Reshaping of Japanese Politics and the Question of Democracy

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Japan’s need for economic and political reform has been recognized but the means to achieve this has not. In this article, J.A.A. Stockwin, professor of Modern Japanese Studies at the Nissan Institute of Japanese Studies, University of Oxford, considers this question by examining the meaning of democracy then applying the theory to the specific case of Japan. He explains that although not identical to a democracy in a Western sense, Japan’s system of government is genuinely democratic. Stockwin argues that Japan is now at a crossroads in her history, but before pressing for reform an understanding of the complexity of the Japanese system is necessary. He concludes that a radical restructuring of Japan’s political party system towards a bipolar set of party arrangements is necessary but questions whether Prime Minister Junichirō Koizumi is up to the task.

The reshaping of Japanese politics involves deeper questions than making significant adjustments to political institutions. Many commentators agree that Japan is at a crossroads in her history. Some see the present stage as comparable with the decades of radical reform following the Meiji Restoration of 1868, or the decade and a half of revival and structural innovation that took place—the first seven years of it under American tutelage—after the defeat in 1945. These were heroic periods in Japanese history.

When we look back at previous periods of reform, our views of them are formed by the fact that the shape and consequences of these reforms are known. Historians have picked over the details of what actually happened, they have read many diaries and letters of those principally involved, have gained insights into the mind-sets of decision-makers, and have weighed meticulously the conflicting forces that helped fashion the patterns of events. What historians and the rest of us can only speculate, however, is what might have happened had events at certain junctures taken a different turn. How might Japan now look, for instance, if the Popular Rights Movement had prevailed over the conservative leadership from the 1880s, or if the Japan Socialist Party had come to power in the 1950s and managed to stay in power long enough to place an indelible stamp on political and economic change. In the latter case, at least, such an outcome was far from a fanciful dream. The formation of the Liberal Democratic Party (LDP) in 1955 was largely prompted by the fear of...
a Socialist Government on the part of major business interests and conservative politicians (who normally enjoyed fighting each other). This was a real threat that, in the view of much of the business world, needed to be combated.

The dilemma facing those seeking to analyze political and economic developments is virtually the opposite of that facing historians. We can speculate about future changes, but we do not know what their outcomes will be. If past futures are known, present futures remain indeterminate. On the other hand, possibilities of radically different outcomes remain open. Japan might reform her institutions and practices in such a way as to move more or less entirely to a model based on American-style free market capitalism, unconstrained firing and hiring of labor (and indeed management), radical deregulation of the economy and shrinking of state involvement in the lives of its citizens. In competing for the votes of the electorate, politicians might abandon their emphasis on clientele-like appeals, in favor of policy-based persuasion. Dominance by a single party in a multiparty system might give way to fairly regular alternation in power between two major competing parties.

On the other hand, it is also possible to envisage a scenario in which the principles of economic management that were so effective in the high growth period are modernized and adapted to new circumstances. Thus, once again (as was the case before 1990) a “Japanese model” of political economy would be noticed internationally and taught about reverentially in MBA courses around the world. The controversy that has raged over the first post-Cold War decade between those who see the world converging on a single model, and those who envisage a clash of radically different models, has not yet been resolved. Thus, the choices to be made in Japan will also influence the outcome of this intellectual dispute.

**Analyzing the Japanese political system**

Recently, two brilliant and provocative arguments which bear crucially on these issues in relation to Japan have been put forward.

Ronald Dore, under the intriguing title “How long can the Japanese stay Japanese?” made a crucial distinction between “relational” and “contract-based” transactions. Whereas American-style free-market capitalism is based largely on contract and free competition, Japanese state-regulated capitalism is based on the kinds of transaction that are rooted in close linkages, often of a personal nature. He gave the example of *dango*, often translated scathingly into English as “rigged bidding,” whereby companies are allowed to bid for contracts, usually construction, on the basis of relationships that have been established with the authorities concerned over a considerable period. In *dango* situations there is no real competition. Dore pointed out that the resultant “relational” contracts had the advantage of saving much time otherwise spent in the writing of competitive bids, while the efficiency of operations would be ensured by the knowledge accumulated over time about the efficiency of the companies concerned.
Jean-Marie Bouissou of the Centre d’Etudes et de Recherches Internationales (CERI) in Paris, compared the political systems of Japan and Italy, based on work he had done with the Italian political scientist Paolo Pombeni. They are, of course, not the only scholars to notice a remarkable parallelism between the politico-economic development of those two countries. In their formulation, the political economies of Italy and Japan have been based on “redistributive regulated party rule,” whereby a dominant party has presided over a system of sharing the fruits of economic growth among what they call “historically closed sectors” of society, as well as among the various political parties themselves.

