

# Lecture on Japanese Politics : Its Trends and Implications for Japan's Role in a Changing Asia - Pacific \*

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It is really a great honour and pleasure for me to be here and to have a chance to talk in front of you. It is always nice to be back to Thailand and I would like to request one thing at the very beginning. Thai people, just like Japanese, are very famous for their modesty. So I would like to have this opportunity to exchange views with you. Please do not hesitate to raise questions and comments after my speech ends. That is my sincere request.

## **POLITICAL CHANGES IN JAPAN**

Let me start by talking about the reasons for political changes in Japan and their potential implications for ASEAN countries. Japanese politics has a long history of continuity and stability. The LDP was established in 1955. Since that time, the

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LDP has maintained its powerful position until the Upper House elections last July. The LDP had won up to then every election of both Houses: the Upper House and the Lower House. There is remarkable continuity and stability in Japanese politics. This continuity and stability is extremely impressive compared with the pragmatic social and economic changes which have happened in the last 30 - 40 years in Japan.

In 1955 Japanese per capita GNP was less than that of Argentina. Japan was one of the nearly industrializing countries at that time. But, present Japanese per capita GNP is one of the highest in the world, higher than that of the US. Japanese society has experienced revolutionary change in the last 30 - 40 years. The LDP has successfully maintained its power. But this stability and continuity is now less clear as result of the last Upper House election previously mentioned. Japanese voters have become less predictable than before. Their loyalty to the party or its candidates has been eroding. If you look at the US, then you will find the same tendency. Its influence on the party has been declining. The voters' attitude has become increasingly more volatile. This volatility of the voting behaviors is wide in the advanced democracy in a recent year. Japan is no exception.

As you may already know, Japan will have a general election for the Lower House next month. It is dangerous to make any forecast. I may easily be proven incorrect one month. But, I can easily explain that once the LDP lost the majority and once the LDP also maintained the majority. There are several things that support this prediction.

First, I am sure that the LDP will continue to be the number one party. It is very clear because of the total number of candidates. The largest party among the opposition parties is the Socialist Party which has half or about 150 candidates. The total number of seats in the Lower House is 412 and a majority is 257. But, the number of Socialist Party candidates is much less than that. And the LDP will have more than 300 candidates. Even if the LDP faces a difficult election, as far as winning candidates are concerned, LDP candidates will be much more numerous than the largest of the opposition parties. It is sure that LDP will continue to be the number one largest party. This is the prediction that I am making.

The second prediction is that all opposition parties will lose in the coming election. We have 4 major opposition parties: the Communist Party, the Socialist Party, the Komeito Party, a fundamental Buddhist style party, and the Rightist Socialist Party or the former Democratic Socialist Party. These 4 parties, except the Socialist Party, will lose for several reasons.

The change in the communist countries has had a very negative effect on the Communist Party. Before the last Upper House election was held in July, Tie-

nanmen Square incident happened and that was a fatal blow to the Communist Party. That was why the Socialist Party's number of seats increased. The Communist Party was badly defeated. And the same thing will happen in the general election. In an advanced democracy, Japan, France and Italy have relatively large Communist parties. And, without exception, communist parties' influence has declined. It is a general trend in advanced democracies. Other opposition parties also will lose. That is very interesting because, even if the LDP is defeated, it does not mean victory for the opposition. Only the Socialist Party will increase its number of seats. There are two reasons. One reason is the socialist's strategically favored position. Many voters are not satisfied with the LDP for two reasons. One is the LDP's corruption, as Dr. Khien has already pointed out. Japanese politics, like American politics, are two of the most expensive politics in advanced democracies for different reasons. In the case of the US, TV ads demand a lot of money. In Japan's case, to cultivate supporters and voters, requires a lot of money. Anyway, the election campaign is very expensive. I do not know how expensive it is in Thailand. Japanese voters have become increasingly more impatient with this kind of corrupt political behavior. Those frustrated voters vote for the Socialist Party because electing the number one opposition party is very effective to punish the LDP. It is not because they support the basic policy election of the Socialist Party. The policy of the Socialist is unrealistic, according to the opinion polls. Only 5 per cent of Japanese voters prefer this party. The second reason is that the Socialists have been very effective in recruiting women. The chairman of the Socialist Party is a woman, Miss Doi, who is very important to the party. Moreover, the Socialist Party has the largest number of women candidates. This suggests the increase of women's participation in political life in Japan and also suggests the changing nature of Japanese society. Japanese society has long treated women as inferiors. Now it is changing. However, there are still quite a few women who complain about their unfavourable treatment. But, woman's position has rapidly improved in Japan. This is a general trend in advanced societies.

