

“Japan’s political leaders have failed to deliver decisive action precisely when the country needed it most—when it faced its most devastating crisis since World War II.”

Japan’s Post-Catastrophe Politics

STEVEN VOGEL

Japan’s devastating triple disaster this year—earthquake, tsunami, and nuclear crisis—provided the perfect moment for political leaders to set aside partisan squabbles and to boldly confront the country’s challenges, and yet they fumbled this opportunity rather spectacularly. Prime Minister Naoto Kan and his deputies stumbled in public communications, faltered in managing the nuclear crisis and delivering aid to affected areas, and failed to mobilize an effective crisis management team. The opposition Liberal Democratic Party (LDP) politicians claimed they would fully support the recovery efforts, but resorted to shameless obstructionism and maneuvering for political advantage.

When the earthquake hit on March 11, the government was stalled because the ruling Democratic Party of Japan (DPJ) controlled only one chamber of the Diet; the prime minister’s public support ratings had sunk below 20 percent; and the opposition parties and some members of his own party were calling for him to resign. The earthquake briefly offered him a new lease on life: Kan’s support ratings rebounded to 30 percent, and opposition politicians vowed to collaborate to address the disaster.

Within a matter of weeks, however, the prime minister’s detractors had taken the gloves off once again. The leaders of the LDP, the party that had dominated Japanese politics in the postwar era, blamed Kan for ineffective leadership after the earthquake and renewed calls for his resignation. The DPJ reportedly offered to forge a “grand coalition” with the LDP and proposed adding cabinet posts to facilitate the partnership, but the LDP de-

clined. LDP politicians indicated that they would cooperate on immediate relief measures, but they would only consider fuller collaboration after Kan departed.

The opposition parties then escalated their attack, presenting a resolution of no confidence on June 2. Since Japan has a parliamentary system of government, the ruling party by definition holds a majority in the more powerful Lower House, so it should be able to vote down such a measure with ease. But in this case, factions within the ruling party associated with former party boss Ichiro Ozawa and former Prime Minister Yukio Hatoyama threatened to vote with the opposition in favor of the resolution.

Under the Japanese constitution, if a no-confidence motion prevails the cabinet must resign within 10 days unless the Lower House is dissolved. In this instance, Kan’s deputies had already affirmed that the prime minister would call an election if the measure passed, thereby threatening the party’s substantial majority in the Lower House. In a bizarre compromise, Kan managed to appease Ozawa and Hatoyama by pledging that if they supported him on the no-confidence vote, he would resign once he had pushed through the key measures for post-quake recovery. Ozawa and Hatoyama followed through with this deal, and the no-confidence motion was easily defeated by a vote of 293 to 152.

This prompted considerable speculation about when Kan would resign, and under what terms. Hatoyama claimed that Kan had promised to resign by late June or early July, once a second disaster relief bill was ready, while Kan indicated that he might not resign until the nuclear crisis was fully under control, implying early 2012. Kan himself clarified his position on June 19, when he offered three specific conditions before he would withdraw: The Diet would have to approve the

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second relief package, authorize the issuance of more deficit-covering bonds, and pass a bill to promote renewable energy. As of this writing, the Diet was expected to meet those conditions by the end of August. Kan would then resign, leading to an election for a new DPJ president, who would become prime minister.

DISASTER AND RESPONSE

The 9.0 magnitude earthquake struck offshore Japan's northeastern (Tohoku region) prefectures of Fukushima, Miyagi, and Iwate at 2:46 PM on March 11. While the earthquake's impact was huge, the ensuing tsunami inflicted much greater damage, rising more than 50 feet in some areas, killing more than 20,000 people, and wiping out many coastal communities. The earthquake and tsunami also hit the Fukushima Daiichi nuclear power plant, leading to explosions, meltdowns, and the worst nuclear disaster since Chernobyl.

