

Age of a Two-Party System Dawning in Japan

Japan has taken a major step toward creating a two-party political system as a result of the November 9 general election, in which the No.1 opposition Democratic Party of Japan (DPJ) made substantial gains. The DPJ increased its strength in the House of Representatives by 40 seats to 177, the largest number of seats ever won by an opposition party. The party, which had gained momentum after its recent merger with the Liberal Party, won more votes than any other party in proportional representation.

Prime Minister Koizumi Jun-ichiro's Liberal Democratic Party (LDP) won 237 seats, falling short of a majority of 241 in the 480-seat chamber. But, combined with the 34 seats captured by New Komeito and four garnered by the New Conservative Party (NCP), the ruling coalition won 278 seats, well above the 269 seats required to steer parliament smoothly.

The LDP's failure to win a majority on its own could adversely affect Koizumi's structural reform agenda.

The DPJ's major gains in the general election, the first Japanese election to feature the manifestos of the political parties, is interpreted as reflecting voters' momentum to nurture an opposition party that can become an alternative to the LDP-led ruling coalition. Some analysts noted the "sense of balance" of voters who sent a message to Koizumi

that he has to do better if he intends to remain in power in the years to come.

Though New Komeito made some gains, other smaller parties suffered serious setbacks. The Japanese Communist Party (JCP) saw their number of seats fall to nine from 20 and the Social Democratic Party (SDP) lost two-thirds of its seats, to only six from 18. The poor performance forced SDP chairwoman Doi Takako to step down.

The NCP, the junior partner of the coalition, suffered a stunning defeat, losing five of its nine seats. Immediately after the election, the NCP disbanded itself and joined the LDP as it found it difficult to survive on its own.

The DPJ's failure to win power despite its substantial gains reflected the fact that voters were still hesitant to give the No.1 opposition party a mandate to govern the country.

In order to capture the reins of government, the party must show voters through debates in the coming regular session of the Diet that it is a viable alternative to the LDP. Its real worth will be tested in the Upper House election next summer.

Koizumi, for his part, is facing the difficult task of pushing for his reform ini-

tiatives. During the election campaign, he proclaimed his achievements and pledged to implement his reform agenda. His party's lackluster performance bore testimony to the electorate's dissatisfaction over the slow pace of his reform program, which has so far produced few results on such key issues as the pension system, and his failure to remove people's anxiety about their future.

The LDP has failed to win a majority in four consecutive general elections, reflecting a weakening of its traditional support base, such as local post office operators and construction companies, who were turned off by Koizumi's reform program. In a switch of campaign tactics, the ruling party sought the support of uncommitted voters, but to no avail, and heightened its reliance on New Komeito, which has a solid support base. The LDP is being forced to re-examine whom it should turn to for support.

Photo: THE YOMIURI SHIMBUN



The Democratic Party of Japan, led by president Kan Naoto, made substantial gains in the recent general election

COMING UP

The next issue of *Economy, Culture & History JAPAN SPOTLIGHT Bimonthly* will look at contemporary Japanese culture. Japan used to be known as an economic giant, but nowadays there is growing interest in many aspects of its contemporary culture, including cartoons, fashion, architecture, food and music. We will also analyze Japan's international cooperation, and bring you information about EXPO 2005 in Aichi Prefecture.

TO READERS

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Crimes Committed by Foreigners Worsening

The National Police Agency has released an annual report for 2003 portraying the increasing cruelty of non-Japanese crime groups and their growing involvement with organized crime as serious factors behind the worsening public security in Japan.

According to the *White Paper*, entitled "Battle Against Organized Crime," police exposed a record 34,746 cases of crime committed by foreign visitors to Japan in 2002, up 25.2% from the previous year. The number of non-Japanese suspects involved also hit an all-time high of 16,212, up 10.6%. Chinese nationals accounted for 36.5% of the cases and 40.4% of the suspects.