Both Dore and Bouissou recognize that the system they describe is undergoing change, although the latter is perhaps more positive about this change than is Dore, but even Bouissou, concludes:

The political future of Italy and Japan depend on the manner in which [certain] problems are resolved. But I would not like to finish this lecture without rendering homage to Redistributive Regulated Party Rule. In the two countries, the balance of judgement about the period in which this system has prevailed is extremely positive, both for its contribution to economic growth and in its ability to share out benefits, thus for social cohesion.

The complex and sophisticated arguments that these scholars have put forward have been oversimplified here, but the main point is that the task of reshaping Japanese politics requires both empirical and normative analysis. Empirical political scientists tend to concentrate on the analysis of the factors conducive to reform, as well as those factors tending to obstruct reform. Much effort is expended, for instance, in trying to work out whether the 1994 change of the Lower House electoral system is leading towards a new political system, or has been adapted rather to the needs of the old system. These are necessary exercises, but there is an additional set of normative questions that need to be asked. Simply put, these boil down to the one salient question of whether, if a new system is to emerge, it will be better or worse than the old system. Too few commentators are giving this crucial question the attention it deserves.

That question is surely the crucial issue we should be addressing. For many years the Japanese, with their particular blend of regulation, redistribution, and relational transactions, were widely regarded as having discovered the secret of economic success. Today, that same system is seen (often by the same commentators) as the prime obstacle to recovery. We need to venture beyond the fickle fields of ideological fashion to discover what is going on.

In this article, this question is approached not from a general perspective, but from the particular perspective of democracy and democratic ideas. What is now termed “democracy” is perhaps the most powerful integrated set of political ideas to emerge in the world over the past 150 to 200 years. It was the fruit, in large part, of the industrial revolution in Western Europe and North America. Democratic
ideas have stood the test of time because they represent a deeply creative approach to the problems of running a modern state, and of incorporating its citizens as fully as possible within that process.

Japan is normally, and correctly, categorized as having a democratic political system. That system is not, of course, identical to those we may find in Europe or North America (and there are various different kinds of democratic system in those regions). The history, culture and religious background of Japan obviously have their own characteristics. Focus on cultural specificity, and on the idea that democracy was a “Western invention,” led in the 1990s to the concept of an “Asian Model of Democracy,” different from, and in the eyes of its inventors superior to, what is described collectively as “Western democracy.” The “Asian Model of Democracy” originates from Southeast Asia rather than Northeast Asia, though to some extent its counterparts may be found in Japan. In reality, this culturalist concoction, in most of its manifestations, is much more a recipe for soft (or even hard) authoritarianism than an attempt to create a “democracy with an Asian face.”

This particular hare will not be pursued any further at this point.

Japanese democracy and the problem of reform

The rest of this article will explore how systemic reform of the Japanese political economy is likely to affect the character of democracy in Japan. Not surprisingly, the bulk of those whose job it is to observe and comment on the Japanese political scene, give their primary attention to the effect of political reform on the health or otherwise of the economy. Current projections of economic stagnation and even decline lends great urgency to this concern. Even so, it is far from plain whether reforms designed to increase the effective capacity of central leadership will necessarily have a beneficial effect on the quality of economic policy. If previous policies of attempting to stimulate economic growth by government spending on public works have not worked, the consequences for the government of trying to cut back on government spending at a time of gathering recession are also problematic. From an economic point of view, measures of structural reform may be necessary, but are unlikely to work in the short term.

The relationship between system reform and democracy in Japan at present, has complex issues which need to be understood. To understand the implications for democracy of reforms that have been attempted since the 1990s, first, an examination of the meaning of “democracy” is necessary.

The meaning of democracy

Not all political theorists entirely agree on the meaning of democracy, but there may be some agreement that for a modern functioning democracy the following six elements are central:
1. **Accountability of the rulers to the ruled**

This is perhaps the central idea of democracy. Except in groups consisting of a handful of people, it is not practicable to have every decision referred back to the electorate. To overcome this problem, systems of representative democracy were devised, whereby representatives indeed represent their constituents, but are given a great deal of independent initiative. In addition, the device of the political party ensures the degree of organization and discipline necessary to aggregate policies into a policy platform.