In the days immediately after the earthquake, most Japanese journalists and citizens remained somewhat sympathetic toward their overwhelmed political leaders, while foreign press sources were quicker to criticize. Some Japanese citizens appreciated the frank style and apparent sincerity of the prime minister and his primary spokesperson, Chief Cabinet Secretary Yukio Edano. As time passed, however, commentators grew more critical, charging that the government had deferred too much to the nuclear plant operator, Tokyo Electric, in managing the nuclear crisis. Specifically, they claimed that the government had hesitated in issuing an order to use sea water to cool the reactors because this would render the facility irreparable. The Japanese people grew more impatient as the government appeared to withhold information about the nuclear crisis and to downplay its severity.

The Nuclear and Industrial Safety Agency first reported the Fukushima incident as a level 4 accident, based on international recording standards, but eventually upgraded it to level 7. Likewise, experts suspected early on that one or more reactors had experienced a core meltdown, but the authorities did not acknowledge this for more than two months. Most critically, perhaps, Kan and other top leaders failed to provide a strong voice to reassure the public that they would take decisive ac-

tion to speed relief and to provide long-term solutions for the region and the nation.

The government's clumsy response to the crisis reflected flaws in the DPJ regime that had been evident since it came to power with an overwhelming victory in the Lower House elections of August 2009. The party won that election on a platform that was heavy on political change and thin on policy substance. The DPJ pledged to transform Japanese politics not only by ousting the LDP but also by fundamentally altering governance, with politicians finally exercising real authority over career civil servants. Meanwhile, the DPJ failed to offer clear policy solutions for Japan's most pressing problems, including an anemic economy, a huge budget deficit, and an outmoded welfare system.

Prime Minister Hatoyama lacked the leadership skills to coordinate his own cabinet, much less to direct the government bureaucracy from above. The administration was unwilling to delegate to the bureaucracy and incapable of collaborating with it effectively. As a result, it made amateurish missteps on some issues and simply delayed action on others.

For example, the party had vowed in its campaign manifesto to renegotiate an agreement with the US government to relocate the Futenma air base to another location in Okinawa.

Once in power, it found that this pledge generated a serious rift in the bilateral relationship. Cabinet members openly disagreed with each other on whether to fulfill this promise, the prime minister stalled, and then he finally capitulated in May 2010 with a compromise very close to the original agreement. Mizuho Fukushima, who represented the DPJ's coalition partner, the Social Democratic Party of Japan, in the cabinet, promptly resigned in protest and her party withdrew from the coalition.

As public support for the administration plummeted, Hatoyama abruptly resigned in early June 2010, ceding power to Kan in the hope that this would help the party's fortunes in July Upper House elections. Kan enjoyed the briefest of bounces in the polls until he made the colossal blunder of proclaiming that he would raise Japan's consumption tax. While Kan was certainly right that the government would need to raise the tax eventually to address the budget deficit, his timing could not have been worse. Public support for

This year's triple crisis will continue to exert pressure on the government to provide answers for Japan's problems.

the DPJ quickly dropped back and the party lost its majority in the Upper House elections, making it much more difficult for the government to pass legislation. Under the constitution, the Lower House can elect the prime minister or pass the budget on its own, but it requires Upper House approval to pass ordinary bills.

Moreover, the new administration was slow to address Japan's most glaring problem: the economy. The DPJ had proposed in its manifesto that it would provide child-care allowances, eliminate public school tuition, cut highway tolls, and raise the minimum wage, but it had not offered any comprehensive strategy to stimulate growth. The party took office as Japan was suffering from a severe drop in global demand due to the international financial crisis, and yet it was slow to develop a coherent economic plan.

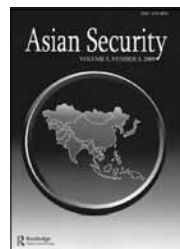
The government only unveiled its growth strategy in December 2009, with further details in June 2010, pledging to cut corporate taxes, boost disposable income, promote exports, and increase investment in information technology. Even so, the plan was vague on key details, such as how to address the country's fiscal crisis and how to fund new programs. It was also thin on measures to

stimulate growth, such as promoting technological innovation, increasing the adoption of information technologies, or spurring expansion in service sectors. In April 2011, the government announced that it would review the economic growth strategy, since the earthquake directly affected some of the key policies, such as those regarding trade, energy, and the environment.

