



## KOIZUMI'S GAMBLE AND ITS CONSEQUENCES

CENTER ON JAPANESE ECONOMY AND BUSINESS

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*When Japanese Prime Minister Junichiro Koizumi called for snap elections to occur in September 2005 to push forward his postal privatization agenda, the opposition, the public and even some of his colleagues were quick to dismiss his so-called irrational move. With only a year left until his retirement, why would the lame-duck Prime Minister hustle this much to shake up the entire political system just for one policy agenda? With resounding results, Koizumi accomplished something many in Japan and overseas political observers didn't think he could do: he managed to usher in a new political era for his Liberal Democratic Party and the Japanese political system through this historic election.*

*With details for the privatization of the postal system still very unclear, no one knows how this vast pool of funds will affect the financial system. Will the release of government control over postal savings and life insurance deposits shake up the stock and bond markets? How and why did postal privatization become Koizumi's ideological agenda? What does this election mean for the LDP? What mistakes did the opposition party make?*

*To shed some light on the current political landscape in Japan, Columbia University Burgess Professor of Political Science **Gerald Curtis** spoke to a packed audience on September 20, 2005. He was joined by David Weinstein, Carl S. Shoup Professor of Japanese Economy and Associate Director for Research at the Center on Japanese Economy and Business (CJEB) and Hugh Patrick, Director, CJEB.*

*This report highlights Professor Curtis' speech and following discussions with audience members. The program was cosponsored by the Weatherhead East Asian Institute of Columbia University.*



**DAVID WEINSTEIN**

*Carl S. Shoup Professor of the Japanese Economy, Columbia University; Associate Director for Research, Center on Japanese Economy and Business, Columbia Business School*

I am honored to be here to share the podium with such distinguished speakers and colleagues. Gerry Curtis is a person who does not need an introduction, but in case there is someone in the audience who hasn't been paying attention to Japan for the last four decades, I will say a few words.

Gerry is the most eminent political scientist working on Japan. His book *Election Campaigning Japanese Style* became a best-seller in Japan. I think one signature feature of Gerry's career is that he not only teaches Westerners so much about Japanese politics, but Japanese political scientists also learn an enormous amount from him.

His book *The Japanese Way of Politics* won the Ohira Memorial Prize, and last year Gerry was given the Award of the Rising Sun Gold and Silver Star by the Emperor. In addition, Gerry writes a column for several Japanese newspapers and serves as an adviser to *Newsweek* magazine.

For the students in the audience, in case some of you are wondering how Gerry became so eminent, I need only remind you that he received his Ph.D. from Columbia and has stayed here ever since. So, a word to the wise is sufficient.

In a fascinating turn of events, Japanese politics seems to be moving more toward the battle of ideas and, most recently, toward the battle of factions. But rather than listen to my take on it, I'll turn the floor over to Gerry.



**GERALD CURTIS**

*Burgess Professor of Political Science, Columbia University*

I am delighted to see so many people here today. This is a really big turnout for a lecture about a Japanese election, but this was truly one of the most interesting, entertaining, and important elections in Japanese history.

The trigger for the election was the Diet's rejection of a government bill to privatize Japan's postal system. The bill only barely passed the Lower House when nearly forty Liberal Democratic Party (LDP) members voted against it. It was defeated in the Upper

House when a large number of LDP members decided to vote against it. Prime Minister Junichiro Koizumi immediately dissolved the Lower House, saying that he wanted the public to indicate whether it supported his policy on the reform of the postal system or agreed with those who were opposed to it.

Koizumi's strategy was to frame the election as a referendum on postal system reform. He drove all of the LDP members who had voted against his bill in the Lower House out of the party and ran new candidates against them, including several high-profile women. The media quickly labeled these new candidates the "assassins," thus bringing a sense of high drama to the election and getting the public excited about it. The result was a nearly 8-percentage spike upward in the voting rate. Koizumi managed to portray the LDP, which for the previous four years had resisted much of his program, as the party of reform, and the Democratic Party (DPJ), which had been founded several years earlier to pursue a reform agenda, as a party opposed to change.

There is little evidence that the public knew what to make of the details of the postal reform bill. What attracted them was the courage of a Prime Minister who was willing to risk losing power rather than give up a policy that he believed

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—David Weinstein

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was essential for Japan's economic revitalization. Koizumi convinced the voters that he had the conviction of his beliefs and would rather leave office than betray those beliefs.

His strategy succeeded brilliantly. A prime minister, who until just a few weeks earlier looked as though his popularity was ebbing and whose ability to survive in office until the end of his term as LDP President in September 2006 was being publicly questioned, now suddenly enjoyed a huge upswing in popularity. His party swept the election, increasing its representation in the 480-member Lower House by 84 seats for a total of 296 seats. Together with its coalition partner, the Komeito, which won 31 seats, it controls two-thirds of the Lower House. That means that it has the numbers to pass legislation defeated in the Upper House.