The report says 61.5% of the Penal Code violations committed by foreigners involved groups, about 3.3 times the rate of group crimes committed by Japanese. This shows a rise in organized crime commitments such as role sharing, according to the agency.

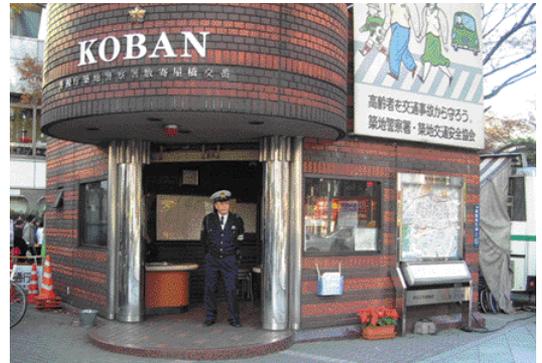
Organized offenses are conspicuous in cases of theft and robbery in particular, the report says. To guard against police,

offenders share the roles of performers, lookouts, carriers of stolen articles and their sellers.

Asked why Japan was targeted for money, Chinese suspects were quoted as saying: "You can earn handsome money in a short period of time." "Japanese police don't beat you and, even if arrested, you will simply be deported if you continue to deny the charges." "Penalties in Japan are light. Even for theft, (detention is) just a few years and it is bearable." "Japanese prisons are clean and more comfortable to live in than the houses in China."

The report also cautions against cooperation between international and Japanese crime syndicates, saying, "Alliances with organized Japanese crime groups, which have extensive information and personnel networks, pose a threat to public security in Japan."

All criminal offenses detected by



The increasing number of crimes committed by foreigners is a source of concern for many Japanese

police, including those involving Japanese, hit the highest level since the end of World War II for the seventh straight year in 2002. "A key factor behind this increase is the progress in the organization of crime commitments," the report says, adding that the creation of a safe society will require a deeper look at the realities of organized crime and swiftly taking steps to deal with them.

Japanese Firms Post Record Earnings in First Half

Major Japanese companies posted record-high earnings for the six months to Sept. 30, 2003, surpassing those marked in the same half-year period of 2000, when the Japanese economy was booming with robust information technology investment.

According to a report released by the Shinko Research Institute Co. on Nov. 17, the combined group pretax profits of 434 leading firms rose 14.2% in the April-September period from a year earlier to ¥6,819.5 billion. The 434 companies represent about 40% of the firms listed on the Tokyo Stock Exchange's prestigious First Section, excluding financial institutions and insurers.

The combined increase of ¥850 billion in the firms' pretax profits during the reporting period roughly corresponds to their combined fixed cost cut-back of ¥900 billion. With their com-

bined revenues rising only 1.7%, the latest figures show that companies boosted earnings mainly by taking cost-cutting measures such as job cuts and business restructuring. In other words, the companies have now become "lean and mean" or competitive enough to secure profits even if their sales do not grow greatly in the wake of deflation.

However, labor market conditions remain severe, raising fears that Japan may be trapped in a "jobless recovery."

By industry, manufacturers saw their combined pretax profits rise 16.7%, while non-manufacturers reported a 10.9% increase. The main engines behind the rises were major automakers like Toyota Motor Corp., which expanded exports to the North American and Asian markets, and home electric appliance makers like Matsushita Electric Industrial Co., which received

boosts from stronger demand for thin-shaped televisions and other digital devices.

Commenting on the pretax profit rises, one industry analyst said, "Some new main revenue sources have emerged such as digital home appliances. We are beginning to see bright signs."

Combined net profits at the 434 firms also showed a hefty 45.9% rise due largely to a sharp drop in securities appraisal losses following the stock market recovery.

While there is concern that a further rise in the value of the yen could undermine the earnings of Japanese exporters, the 434 firms expect their combined pretax profits to rise 15.6% to a record high amount in the entire business year to March 31, 2004.