Kan himself is particularly distrustful of the bureaucracy, and this colored his approach to the disaster. Kan did not have confidence in information provided to him by the Ministry of Economy, Trade and Industry (METI) and other government agencies, or by the Tokyo Electric Power Company, so he relied primarily on a small circle of advisers in the days immediately after the quake. In 1986 the Japanese government had created a crisis management system for such emergencies that would bring together representatives from the relevant ministries under the direct command of the prime minister. Yet Kan decided to bypass this system, relying first on informal coordination and then putting together his own administrative apparatus from scratch.

This contributed to some critical lapses in communication. For example, the government was

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slow to release data from a national system of radiation detectors, known as the System for Prediction of Environmental Emergency Dose Information, or Speedi, that could have given citizens more accurate forecasts of the radiation's spread. Likewise, the US government had been relaying classified information on radiation levels gathered by drone aircraft and other intelligence assets to the Ministry of Defense, and yet the ministry did not immediately share this data with the prime minister's office.

US officials even expressed their frustration with the Japanese government's response to the nuclear crisis, contending that the administration was understating the damage at the nuclear plant and withholding critical information from the public. This prompted regular bilateral meetings to share information and discuss responses beginning on March 21.

THE EARTHQUAKE AGENDA

To be fair, the government could never have been fully prepared for a disaster of this size, and the magnitude of the earthquake and the scale of the tsunami exceeded the more likely scenarios. In fact, many of the government's long-term preparations for a large earthquake paid off admirably. The Shinkansen bullet train's earthquake warning system brought trains to a halt seconds before the quake actually hit. Stricter building codes limited the direct damage from the earthquake.

And Prime Minister Kan and his team did take action, albeit not always in the most effective manner. They offered regular press briefings, they visited the affected areas, and they mobilized a sizeable administrative operation for recovery. The government dispatched 100,000 Self-Defense Forces troops for earthquake relief work; the Bank of Japan expanded its asset-purchasing program to pump money into the economy; and the administration announced initiatives to offer tax relief, to create jobs, and to rebuild homes for disaster victims.

The government also reviewed some of its own spending programs, such as child-care allowances, and deferred corporate tax cuts to preserve funding for disaster relief. On May 2, the Diet unanimously passed a first supplementary budget of 4 trillion yen (\$50.6 billion) for disaster relief and reconstruction. The Diet followed this with a second extra budget of 2 trillion yen in July, and it was expected to approve a third of 10 trillion or more in the fall. Meanwhile, the LDP unveiled its

own 17 trillion yen (\$214.9 billion) alternative reconstruction scheme in July.

The government's Reconstruction Design Council issued its first report June 25, stressing that the government should not simply replace destroyed buildings but redesign infrastructure to increase safety and promote economic growth. Coastal areas, the council advised, should move town centers inland or to higher ground. The council proposed the creation of special economic zones, featuring fewer regulations plus tax breaks to stimulate investment. It also called on the government to promote the use of renewable energy sources in the affected region, and to support farming and fishing industries.

In June, the government finally launched its "Reconstruction Headquarters" to oversee disaster recovery efforts. Kan announced a minor reshuffle of his cabinet on June 27, appointing Ryu Matsumoto to the new position of reconstruction minister and Goshi Hosono as the state minister in charge of managing the nuclear crisis. Matsumoto barely lasted a week in office, however, as he appeared brash and insensitive to the plight of the regions he was assigned to support. He told one governor that the central government would not help the region unless local leaders came up with their own ideas for reconstruction, and he chastised another governor for arriving slightly late to a meeting.