For accountability, tolerance of opposition groups and divergent views is essential. Without it, what is billed as accountability will be little more than reporting to a group of yes-men. Tolerance of opposition is inherent in that essential feature of any democracy, free and fair elections. Without elections, there can scarcely be democracy.

It is rather less clear whether parties should alternate in power. Taking the example of Japan, I do not personally believe that the fact that the Liberal Democratic Party has been in power, with one nine-month interruption, for over 46 years, in itself means that Japan is not a democracy. The electorate, after all, has chosen that this should be so, through electoral systems that are free and moderately fair. Nevertheless, there are problems with one party being in power for a very long time, most notably the difficulty of admitting past mistakes or embarking in a radical new direction (on the other hand, it may be argued that it brings stability). In the case of Japan, however, there is also a broader related question, that of the patronage dispensed by a ruling party, and the creation of vested interests, which is discussed later in further detail.

2. **Freedom of expression and other related freedoms**

Since democracy is an idea based on the right of the people to participate in politics, an essential condition for democracy to flourish is that there should be a free flow of ideas. In the contemporary world, this means in great part, freedom for the mass media. Media freedoms in practice may be threatened by government control or suppression. They also may be adversely affected by commercial considerations, and by excessive concentration of media organs in the same hands. The latter, rather than the former, tends to be a problem in the democratic societies with which we are most familiar. Also, media freedoms may be threatened by their abuse on the part of media organs themselves. Sensationalist distortion of the news is an issue widely recognized in the United Kingdom. The answer is disclosure of abuses, rather than attempts at suppression.

In the case of the Japanese media, the phenomenon of the “press club” is frequently identified as a serious constraint on the free flow of information and ideas. Press clubs are rather exclusive associations of journalists from the major newspapers, and they may be seen as “processing” the news gathered from journalists assigned on a rather long-term basis to particular politicians, parties, factions,
government ministries, economic organizations and so on. There are two potential problems with this system. One is that journalists assigned to a particular politician (for instance) may become too close to him (or her), and start to act in the role of advocate, rather than of objective observer. The other is that press clubs tend to exclude journalists from non-approved media organizations. You need a ticket for entry, as it were. Indeed, there is something in common with dango, mentioned above. In both cases the system serves to restrict free competition. In Dore’s terminology, this is a “relational” arrangement, but how far it impedes the accurate dissemination of news is controversial.

3. **Wide legitimacy accorded to the system**
   If the legitimacy of a system of government is withheld by substantial sections of the community, then both democratic government and good government are likely to be problematic. This may happen (though it does not necessarily happen) when a state is seriously fissured along linguistic, ethnic or religious lines (curiously enough class divisions have tended to be rather easier to manage in recent times). The principle of a free political market may not work particularly well in such divided societies, so that it may be necessary to devise systems of “guaranteed shares” to the different constituent communities, in extreme cases, along the lines of “consociational democracy” described by the Dutch political scientist Arend Lijphart.  

   Japan largely lacks such divisions. The celebrated “homogeneity” of the Japanese people is often exaggerated (some leading politicians have even denied the existence of minorities altogether), but those actually denying the legitimacy of the system have in recent years (but not in the 1950s) been politically weak and easily marginalized. The various “Red Army” factions of the 1970s were literally forced out of the country and into the Middle East, though conservative governments have been notably less ruthless against political violence from the far right. It is interesting, nevertheless, that even without the pressures from a seriously divided society, successive Japanese governments have practiced what Bouissou and Pombeni call “redistribution by guaranteed shares.”

4. **Rule of law and acceptance of the legal system**
   Societies where the rule of law has broken down are rarely democracies in any real sense. Acceptance of a legal system requires its broad freedom from political control and perceived impartiality. In Japan, these conditions are more or less fulfilled, but comparatively low predisposition to litigation tends to be reinforced by the slowness of legal procedures and an official reluctance to do anything that might lead to an overly litigious atmosphere among the Japanese people.

5. **An open, active and non-submissive political culture**
   However democratic political institutions may be in their form, the practice of
democracy requires a political culture that is as far as possible open, active and non-submissive. Even though there may be no institutional or legal obstacles for citizens to participate in the political process, including participation by criticizing official policy, without the will—or cultural predisposition—to do so, democracy is unlikely to be deep-rooted.

