

# The Koizumi Cabinet and Japanese Politics in 2005

By Sasaki Takeshi

**THE** Koizumi Cabinet greeted the new year with a continuing low public support level. The unpopularity rating has surpassed the approval rating which hovers around 30%, according to some surveys. In the world of Japanese politics to date, if the support rate falls below 30%, the Cabinet is considered to be doomed, and some observers contend that the Koizumi Cabinet is approaching that watermark.

Given that the Cabinet based its strength on high popularity ratings rather than support within the party, the trends in public support will prove highly significant in predicting what will happen in Japanese politics this year.

Reasons given for the decline in support are the extension of the Self-Defense Forces (SDF) dispatch to Iraq and the handling of sanctions against North Korea. Public support for the extension of SDF activity in Iraq is low to begin with. Approximately 60% of the public are opposed to it. On top of that, the large majority feels that the explanations given for the extension were completely inadequate. There are almost no reports on what role the SDF is playing in Iraq and what significance it has. The political situation in Iraq has still not stabilized even after the elections. It appears likely that Japanese public will become more critical of the SDF's operation there and question its real purpose.

The North Korean issue has proven to be a motif which strongly increases support for the Cabinet to date. In particular, Koizumi's two visits to North Korea contributed to a sudden climb in his support rate. The North Korean nuclear issue has been taken up in the six-nation assembly comprised of Japan, the United States, China, Russia, South Korea and North Korea. In addition, Japan and

North Korea face a number of significant issues of their own, and a consistent subject in the discussions has been the abduction of Japanese citizens. The abductees whose survival was confirmed by the North Korean government have returned home to Japan along with their families. Yet doubts regarding North Korea's investigation into what happened to the other abductees is causing a major debate in Japan.

As a result, the view that economic sanctions should be invoked against North Korea has gained support, and opinion among politicians is divided. According to an Asahi Shimbun poll in December 2004, more than half of the Japanese public favors economic sanctions. Koizumi's highly cautious attitude toward unilateral sanctions on the contrary has earned him positive marks among the populace. Koizumi has so far restrained the emotional elements on political policies toward North Korea and pursued cool-headed methods of coping with the issues. This may be taken as a natural outcome of consideration for the six-nation framework. Therefore, I predict that, compared with the decision to extend the dispatch of SDF troops in Iraq, the countermeasure against North Korea will not have a major impact on the Cabinet support ratings. In practical terms, there is no clear perspective on what effect economic sanctions would have, especially what effect they would have on solving the abduction issue.

## Raising taxes and increasing the burden on the people

What must be kept in mind as having a decisive impact on support from here onward is the issue of increasing the eco-

omic burden on individuals. Since the end of last year, in response to the Japanese economy's emergence from its lengthy slump, discussions on policy have increasingly turned to tax increases and the preparation of the coming year's budget which would increase the public's burden. Any such move would serve to lower public support for the government, within every circle. The traditional power base of the government party has been unhappy about its stimulus measures, and the people as a whole are dissatisfied with the reforms of the pension system. Meanwhile, the only policy that the Cabinet has to its name is the privatization of the postal services, which is essentially not an issue which attracts public interest. Even if such reform is implemented, it will not carry enough weight in the public arena to raise support rates. As a result, one can imagine a scenario in which the increase of taxes and the financial burden on citizens become primary factors in a body blow to support rates, and privatization of the postal agency is unable to counter the decline.

To be sure, Japan's financial affairs are in a crisis, and 41.8% of the revenue in the budget for FY 2005 will have to be covered by national government bonds (JGBs). Outstanding government debt has risen rapidly over the past several years and has reached a figure 1.5 times larger than the GDP. If the current exceedingly low interest rates come to an end, it will not be possible to prevent the situation from worsening further. The public is quite aware of this, and therefore they continue to "flee" the public pension system. Until now the Koizumi Cabinet has been criticized for its insufficient efforts to stimulate the economy, and has been cautious about pulling the "trigger" by increasing the burden that would fall on the public. This cautiousness will be set aside as the sense of crisis regarding the economic slump is fading, and now the Cabinet is pushing forward to increase the burden placed on citizens parallel to the economic recovery. It is estimated that the increase in taxes for FY 2005 will be ¥1.6 trillion, and in addition to that the burden of social welfare,

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including pension insurance payments, will also increase. Trial calculations show that the two together will amount to ¥1.8 trillion. No one has forgotten the hard lessons learned in the past as a result of immediately increasing taxes once the economy has improved and causing the recovery to stall, so this policy switch carries considerable significance.

The problem is that the Koizumi Cabinet, which in effect promoted restructuring in the private sector under the rubric of structural reforms, has very little to show in terms of reform in the public sector. Even though the public had given tacit consent that increasing the public burden simply could not be avoided, these were expectations that the structural reforms would help to compensate through changes in budgets and policies. However, such political leadership has proven virtually non-existent and the only thing that has happened is that the burden on the people has increased. It is impossible for structural reform in the public sector to grapple squarely with structural issues in the bureaucracy, but the actual increase in the public burden has taken place without changing the long-established framework. The reform of the Japan Highway Public Corporation and privatization of the postal services, which were touted by the Koizumi Cabinet, have inevitably begun to be seen as expedients for making light of public sector structural reforms. Further, the budgeting for three new sections of the proposed *Shinkansen* (bullet train) lines has had the effect of giving the impression that government policy is returning to its old ways. The de-centralization policy, so called trinity reform has sufficient tools to carry out public-sector structural reforms, but this too has turned out to be a flop. The sole outcome was an odd budget proposal whose content paid no attention at all to Koizumi's support rates.

### No successor?

Nearly four years after its inauguration, the main reason the Koizumi Cabinet garners support is because there



Prime Minister Koizumi at the Diet

is no better alternative. A similar situation has frequently been seen within LDP (Liberal Democratic Party) Cabinets. The fact that no potential successor has surfaced despite the anti-Koizumi sentiment within the party is not due to any direct opposition from Koizumi. More than anything else, through its administration to date, the Koizumi Cabinet has weakened the support base of the LDP and forced the trends of its administration and policies to become more fluid. So the main factor seems to be that the LDP simply does not know which direction it should take for the future.

The fragmenting of the LDP in terms of both politics and policies is highly likely to continue, given the fact that there will be no national election in the near future. What has supported the Koizumi Cabinet to date is actually the frequency of the national elections. Elections have brought to politics a decisive tension and a craving for increased support, but when the next election is far off in the future, politics loses that impetus and begins to drift along. The current budget shows no clear political wills and no concern for trends in support of the Cabinet. Instead, it bears the hallmarks of "a political budget for the government." In a sense, that reflects the political reality in Japan. Koizumi's term as President of the LDP will contin-

ue until the autumn of 2006, and the chances are not high that a political entity will be formed this year to promote a successor.

Based on China's rise to prominence, the situation of Asia is changing significantly. The one thing that has not actually changed is the make-up of Japanese politics and Japanese government policies. Until now, Japan's various policies have been entirely designed to cope with the Western nations, with policies relating to neighboring Asian nations being incidental and unsystematic. Just 60 years have passed since the end of World War II. Rather naturally, it is unavoidable that interest tends to gather around Japan's past. Whether the Japanese government politically has the strong will and volition to counter that tendency with proposals for large-scale cooperative relationships will be severely tested. It is clear that achieving this by merely raising the abduction issue is impossible. Taking into account the various states of affairs both at home and abroad, Japanese politics in the year 2005 is bound to take an even more sinuous course than it has so far. **JS**

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