The government also confronted the delicate issue of preserving the country's power supply while responding to rising public opposition to nuclear energy. Before the earthquake, the government's 2010 long-term energy plan had aimed at increasing Japan's reliance on nuclear energy from about 30 percent of electricity generation to 50 percent by 2030, adding 14 new nuclear reactors. After the quake, Kan declared that he would suspend plans for new reactors, and he closed one reactor at Hamaoka due to safety concerns.

Kan appeared to target energy as his new signature issue, vowing to increase renewable energy sources from 9 percent to 20 percent by the early 2020s and declaring that he would not resign until the Diet passed legislation to support this shift. The administration also proposed to reorganize the energy bureaucracy to give the Nuclear and Industrial Safety Agency greater independence from METI.

As of July, 35 of Japan's 54 nuclear reactors were out of operation. A few were out due to disaster damage or safety concerns, but most were simply

off line for routine maintenance. A June survey by *Nikkei*, the financial newspaper, reported that 70 percent of respondents opposed restarting reactors that had been closed since March; 47 percent favored decreasing the number of reactors; and 21 percent wanted all reactors to be closed. By rule the government needed local authorities to approve the resumption of operation at these plants. On June 18, METI Minister Banri Kaieda publicly declared that all of the plants that were closed for maintenance were safe, and on June 29 he traveled to Saga Prefecture to persuade local authorities to approve the restarting of a nuclear plant at Genkai.

Kan then stunned many of his own colleagues on July 7 when he announced that the government would not resume operation at any plants until they had passed additional stress tests. Some commentators suspected that the prime minister was positioning himself to call a snap election. He would try to frame it as a single-issue referendum on nuclear power, and to leverage public opposition to nuclear power to bolster support for the DPJ. Yet Kan's efforts to cling to power were increasingly alienating other leaders of his own party.

Meanwhile, the government struggled with the thorny issue of how to pay for reconstruction. In the short term, it prepared the extraordinary spending bills and increased Japan's already enormous fiscal deficit, currently the largest in the world at more than 200 percent of GDP. For the longer term, it faced the daunting task of devising a credible plan to address the deficit without plunging the country into a worse economic crisis. In June, the government's tax commission scaled back its timeline for increasing the consumption tax, proposing to raise the tax gradually from 5 percent to 10 percent by sometime in the mid-2010s. The government would also raise income and inheritance taxes for wealthier people, and reduce pension payments to those with incomes greater than 10 million yen (\$126,700), while increasing such payments for those with annual incomes of less than 650,000 yen (\$8,200).

LONGER-TERM CHALLENGES

In the long term, the government cannot make do simply with raising taxes and controlling spending; it will need to find ways to spur economic

growth. The economy shrank 0.9 percent in the first three months of 2011. It is expected to contract for most of 2011 and then to resume growth at 3 percent in 2012 as recovery spending stimulates growth. Since Japan currently has a declining population, the country will have to achieve its economic growth via increases in productivity. The aging of the population also puts more pressure on the fiscal balance, because it means that Japan has fewer wage earners paying for benefits for a growing elderly population.

The Japanese government also faces the daunting task of figuring out how to meet the growing welfare needs of the population, including pensions and medical care; how to distribute contributions and benefits across demographic groups; and how to pay for it all. The DPJ had promised to tackle welfare reform in its manifesto. It proposed to integrate the country's three public pension systems—for public servants, company employees, and the self-employed, respectively—and ensure a minimum monthly pension of 70,000 yen (\$884) for those with low incomes.

The government has since deliberated these proposals via a variety of special task forces and expert panels, but it has found itself bogged down by dissent from the opposition parties, the bureaucracy, and inter-

est groups. Akira Nagatsuma, the DPJ's first health, labor, and welfare minister, did not help things by waging a public battle with his own ministry. The Kan administration postponed the reform effort after the earthquake, but it promised to return to pension reform this fall.