The behavior of the Japanese electorate in recent years gives mixed signals about how democratic the political culture really is. There have been comparatively high—though recently declining—turnout rates at elections. (Such a decline is not confined to Japan, but may be observed in Western countries, such as the UK. Japanese turnout rates remain higher than those in US elections). Other indicators, however, are not so reassuring. Membership in political parties is generally low, with the exception of two relatively small parties, the Kōmeitō (based on the Sōka Gakkai sect of Buddhism) and the Nihon Kyōsantō (Japan Communist Party), both of which enjoy large and committed membership. The dominant LDP has a very large membership on paper, but this includes many “phantom members.” In recent years a vigorous civic culture has been emerging, particularly among women concerned with local social issues, but as Robin LeBlanc in her book *Bicycle Citizens* shows, those involved in it generally steer clear of established political institutions, such as political parties, and make a virtue of being “non-political.”

Even though it is possible to find many examples of fearless campaigns mounted by citizens against social abuses and decisions by governments, local and national, it would be difficult to assert with confidence that Japanese political culture in the broad sense is non-submissive. One hears rather often the phrase *kuni no seisakudakara* (it is State policy) with the implication that if it is the policy of the State, then there is nothing that can be done about it and in any case, on balance, the State, and thus the government, is usually benevolent. I should, however, qualify this. Successive Japanese governments have cleverly fostered such passive attitudes by their redistributive and protectionist policies. They have thus maintained social stability, which is desirable, but arguably at the expense of a vigorous civic culture.

### 6. Fair and reasonably egalitarian practice in areas of social interaction, such as employment and social welfare

This is perhaps the most controversial of our six criteria, taking us into the area of social democracy and beyond that of liberal democracy. Again, in Japan the picture is mixed. The core system of career-long work contracts obviously has the effect of providing long-term guarantees of employment for much of the workforce, even though in some sectors these guarantees are now being eroded. Under them, however, there is a substantial pool of the casually employed, many of them women. The situation is very complex, and currently in flux. Social welfare systems have been generous in some areas, but welfare spending (especially pensions) is being cut back. Broadly speaking, Japan may indeed be regarded as democratic in respect of this criterion. We are talking here essentially about egalitarian distribution. There
is plenty of comparative evidence that countries where the state is strong and where
governments consciously seek to equalize wealth and income become in the long-
term more egalitarian in terms of economic distribution than where the prevailing
political philosophy is based on the idea of free markets and the night-watchman
state. The UK, for instance, has become much more unequal over the past 20 years,
although it has also become much more prosperous. France, with its statist tradition,
remains more equal (and also more prosperous). Japan, with a strong state, had a
highly egalitarian distribution of its prosperity until the late 1980s when the economic
“bubble” brought about sudden concentrations of great wealth symbolized by gold
leaf chocolates and $25 million art purchases.

What democracy is not
In this section, some misconceptions about democracy are briefly examined under
the following four headings:

1. **Democracy is a perfect system**
   According to Winston Churchill, “democracy is the worst kind of political system,
   except for all the others.” This fine example of Churchillian wit implies that, while
democracy as a system of politics and government has plenty of drawbacks, it is
the best system available and much superior to other models, ranging from social
anarchy at one end of the spectrum to totalitarian dictatorship at the other. It is
based on human experience rather than on dogma.

2. **Democracy is a panacea, solving all problems**
   It is essential to understand that democracy does not necessarily solve all problems.
Nor will a transition to democracy from another kind of system (dictatorship, for
instance) automatically improve policy, though it is likely to help. It is particularly
important not to be misled by the “panacea” view of democracy, because supporters
of democracy need to be modest enough to admit that some political systems exist
that are clearly democratic, but have presided over economic disaster or social
anarchy, or both.

   To take an example remote from Japan, according to an insider’s account,
Jamaica has a deeply entrenched democratic political culture, it has a two-party
alternating system of government, very high turnout at elections, “a free and vigilant
press, a sophisticated tradition of social and political discourse, and a vibrant civil
society.” At the same time it “has vast shantytowns, unemployment at depression
levels, and high rates of economic inequality, crime and drug abuse.” Moreover,
political parties are closely linked with criminal gangs, and politicians get elected
by erecting housing in their constituencies with public funds, and then filling them
with their supporters. These are called “garrison constituencies.”