The opposition DPJ suffered a humiliating defeat. It won only 113 seats, a loss of 64. Of the 31 purged LDP incumbents, most of whom ran as independents, only 15 won. They also remain outside the party and isolated. With the adoption of a predominantly single-member district system a decade ago, small parties such as the once powerful Socialist Party (renamed the Social Democratic Party) and the Communist Party have fared poorly. Neither was able to break out of the single digits in terms of seats won.

To explain a little about the results, the first point to stress is that this election was not won by the LDP. It was won by Prime Minister Koizumi; nearly 300 LDP candidates rode into office on his broad coattails. Koizumi is in a league of his own when it comes to political skill and media savvy. He has often said that he would destroy the LDP if it did not support reform, but in fact he is not destroying it but saving it from itself.

Koizumi is often compared to Ronald Reagan and Margaret Thatcher because of his emphasis on shrinking the government's role in the economy, but the more apt comparison is to Tony Blair. Reagan and Thatcher succeeded in convincing the public to support positions long identified with their parties. Koizumi, like Blair, forced his own party to embrace policies they had long resisted and then got the public to support the party because of its new stance. Koizumi has not yet succeeded in creating a "New LDP" in the way Blair created New Labour, but he has created the possibility that he will do so.

The phenomenon of a "Koizumi boom" driving up public support for his party is not without precedent. A little more than a decade ago, there was a Hosokawa boom that propelled Morihiro Hosokawa into the Prime Minister's office. In the 1970s, the current Speaker of the Lower House,

Yohei Kono, who had split from the LDP to form the New Liberal Club, enjoyed a similar outpouring of public support. Every decade or so, a politician appears who seems to capture the imagination of the Japanese public.

The difference this time is that the object of the boom was the Prime Minister, rather than an opposition party leader and, most importantly, that it was the first such boom to occur in the context of Japan's predominantly single-member district system. Such a system magnifies the effects of a leader boom, sweeping members of the leader's party to victory across the country.

The size of the LDP victory was unexpected, even to the party's leaders. In Tokyo, for example, it won every single-member district seat except for one and won so many seats in the proportional representation contest that it did not have enough candidates to fill all the seats it won, causing it to forfeit one seat to the Socialists.

Koizumi's appeal since he was first elected Prime Minister in 2001 is rooted in his innate optimism. Japanese politicians tend to warn about how bad things will get if people don't try hard to avoid calamity. When times are good, people may be responsive to a politician who warns that good times do not last forever. But when a country has been in the economic doldrums for more

than a decade, the last thing the public wants is to hear a politician tell them how much worse things are likely to get unless they take power.

Koizumi's message was simple and straightforward. Privatizing the postal system and reducing government interference with the operation of the marketplace will energize the Japanese economy. Make these changes, he told the voters, and things will get better.

The opposition DPJ took a more traditional Japanese approach. Its slogan was, "We are not giving up on Japan," hardly a message to inspire hope, and it warned how terrible things would become unless something was done about fiscal deficits and pension reform. What it neglected to do was tell the public why the DPJ's coming to power would make life better.

Koizumi's great strength going into this election was that he was not afraid to lose. Koizumi was not confident that he would win the election when he decided to dissolve the House. What he knew was that if he did not call elections, he would spend his remaining months in office unable to accomplish anything the LDP party bosses opposed. He concluded that if he won the election, he would gain new momentum, and if he lost, he would take the LDP down with him. LDP politicians who opposed him on postal reform

and thought that he would accept some kind of compromise simply failed to take the full measure of the man.

They also failed to understand that Koizumi has total confidence in his instincts. He has limited patience for chewing over issues, which often turns out to be more of a weakness rather than a strength. Once he has made up his mind on a course of action, he also does not look back or waver. He simply refuses to abide by the informal rules that have long constrained LDP leadership behavior. Consequently, he constantly caught other politicians by surprise and threw them on the defensive while delighting the public with his willingness to challenge the LDP from within.

Three other factors deserve mention as having contributed to Koizumi's victory in this election. One is the improvement in Japan's economic performance. Fears about a crash of the country's financial system are now history. The banks have written off an enormous amount of bad loans and are now beginning to lend again. Corporate profits are setting new records, the stock market is up, exports have been driving growth, and consumer and business confidence has improved. The sense that the worst is behind Japan and that the economy is on a path to sustained growth clearly provided a backdrop for an

election that was favorable to Koizumi.