Second, a coalition among the opposition is very difficult to bring about. The basic policy election of the Socialist on one hand and others is so diverse. The Komeito Party, the second largest opposition party and the Rightist Socialist Party strongly criticize the present unrealistic policy election of the Socialist Party. And the Communists are isolated. The Komeito and the Rightist Party are ready to join in coalition with the Government in some form or another. They might feel hesitant to join the Government at official level or to take ministerial positions. But on a *de facto* level, these opposition parties are ready to progress with the LDP. So, the Government will continue its stability or continuity.

The second point I would like to emphasize is that the change in Japanese politics is the policy debates in Japan. Quite recently the policy debates between the conservatives of the LDP and the progressives of the opposition concern ideological issues. Should the Constitution be strictly maintained or not? The LDP's administration has not insisted that the present Constitution should be revised. But, instead of official formal revision of the Constitution which is very difficult in Japan, the Government has skillfully changed the interpretation of some of articles of the Constitution. Anyway, the opposition has been criticized for that kind of the practical attitude towards the Constitution. That is one of the divisive point between the LDP and the opposition.

### **JAPAN'S SECURITY POLICY**

Next, is the question of security policy. The conservative of the LDP has maintained a very clear policy on alliance with the US, which is the only realistic policy for the security and prosperity of Japan. That is the LDP's administrative basic position. But, the opposition, at least, the Socialist Party, has been criticizing that this year Japanese alliance should be abrogated. Japan should take an unarmed neutral position. Of course, this is very unrealistic. The Socialists tends to emphasize social welfare. The LDP is very eager to expand the welfare policy. The Government is more interested in maintaining free economic activity. These are the basic divisive issues. Until recently, most of the opposition parties, especially the Socialist Party, had not presented the realistic organ to the LDP's policy position. This situation is changing. Japan is now facing several new issues which are different from previously. As regards, Japan's internationsl position, Japan should take a bigger responsibility in the international community. There is also a consensus that Japan should fulfil its international responsibility primarily by non - military measures. But, there is no clearcut idea regarding this very serious issue.

Second, there is very strong pressure from abroad to open the Japanese market and it is opening. Japanese import have been rapidly growing. Export to Japan from Asian countries, ASEAN and Asian Nics, has been growing rapidly. I will not be surprised that within several years Thailand will start to enjoy a trade surplus with Japan. Anyway, the trade balance will be reduced. However, there are still a lot of claims from outside to open the domestic market. One of the serious issues that Japan is facing is foreign workers. The Japanese economy is booming. The growth rate is much higher than of Thailand, but the progressive growth is slowing down. Japan now is facing a serious labour shortage. Wages are going up. Japanese labour growth is one of the highest in the world. In Asia, there are a lot of low - waged countries, and a great number of foreign workers are entering Japan legally, but most of them are illegal. The immigration of blue collar workers is an issue for Japan for the first

time in its history. This is a serious and symbolic issue for the internationalization of Japanese society.

Another serious issue is tax reform. The most important issue of the LDP's defeat in the last Upper House election was the introduction of the sales tax. Sales tax in Japan is very low, only 3 per cent. In the case of European countries, it is between 10 or 20 per cent. However, no one is pleased to pay the new tax. So the LDP's new tax proposal was not so popular among the people. That is the most important reason for the defeat. Of course, the scandal was another cause of the defeat. But, according to the opinion polls, the tax reform was considered more serious than the scandal. Another very serious issue for Japan is how to reform its welfare policy system, including the medical system, pension system and so on. If aged people continue to increase in numbers, the Government will face a serious budget deficit in the future. How to improve and maintain the pension and medical system in an advanced society is a serious issue which is not directly related to traditional ideological confrontation. What will be the future of Japanese politics? We can write two scenarios. First one is the political instability scenario. The LDP might lose the majority, or if not, the LDP's stable position will be weakened. Political instability is inevitable. Another scenario is the reshuffling of the parties' relations. My personal judgement is the second scenario is more positive than the first one. I will not be surprised if all current parties will disappear by the end of this century. That does not mean all opposition parties will disappear, primarily because the traditional division between the LDP and the opposition has been broad.

Secondly, Japanese voters do not give any credit to existing parties. They do not like the corruption of the LDP, nor do they trust the opposition. Most of them do not think the opposition can manage Japanese society and politics in a very difficult time. So no parties are popular enough to gain solid support from voters. That is a more fundamental reason. I suspect the reshuffling or destracturing of the parties' constellation will occur during the coming decade.