   An enthusiast for democracy, being honest, might find it necessary to damp
down his or her enthusiasm if faced by a choice between steady economic growth
and social equality under an authoritarian system, and the “Jamaican model” of democracy on the other. Authoritarian systems, however, in general rarely have a superior record in economic and other policymaking than democratic systems, while some of them have discovered the knack of combining extreme repression with economic impoverishment. There are, however, some, such as South Korea and Taiwan, which have seen impressive economic growth under a dictatorial regime. This in turn eventually creates an educated and consumerist middle class putting pressure on the regime to democratize. In these two cases, democratization duly happened, with possibly mixed results in terms of policy, but plainly authoritarian government was no longer sustainable or acceptable to the population at large.

3. **Democracy is a “Western” idea, not applicable to “non-Western” cultures**

I disagree with this proposition on several grounds. First of all, the blanket term “non-Western” culture does not allow for the individuality of each country. For example, “Asia” is far from being a unified region, having within it various cultural, religious, ethnic and linguistic traditions. It includes, for instance, the country with the world’s largest population of Muslims (Indonesia). Secondly, the differences said to exist between “Asia” and “the West” also reflect discrepancies in attitude and practice to be found within “the West,” and indeed within “Asia” as well. For instance, arguments about narrow versus broad political participation, hierarchy versus equality, deference versus irreverence, or strong executive versus strong legislature are to be found within European polities as much as between Europe and Asia. It may be the case that a Confucian cultural background (assuming, problematically, that that defines “Asian”) tends to motivate populations in favor of social order, but social order and democracy are not necessarily incompatible. The use of “Asian” values in the defense of an authoritarian regime seems little different from the use of various kinds of native tradition (or invented tradition) in Europe for the same end.

4. **Democracy is fixed and inflexible, incapable of evolution and change**

Democracy is, in fact, far from being an ideological straitjacket. Rather than being rigid, it is a set of ideas reflecting an accumulation of human experience about how to combine good government with accountable government. It seeks to allow power to be exercised with the purpose of making and implementing enlightened policy in the general interest, without permitting the very real temptation facing political leaders of exercising power arrogantly, brutally or in a corrupt fashion. Such a balance is not easy to strike, thus avoiding anarchy on the one hand and oppressive government on the other. The history of democratic regimes in various countries shows that, while there are clear and unambiguous democratic principles to be followed, the methods leading to the fulfillment of these principles may be various, and there is still plenty of room for experiment. What constitutes democracy is clear, but the paths to it are many.
Reshaping Japanese democracy

The ways in which politics and government are conducted in Japan fall broadly within the bounds of democratic practice, but it is a democratic system with strong relational, regulatory and redistributive instincts infusing it. It is democracy, but it would be stretching credibility to call it a liberal democracy (despite the name of the most powerful political party, whose name conspicuously misdescribes its reality).

Is it then a social democracy? Indeed, the politics of Japan has some close similarities to the politics of a social democratic state. Many aspects of life remain heavily regulated by government, and as a consequence markets tend to be highly imperfect. Bouissou speaks of redistributive policies creating a situation of guaranteed shares of benefit going to established and favored sectors. Interestingly enough, he includes political parties in this scheme, since even parties not in office are guaranteed certain benefits, particularly at the level of local politics.12 Many local chief executives (especially prefectural governors), for instance, are nowadays supported at elections by nearly all the parties, which are naturally recompensed in various ways for their support. As in Sweden under the Social Democrats, key decisions tend to be taken in a somewhat corporatist fashion, by consensual agreement among those centrally involved, rather than by confrontation and majority-take-all. Moreover, the strength of social communities that has been so evident in Japan in recent years is reminiscent of social democratic models elsewhere.

On the other hand, the Japanese system and systems based on social democracy differ greatly in certain other respects.

