Reform Everywhere

By Takahashi Susumu

The Diet began deliberations on political reform in April. With the ruling party and opposition parties divided over how to restructure the election system, the private-sector Committee for Promotion of Political Reforms moved into the spotlight with a compromise, a combination of single-seat constituency representation together with proportional representation, a solution the opposition parties were wiling to accept to keep the reform process on track.

However, the ruling Liberal Democratic Party (LDP) got bogged down in bitter disagreement between one group that was unwilling to budge from the official policy of only single-seat representative districts and saw no need to find middle-ground and another group that was willing to compromise if necessary to effect political reform. As a result, the LDP was unable to reconcile intra-party differences and finally abandoned the idea of political reform for the last Diet session. This is basically the same thing that happened to former Prime Minister Kaifu, and it is the second time in as many outings that the reform effort has been aborted. While there is bound to be considerable discussion over why the reform process keeps running aground, the more important question is what this failure means for Japanese politics.

Radical reform needed

Given the difficulties of passing any meaningful reform legislation, some have argued that it should be enough simply to enact anti-corruption laws. However, anti-corruption laws must also be accompanied by reform of the political system. Sasaki Takeshi, one of the key architects of the Committee for the Promotion of Political Reforms' comprehensive recommendations on reforming anti-corruption regulations, the Diet, the election system, the Cabinet, and even the relations between the central and the local governments, has explained the imperative in "Major Turning Points in History and the Significance of Political Reform" in *Japan's Rebirth in 1993*, the April 9 special issue of *Toyo Keizai*.

According to Sasaki, the situation today is characterized by more than just the end of the Cold War. We are also seeing the gradual crumbling of the premises that underpin the modern nation state. This is thus a major turning point in history, and Japanese politics, having lost the basic principle of integration among authority, responsibility, and policy, has been reduced to an unseemly tumor of inscrutable political and bureaucratic powers feeding on vested interest groups. Japanese politics is brain dead, and the only deliverance is radical reform to recreate the necessary underlying principles. A sense of crisis pervades Sasaki's analysis.

Japanese political culture is changing. In the same issue of *Toyo Keizai*, Tanifuji Etsushi (in "Making Politics Responsive to the Popular Will") analyzes popular attitudes toward politics and explains that the swelling ranks of independent voters and other recent phenomena are the result of diversification of values in post-industrial society, a trend that can also be seen in other industrial countries. In the place of the old values that emphasized the enhancement of goods for both the individual and the society, we are seeing the emergence of a new network-mentality that emphasizes the importance of interpersonal relationships to enhance the individual's life and to rectify, through social participation, the distortions induced by industry.

While it is unclear how widespread these post-industrial social values are in Japan, their emergence indicates that political reform is imbued with the same problems that characterize political reform in other industrial countries. From this value perspective, first, the very idea of political parties itself is seen as part of the problem and there is some question about the feasibility of political reform or restructuring premised upon the old-style political parties. What would be needed to reform political parties and the political party system to make them compatible with the new values? This is a basic question that has to be answered in any serious

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Members of the opposition parties rejoice at the outcome of the vote of no-confidence in the Miyazawa Cabinet following the defeat of the second attempt at political reform.

discussion of political reform.

Second, from this post-industrial values perspective, it is unlikely that the issue of money politics, including special-interest legislators as revealed by Kanemaru's arrest, will result only in heightened political distrust. Rather than political distrust in the classic sense, it is likely to generate an "aggressively apolitical mood" that will include new forms of political resistance such as those seen in the local Tokyo elections held in late June and the national elections held in mid-July.

The financial arena is not immune

It is not only in politics that there are calls for systemic reform. In business also, many people are saying that there is a need for fundamental reform in the existing economic system. In particular, people are saying that the recession that followed the bubble's collapse should be seen as an opportunity to institute much-needed reforms.

The first article of note here is Peter Drucker's "The End of Japan, Inc.?" (translated from *Foreign Affairs* and run in the June *Chuo Koron* under the title "No Resurgence for Japan Inc."). According to Drucker, the Japanese economy has been sustained by four factors—U.S. willingness to indulge Japan and to sacrifice its own economic interests so as to buttress Japanese political stability for the sake of containing Communism, the ability to commercialize new technologies faster than Western competitors, immunity from adverse external impacts (lower resource costs have meant better terms of trade for Japan even with the rest of the world in recession), and the flexibility to make long-term commitments while still protecting specific interests—factors which have crumbled or are crumbling.

As a result, the economy will not be moved by consensus or administrative guidance but specific companies and industries will, like some of their Western counterparts, be independently active domestically and internationally. Thus Drucker does not see a revival of Japan Inc.

Other people have also said that "business as usual" will no longer work. Kuroda Makoto, who handled trade relations for the Ministry of International Trade and Industry, has written in "What Makes the Friction Worse?" (in the *Ekonomisuto*'s special issue on Japanese postwar economic history) admitting the evil of export restraints and saying that giving in to the other side's unreasonable demands this way does not ease trade friction but actually makes it worse. Likewise, former Vice Minister of Finance for International Affairs Hosomi Takashi asks why the yen's appreciation has not redounded to the ordinary consumer's benefit and why we have not seen the economy strengthen as a result. He then answers his own query by saying that it is the entrenched vested interests and their protectors within the bureaucracy that have kept this from happening, and argues the need to reform and restructure this system (in "Why a Strong Currency Is Not a Strong Economy" in the May 3 *Kin'yu Zaisei Jijou*).

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Leaders of several opposition parties meet on June 27 to discuss an alliance for the lower house elections held in mid-July. (Foreground, left to right: DSP Chairman Ouchi Keigo, SDPJ Chairman Yamahana Sadao, Shinseito leader Hata Tsutomu, Komeito Chairman Ishida Koshiro, and Eda Satsuki of USDP)

There are also many economists who point out that these new issues cannot be solved with old responses. Takeuchi Hiroshi (in "The Visionless Economic Power" in the June *Samsara*) has said that the error of the bubble economy was caused by a lack of vision, that the trade surplus is not something to be proud of but simply measures how much of its production Japan cannot absorb at home and must sell overseas—that companies blindly produce as much as they can without considering the market's ability to absorb it all and that people cannot or will not buy it all, in part because of their desire to save—and that this money should be spent on creating parks, building water and sewer systems, and otherwise enhancing the infrastructure.

Like Hosomi, Takeuchi calls for reassessing the vested interests as one way to enhance Japanese life. One area he focuses on is that of landowner rights. For example, the metropolitan expressway uses sites acquired for canals under the Tokugawa shogunate, and he says that these expressways, parks, and other infrastructure are simply living off the assets built up under the shogunate. Likewise, scientific writer Yakushiji Yasuzo writes in "What Industries Will Be the New Technological Leaders?" in the June *Bungei Shunju* that the reason quality products do not sell despite their low prices is that they have been killed by excessive model changes, excess quality,and excess functionality. Grim structural problems lie ahead, he says, for Japanese manufacturers.

The modern buzzword, reform is more talked about then implemented. Nonetheless, there is a strong ground swell of energy for reform, and the slightest thing could trigger a vast outpouring.

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