Let me turn to the implications of the political changes in Japan to Japanese foreign policy and Japan's role in the world and in Asia - Pacific, especially to ASEAN. Since last year, despite serious issues with other countries, Japanese political interest was primarily concentrated on domestic policy like the tax reform and corruption. That is a very dangerous situation because there are so many international issues, including the US - Japan trade conflict, economics relations with European countries, and how to deal with China. If Japan fails to take a fair share in international responsibility, I think international relations will become more unstable. As I already said the instability scenario will not be so realistic. I feel optimistic and the reasons are very simple.

First, Japan can not pay extremely high cost for political instability. It is too expensive for Japan and dangerous for the world. Japanese people are not necessarily so wise but not so foolish to pay such an expensive cost.

### **JAPAN - US RELATIONS**

Secondly, as I already said, Japan should take a bigger responsibility in the international community for two reasons. Political instability will be unacceptable not only for Japan but also for the world. What will be the future of Japanese foreign relations? Let me start with the Japan - US relations because it has quite decisive implications not only for the Asia - Pacific region but also for the world. Japan and the US are two of the largest economies in the world and two leaders in technology development. It will be a very rough time for US - Japan relations in the coming year. The US and Japan are now engaging in the Structural Impediments Initiative ( SII ). The US is criticizing the ineffectiveness of the Japanese distribution system and Japan is criticizing the US low level of savings and so on. Each side recommends how to improve the situation. This kind of structural talks could be a good way to improve the deficiency of the realistic democracy but the US side is very impatient, especially the US congress. That is a clear conclusion and the result should be out by coming July. Structural issues can not be solved overnight but within 6 months. It is very difficult to deal with the culture, behavior and customs, they do not change easily. It takes time. The US congress has become increasingly more impatient. I can expect the fatal break up of the relations between two countries. The reasons are very simple.

If relations are broken, Japan will die within 30 minutes and the US also will die within 3 days. Their economies are deeply intertwined. Therefore, the cutting of the relations is simply unconceivable. As long as the two leaders of both countries remain the same, the breaking up of the relations will not happen.

### **JAPAN - SOVIET RELATIONS**

The second reason for my optimism is that we need each other. Let's start with the security interest. Soviet foreign and military policy has been changing. East - West tension has been reduced. There is a real possibility that the Soviet Union will not only reduce significantly its ground forces deployed in Europe, but also will retreat most of its deployment in Eastern Europe. In East Asia, the situation is different. The Soviet ground force deployed along the Sino - Soviet border have declined in significance. But, in the Soviet maritime province. Soviet air forces are still deployed there. As far as the Soviet Pacific Fleet is concerned, there is no reduction of the force. As far as the fighting capability is concerned, they are still improving. The reason for that is the sea of Okhostsk, close to Japanese islands is one of the two sea bastions for

Soviet nuclear submarines which are the most reliant of the second side capability for both the Soviet and the US. From the Sea of Okhostk, the Soviets can attack all the major cities of the mainland of the US. There is another sea bastion for the Soviet nuclear submarines and missile submarines in Northern Europe.

One of the major tasks of the US Seventh Fleet is to attack the Soviet nuclear submarines in case of emergency. One of the largest tasks for the Soviet Pacific Fleet and air force deployed there is to protect their submarines against the US Seventh Fleet. The US has to protect itself. Of course, the US Seventh Fleet is absolutely important for the security of Japan. And the Japanese Self - Defense Force has provided also the seal for the US Seventh Fleet. The US Seventh Fleet's force structure has an offensive capability not a defensive capability, so it is vulnerable to be attacked by submarines and bombers. And the Japanese force structure is completely defensive, so we can protect the US Seventh Fleet from the Soviet attack. We are protecting each other and our force structure is not necessary complementary. Regarding this, there is some apprehension among ASEAN people. If you have the intention to attack Japan, then Japanese soldiers will fight against you. But, if you do not have any intention to attack Japan, you need not worry because we do not have any ability to deploy our forces in East Asia.