The state-run sector of the Japanese economy has never been conspicuously large as a proportion of the whole, and has much declined, with privatization since the 1980s. Social welfare has not normally been a primary concern of government, although electoral pressures from the 1970s resulted in the introduction of reasonably generous programs of social welfare. Under budgetary and anticipated demographic pressure, state-run pension schemes, in particular, are now being cut back. The State tolerates and indeed closely cooperates with conglomerate keiretsu-type firms, which in classic social democracies might be expected to come under close governmental scrutiny. Exclusive subcontracting relations between large and smaller firms also seem to pose little problem for government, even though they may be highly exploitative. Enterprise unionism is actively tolerated as a desired alternative to confrontational unionism, and unionization rates have now fallen to little more that 20 percent of the workforce. Although environmental matters are receiving rather more attention that they were 30 years ago, they are often regarded as less important than the satisfaction of politically sensitive interests and the promotion of industry.

In general, the contemporary Japanese político-economic system owes more to Friedrich List than to the Fabians.13
What is right, then, with the system and what is wrong with it? First of all, there were two overwhelmingly crucial achievements in the postwar period that can be attributed to the advantages of the system. The first was the transformation of what was in the late 1940s essentially a third world economy into a first world economy, over the space of some two decades. Although the very pace of the changes that took place created substantial problems, the achievement was at the time virtually unprecedented, and has served as the model for similar crash programs of transformation elsewhere, especially in the East and Southeast Asian region. Secondly, although the first decade and a half after the defeat were politically turbulent, from the early 1960s economic modernization was accompanied by a remarkable degree of social stability. That is not to say that there were no social problems, but when one compares what happened in Japan over that period with what took place in various other countries, the virtuous combination is striking.

It seems eminently plausible to argue that a dominant single party, powerful government ministries and articulate business interests, all broadly speaking singing from the same score, and because of the security of their mutual linkages able to plan for the long-term, greatly contributed to this outcome. We should remember, however, that a benign international environment also helped a great deal.

In contrast to this, it has become painfully obvious over the past decade that the institutions and practices appropriate to the earlier postwar decades have become increasingly inappropriate to the advanced, globalizing world economy of the early twenty-first century. The political developments of the past two or three decades demonstrate that the problem-solving ineptitude that has become so manifest at central levels of decision-making stems in great part from rigidities in the political structure. In particular, the central institution of one-party dominance, though tempered since 1994 by the LDP’s need to find coalition partners, has led to two phenomena that are basically negative. One is “path dependency,” and the other is what I like to call the “ripples in the pond” effect.

“Path dependency” means that if things have been done in a certain way, or policies have gone in a certain direction, or pressures have continued to be exerted towards a certain set of goals, over a long period of time, it may be difficult to bring about needed change. From one perspective, there are advantages to path dependency. It ensures stability, and the continuity of purposive action. It makes it easier to engage in long-term planning than where power structures and policymaking mechanisms are unstable.

On the other hand, this kind of structural stability has its dangers in periods where there is an objective need for radically new thinking. In such circumstances, concern for past precedent and favored interests risks seriously holding up the reforms that may be required. Since the early 1990s, certain structural reforms have been accomplished. Some of them give the impression of being too little, too late, while others, such as the 1994 rewriting of the electoral system for the House of Representatives, has failed to achieve most of the reforming effects that were expected from it.
The real key to understanding the problems of the system at the present time is what I refer to as the “ripples in the pond” effect. When you throw a stone into a pond, it makes an impact from which concentric ripples flow outward. Similarly, the Liberal Democratic Party and its associated élites seek, through various kinds of favorable treatment, to bring into its orbit as many interests as it possibly can. One example of this is the previously mentioned pattern of local executive elections since the 1980s, where almost all political parties can be brought into the local ruling structure, through patronage, thus mitigating criticism and confrontation. Another example is the labor union movement, key sections of which used to confront management and government in an acrimonious manner, but which now—much weakened and emasculated—is regularly included in consultations with government.

This also applies to political parties outside the LDP, which are either brought into coalition arrangements with the LDP, or else see their confrontational impact blunted by arrangements made in their favor. One strand in the confused story of party politics since 1993 has been the series of attempts made to forge a credible alternative party of power to the eternal power-holder, the LDP. The nearest approach to success was in the case of the Shinshintô (New Frontier Party), but after three years of existence internal pressures split it apart. Today the Minshutô (Democratic Party) is the largest party outside the LDP-centered coalition, but it seems to find difficulty in deciding whether it wants to grow into a party capable of replacing the LDP, or whether it might be tempted into a coalition with it itself.