Before the earthquake, Kan actually had presented some rather bold reform initiatives, none more surprising than a proposal to participate in the Trans-Pacific Partnership (TPP), a free trade and investment scheme for the Asia-Pacific region. In order to do this, the government would have to agree to substantial liberalization of the agricultural sector and thereby incur the wrath of Japan's powerful farm lobby. Yet big business solidly backed participation, fearing that the country would be left further behind if the major economic powers of the region forged such a pact without Japanese participation. The Kan administration had promised a decision on participation by June, but it postponed action due to the earthquake. Some politicians have expressed concern that the TPP might

Opposition politicians resorted to shameless obstructionism and maneuvering for political advantage.

hurt farmers and fisherman who have been affected by the earthquake and tsunami.

While the DPJ administration has failed to produce a coherent economic growth strategy, individual ministries have formulated some creative proposals. METI council reports on industrial competitiveness have contended that the government should resurrect elements of an industrial policy: increasing financial support for research and development, actively coordinating Japanese companies on technology issues, and aggressively marketing Japanese products abroad.

One METI report offers three explanations for Japan's weakness in the all-important information technology sector: insufficient investment, a flawed strategy on standards, and too much focus on the domestic market. And both METI and the Ministry of Internal Affairs and Communications advocate a dramatic increase in government investment in information technology. Yet in the DPJ era, the strained links between political leaders and the ministries would make it particularly difficult to implement such plans.

PROSPECTS FOR CHANGE

Japan's political leaders have failed to deliver decisive action precisely when the country needed it most—when it faced its most devastating crisis since World War II. They have not effectively confronted the most critical long-term issues: the fiscal crisis, economic growth, energy, the environment, and welfare. Yet there remain grounds for a small touch of optimism: Despite the government's disappointing record in the face of this national disaster, it is likely to overcome the current gridlock over the medium term.

Why should we expect any improvement? The DPJ's 2009 victory marked a fundamental shift from one-party dominance to alternation in power, and the competitive dynamic between the major parties should eventually produce more policy-oriented election campaigns. To date, the LDP and the DPJ have represented very broad camps, with no major differentiation between the two in policy terms. Politically, the LDP has traditionally been strongest in rural areas and the DPJ had greater initial success in urban areas. However, the LDP's Prime Minister Junichiro Koizumi bucked the

trend in the 2005 Lower House election by successfully appealing to urban voters, and the DPJ then counterattacked by targeting rural areas in the 2007 Upper House election. This counterpunching only made it harder to distinguish the policy positions of the two parties.

While commentators have called for a realignment that would produce a more rational policy cleavage between the parties—pitting one party for market-oriented reforms against another emphasizing the redistribution of wealth, for example—the leaders of both parties have recognized that they need to combine elements of both to compete nationwide.

Nonetheless, LDP leaders now also recognize that they cannot win elections based on their traditional strategy of protecting farmers and retailers, rewarding constituent groups with public works spending and other subsidies and tax breaks, and generally redistributing wealth from urban to rural areas. In the short term, they have opted for the low road of attacking DPJ leaders for minor financial scandals and other missteps and otherwise obstructing DPJ initiatives. But before the next Lower House election—which must be held by August 2013—they will have to begin developing a new identity based on policy positions.

The LDP has already shown signs of this by shifting from pure opposition to offering counterproposals for reconstruction. And this should in turn push the DPJ to develop a more coherent policy platform of its own. We may have to wait for two more Lower House elections before this competitive dynamic fully kicks in, but it should improve Japanese political leadership over the medium to long term.

Furthermore, this year's triple crisis was so devastating that it will continue to exert pressure on the government to provide answers for Japan's short-term and long-term problems. Even after the government deals with its immediate recovery plans this year, the leadership will remain under considerable pressure to pursue longer-term reforms. Over the next year or two, we can expect more expert commissions, a broader public debate, and more initiatives from both politicians and bureaucrats. We can only hope that the severity of Japan's challenges will fuel bolder responses. ■