The total size of Japanese defensive expenditure is very misleading. First of all, more than 40 per cent of Japanese defensive expenditure is for salary and food stuff. We have no draft system. Japanese wages are very high, so soldiers receive one of the highest wages in the world. This is quite different from the defensive expenditure of many countries which have the draft system. If you discuss the Japanese defense policy, please check what kind of military structure and what kind of weapons Japan has had and is going to have. The Japanese force structure is completely defensive and complementary to the US Seventh Fleet. We have another common security interest and that is to prevent local conflict, to contain local conflict and to bring a solution. In that case, American military capability and Japanese financial capability again are very much complemented. To solve regional conflict, we need military and money. The US can provide military force. Japan can provide money. Neither side provides both. So we need each other because the US and Japan share so many security interest. It is totally irrational for us to break our relations.

### **ASEAN**

As for ASEAN, I have heard many times about ASEAN's apprehension of the fact that the changes in Eastern Europe are so dramatic. All their intentions are now directly turned to Eastern Europe. Money will go from ASEAN to Eastern Europe. I agree that ASEAN will suffer because of the exciting changes in Eastern Europe. Prime

Minister Kaifu has made a commitment to give two billion aid to Eastern Europe during his last visit. Japan may provide 400 - 500 million dollars to Eastern Europe over 5 years. But, the total Japanese ODA is now 9 billion dollars and still continues to grow about 6 per cent every year. By the end of this century, Japanese ODA will reach 20 billion dollars. The total of ODA last year was 40 billion. As I said, Japan should take bigger international responsibility, primarily non - military. It means that Japan should increase its ODA. I am sure that ODA will continue to grow. Japan can give aid to eastern Europe without reducing its ODA to ASEAN or East Asia. Second, I can not guarantee that ODA from other countries, from the US and European countries to ASEAN might be reduced. But, military ODA from the US primarily to Asian countries is not so much. ODA from Western Europe to ASEAN is more limited. Even if they try to reduce it, the total loss can not be so big. And ODA is not so decisive by now. ODA is certainly very important. Japan should commit ODA to ASEAN. But, the remarkable economic development of ASEAN, especially since 1985 was primarily moderated by private sector investment, not ODA. ODA is very important to provide the social infrastructure which induces the private sector's investment. The private sector's investment has been bigger than ODA, especially in the case of ASEAN. As money is concerned, the private sector will not invest where there is no business opportunity. And I do not think that most of the Eastern European countries can provide better opportunities than ASEAN or East Asia in general.

In 1988 the total imports of East Asian countries became bigger than that of the US. It means that East Asian countries including Japan, Asian NICs and ASEAN now have a bigger market for foreign producers than the US has. That is a really great change in a couple of years. This market is more rapidly expanding than the US market. I had a chance to talk with the executive of the US IBM. He said that IBM in Thailand had a bigger profit than all the profit IBM got in Europe. Only Thailand has provided a better business opportunity for IBM than EC countries put together. If this situation can continue, the private sector's money will continue to flood into East Asia and ASEAN. East European countries start to develop and I hope they can do that. They will provide a better chance not only for Japan but also for Asian Nics and ASEAN.

Many ASEAN countries still have apprehensions about overpresence of Japan, at least the economic overpresence of Japan. In the early 1960s the US almost dominated EC economics. It really provided the great stimulus for the development of EC economics. Then the US share declined. The same thing is happening in East Asia. In 1988 Asian NICs had the investment surplus on ASEAN except Singapore. Asian NICs means South Korea, Taiwan, Hong Kong and Singapore. Taiwan is now a bigger

investor in Indonesia, Malaysia and the Philippines except Thailand. Japan is still the largest investor in Thailand. Taiwan invests more than Japan in other ASEAN countries because it has money. It has money because its economics was developed by Japanese investment. Of course, Taiwanese diligence is very important but Japan invests massively to Asian NICs. That really stimulated the economic development of Asian NICs which still start to stimulate with ASEAN. That is a very healthy trend. Therefore, ASEAN people need not worry about Japanese overpresence. Sooner or later, other Asian countries, including Thailand will come up and Japan will decline. It happened to the US. It is happening to Japan in Asia, especially to the relationship with Asian NICs and it will happen to the relationship with ASEAN in the future.

Among ASEAN people, there is growing apprehension of relative decline of American presence not only military presence but also economic presence. But, at the same time we should not forget the fact that US exports were the most rapidly expanding to the East Asia in 1987. In 1987 US exports increased by 27 per cent more than the previous year. The total amount of the increment was 68 billion dollars. Among 68 billion dollars, the export to Asia increased 24 billion and to EC only 15 billion dollars. That means the East Asian market will become bigger than EC for the US. The gap will widen. So East Asia is very important for US exports. Of course, the US is very important for us as the export market. The US is the largest market for Thailand. Japan is the second one. That is my final point.

I thank you very much for your attention.

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