Another important factor was the ineptitude of the DPJ campaign. The DPJ made a strategic mistake by not putting forward an alternative to Koizumi's postal privatization bill. Party leaders assumed that there would not be an election before he left office and thus put more emphasis on maintaining harmony among the diverse interests represented in the party than broadcasting an appealing message to the public. Koizumi thus was able to portray the DPJ as being against change as much as those in the LDP were. The DPJ never got off the defensive and was unable to convince the voters that they should consider the election as anything other than a referendum on postal reform. They did everything possible to deserve the fate the election results bestowed on them.

Finally and perhaps most crucially, Koizumi won because Japan is changing, not vice versa. The 1990s was not a so-called lost decade for Japan; it was a watershed decade in terms of changing values, expectations, attitudes, and behavior. The political machine is collapsing, even in rural areas. Faith in the bureaucracy's ability to guide the economy disappeared with the bursting of the bubble economy. The idea that things will somehow be okay as long

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as people do not rock the boat is no longer accepted. Someone like Koizumi could become Prime Minister in the first decade of the twenty-first century only because of what had happened to Japanese society in the last decade of the twentieth century.

The election results ensure that postal system reform legislation will be passed by the Diet very quickly. Those LDP members who opposed it in the Upper House have lost no time to declare their readiness to support it when it is submitted again. Koizumi probably could get a stronger bill passed than the watered-down one he submitted in August, but he is going to submit exactly the same legislation that was defeated earlier.

Koizumi framed the election as a referendum on postal reform. He did not say what he would do after reform legislation is passed, except to indicate in vague terms that he would pursue further economic reform. Therefore, there is still a lot of guesswork involved in forecasting what he will do after the postal reform legislation is passed.

Some things seem clear. He will focus his attention on continuing to try to shrink the government by dismantling special agencies, especially the large number of government financial institutions. His goal is to reduce the power of the bureaucracy and to eliminate

sinecures for retiring bureaucrats to make the economy more responsive to market forces. He will pursue further cutbacks on public works spending and look for other ways to cut costs. He will not raise the consumption tax before his term in office expires next September. He will push for a bipartisan consensus on pension and medical system reform, but it is unlikely that agreement will be reached before his term expires. He will try to push through legislation that will turn over tax-making authority to local governments and reduce the power of the central government, though here, too, the devil is in the details.

Now that his party has scored such big successes in urban Japan, Koizumi has the opportunity to champion the cause of agricultural reform. Japanese agriculture is characterized by elderly people inefficiently farming small plots protected by high tariffs. There is a growing public discussion in Japan about the need for fundamental reform, but Prime Minister Koizumi has not yet given any indication that he plans to take on this very big issue.

Koizumi faces the political problem of moving the reform process forward to respond to the high expectations the public expressed in the election. Having won so big, he now has to figure out how to not disappoint the voters.

As far as the economy is concerned, what Koizumi does is probably not as important as the mood his victory has created. First, there is confidence in the investor community, and especially among foreign investors, that there will be no backtracking on the course of reform. Second, the Japanese public is generally upbeat about the Koizumi administration and the future of the economy. There is an expectation that things will get better, and that in itself creates a virtuous cycle of positive expectations, conducive to an increase in consumer spending and business investing. The sharp rise in the stock market since the election is an indicator of this positive mood.

The longer-term political consequences of the election are less certain, but it is my view that this election, contrary to appearances, has moved Japan further along the road to the creation of a competitive, two-party-dominated political party system.

It is very questionable how strong the LDP will be without Koizumi. What this election showed is that the great majority of Japanese voters do not identify strongly with any political party; they are floating voters who were attracted to Koizumi's party at this time. It is hard to imagine that they will support the LDP in as large numbers as they did after Koizumi is gone. The LDP will

lose seats in the next election. The question is, how many.

The DPJ's massive defeat was good medicine for the party. If it had lost by a smaller margin, the pressure to rejuvenate the leadership, to reject the influence of public sector unions (which were responsible for the DPJ's opposition to the privatization of the postal system), and to change its strategy would have been insufficient. But this election taught the DPJ important lessons. One is that it cannot expect to come to power simply by waiting for the LDP to lose it. It has to aggressively, proactively fight for the voters' support. The second is that elections are one-time events. The DPJ has talked about building its support over a number of elections so that it would "hop, skip, and then jump" into power, but it hopped, skipped, and fell flat on its face. The result is that it now has a new and young leadership core that is trying to change the party to make it a real alternative to the LDP. One should not underestimate the ability of the political opposition in Japan to betray expectations that it will challenge the LDP for power, but I believe the coming years will be a period of intense and healthy political competition. What is particularly noteworthy is that the DPJ opposes the LDP on a number of important policy issues, both in domestic and

foreign affairs, but that these two parties share essentially the same ideological space. There is a fundamental, bipartisan consensus on basic foreign policy, which is anchored in a close alliance with the United States and on the need to reduce the role of the state in the economy and to make it more open.