In attempts to reform the system over the past decade two individuals have had a particular impact. One is Ichirô Ozawa, currently heading the small Jiyutô (Liberal Party), and the other is the present prime minister, Junichirô Koizumi. The case of Ozawa is particularly interesting. His daring strategy in 1992–1993 was to split the LDP and then put together the first government for 37 years that excluded the LDP (the Hosokawa coalition). But the experiment failed because Hosokawa prematurely resigned, and then Ozawa needlessly alienated the Socialists by excluding them from a new party he was trying to create. The Socialists subsequently made an unlikely—but actually not so unlikely—coalition with their old enemies the Liberal Democrats, and restored to the LDP the oxygen of power, of which it had been briefly—but potentially with fatal effect—deprived.

The case of Koizumi is different. He is essentially a rather maverick member of the LDP Establishment, but his great political resource is charismatic popularity. This has so far enabled him to hold his own against conservative factional interests within his own party. His dismissal of his outspoken but popular foreign minister, Makiko Tanaka, on 29 January 2002, as the culmination of her public spats with her ministry officials, harmed his popularity but at the time of writing, it is yet unclear whether it will turn out to be fatal. He is genuinely trying to tackle the pressing economic problems that beset the economy without making too many concessions to the pervasive vested interests that have defeated so many of his predecessors. The problems may overwhelm him, and the aftermath of 11 September
is placing further pressure on the Japanese economy, which is contracting. It is particularly difficult to effect structural reforms in conditions such as these.

Koizumi may well lack the intellectual abilities of Ozawa, and his insistence on visiting the Yasukuni Shrine, the controversial Shinto shrine dedicated to the souls of the war dead, in his official capacity in August 2001 throws doubt on his political judgement. In some ways, however, his own party is his greatest problem. His popularity leads it to victory in elections, but it includes many interest-oriented politicians whose concern is to block genuine structural reform.

One of the mysteries of Japanese politics in recent years has been its conservative nature in the sense of the countryside having more political weight than the cities, and rural values tending to prevail over modernizing urban ones. This leads to the common observation among foreign (and some Japanese) observers, that there remain third world elements in first world Japan. Evidence is accumulating, however, that big city values are coming to be expressed more insistently and are increasing in political weight.

**Conclusion**

In conclusion, therefore, I put forward the perhaps provocative suggestion that Japan now needs a radical restructuring of its political party system, away from political patronage and “ripples in the pond,” towards a bipolar set of party arrangements. Parties would be divided between a modernizing, urban based party or parties on one side, and a more conservative, rural and small-town-based party or parties on the other. This would create a political divide that would be comprehensible in policy terms. It would lead to real policy choices being presented to the electorate. Parties would become structures of policy aggregation at national level, rather than loose congeries of parish-pump politicians defending highly sectional interests. This would require a considerable change in political culture. It would, however, inject a dynamism into the Japanese political economy that it has conspicuously lacked over the past decade.

It might also serve to reinvigorate Japanese democracy, in the sense that real decisions would be made through transparent processes on the basis of open presentation of the choices and genuine debate. Japanese ways of doing things would probably assert themselves through such debates, the more unfortunate aspects of assimilation into a globalized economy could be stemmed, and dynamic solutions to the economic problems could be promoted. The reality that the economy has to get much worse before it gets better would be brought into the open, and pervasive complacency shown up for the dangerous error that it is. Policy stagnation inherent in the present “ripples in the pond” arrangements would be a thing of the past.

Is it possible that Koizumi might act to split his own party and create a healthily competitive political system? Probably not, on his record so far, and there is even a sense developing that his popularity is becoming an excuse for inaction. But perhaps one of his successors might take up the challenge.
Notes

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4. For an unusual attempt to address normative issues of this kind, see Patrick Smith, “A Japanese Way to be Modern?,” International Herald Tribune, 8 January 2002. Smith argues that Japan may face a trade off between international status and the development of its own kind of system, and that she may well—perhaps more by inadvertence than design—opt for the latter. Thus, Japan may “make the rest of us think again about what it means to be powerful and modern.” It seems as well to emphasise that in the present climate of international (and even Japanese) opinion, this view is extremely heterodox. A decade ago, similar opinions were more common. See for instance Eisuke Sakakibara, Shihonshugi o koeta Nihon [The Japan that has Surpassed Capitalism] (Tokyo: Tokyo Keizai Shinpôsha, 1990).


13. For the relevance of the thinking of List to modern Japanese political economy, see David Williams, *Japan beyond the End of History* (London: Routledge, 1994).