fearing that the country would fall under the Communist sphere. As a result, although a new constitution was introduced which altered certain aspects of the system, the reforms did not go far enough and the pre-war elites and the authoritarian system survived almost intact. The LDP not only represented conservative interests and the elites, it was made up of them, so the LDP was able to establish itself as the party of power with the support of top business, the bureaucracy and control of the media.

Japan has been no different from other developing countries where pork-barrel politics and corruption tend to be the norm, but as Japan moved away from being a developing industrial state to an advanced industrialised one with an economy second only to the USA, the political party which had helped to create the new Japan failed to change. Not only did it fail to change itself, it failed to change the economic direction of the country. It failed because it did not see the need for change and because it was only one part of the “system”, not the sole power to make those changes. But change was going on in society, as Japan became richer and more integrated into the world of advanced industrialised nations, forces within the system, particularly business, and a more educated and enlightened population as a whole, were demanding both political and economic reform and becoming increasingly disillusioned and intolerant of the corruption, not only in politics, but throughout the system.

In any Western democracy, a party so corrupt and out of touch with mainstream thinking would have been voted out of office and remained in opposition until it reformed itself and its policies. Except for very brief periods, the LDP has been the

party of government. The opposition has not had access to the same resources to make a serious challenge to LDP hegemony, but it has also proved itself to be divided and, on the whole, ineffective and not a viable alternative to the LDP.

The public in general is growing disillusioned with the political system and the LDP in particular as it fails to solve the country's economic woes and the continuing corruption within the system. This is reflected in the low election turnouts. The LDP has not reformed but it holds on to power because of an electoral system which gives it a distinct advantage. It survives because there appears to be no viable alternative and it seems to have the knack of 'pulling new rabbits out of the hat', the latest being Koizumi.

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