There is a need to be cautious in interpreting the significance of this election. It was, after all, a one-off event, unlikely ever to be repeated. It was a referendum on a single issue: postal reform. This is not likely to happen again. Thirty-seven incumbent Diet members were purged from the LDP. LDP Diet members will think harder about going against party discipline the next time a controversial piece of legislation comes to the Diet. The LDP swept urban Japan because of the popularity of its leader. But the LDP has not been transformed, at least not yet, into an urban party.

What can be safely concluded about this election is that politics cannot go back to what they were like before Koizumi. He has irreversibly broken the old system. Factions will never again recover the role they formerly enjoyed in deciding who becomes Prime Minister and who joins his Cabinet. Koizumi has made the Cabinet the Prime Minister's Cabinet, not the LDP's Cabinet, and that is likely to continue.

The center of gravity for policy making has shifted from being centered in an LDP-bureaucracy alliance to the Prime Minister's office. These are fundamental and important changes that are likely to outlast Koizumi and that probably will be his biggest legacy.

Koizumi, however, has done more to destroy the old system than define the contours of the new one. That will be up to his successors. One political issue Japan now confronts is how to institutionalize a new system of checks and balances, something that is necessary to every democracy. In the past, either the LDP's factional system or an ideological opposition acted as a brake on the governing party. However, now that Koizumi has made the LDP a more unified party than ever before, the old factional system no longer works. The opposition has been humbled and weakened by the election, so its ability to act as a strong check on the ruling party is, at least for now, quite limited.

There are two sources of checks and balances operating at the current time. One is the Komeito, the LDP's coalition partner. The Komeito's support is crucial for the LDP, because it needs the Komeito's votes to get legislation through the Upper House and because the Komeito's supporting religious organization, Soka Gakkai, is one of the few organizations capable of mobilizing large

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numbers of voters in support of LDP candidates. This will become much more important in the post-Koizumi era.

The second source of constraint on the government is the stance adopted by Prime Minister Koizumi himself. Koizumi has been very careful to emphasize that the election gave him a mandate for one thing and one thing only: to pass postal system reform legislation and other related reform measures. Much to his credit, he has not claimed public support for anything else, whether it's domestic or foreign policy. And he has insisted that he will resign when his term as LDP President ends in September 2006. This means that his administration must concentrate on accomplishing the reform goals he has set out and making reform the key issue when choosing a successor. Koizumi is no doubt sincere about his intention to resign next September. Given his character, he will not remain and will simply help the LDP win the next Upper House elections in the summer of 2007. But if he is convinced that there is important, unfinished business that only he can successfully resolve, he may in the end change his mind.

Recent developments in domestic Japanese politics should be welcomed by the United States. They contribute directly to strengthening our bilateral relationship. Koizumi's

re-election means that there will be continuity in Japanese policy and a continued commitment to sustaining a strong alliance with the United States, as well as a strong relationship of trust with President George W. Bush. The DPJ is also on the same page as the LDP in its belief of the importance of a strong U.S. alliance, creating a bipartisan consensus on the fundamental underpinnings of Japanese foreign policy.

The privatization of the postal system and the general thrust for reforms to further liberalize the economy will contribute to creating a stronger Japanese economy that will offer new and expanded opportunities for American business.

It is also important not to entertain excessive expectations (or apprehensions) about Japan's security policy. There is a cautious search for a somewhat expanded role for Japan in international political and security affairs, and that will continue. But radical changes are neither likely nor desirable. The constraints on Japanese foreign policy that derive from the public opinion in Japan and the difficulties of Japan's relations with its closest neighbors, China and Korea, remain strong. In considering our security relations with Japan, it is important to understand that they do not occur in isolation. What happens in our relations with Japan impacts directly on

our relations with China, South Korea, and other countries. The United States needs to have a regional security strategy and to avoid thinking in purely bilateral terms. In that context, it is in American national interests to see Japan and China improve their political relationship. It is not in our interests for relations between these major powers to deteriorate further. Prime Minister Koizumi has stressed that he believes it is important for Japan and China to have good relations and that he is looking for ways to improve them.

In that regard, however, a looming issue is whether or not Prime Minister Koizumi decides to visit Yasukuni Shrine again. Yasukuni is not simply a shrine to honor the young men who fought and died for their country. As a visit to the war museum at the shrine makes all too obvious, Yasukuni is a shrine that honors the ideology and the policies of the government that sent these young men to the battlefields of Asia and the Pacific. It endorses the view that the attack on Pearl Harbor was a preemptive attack taken in self-defense and Japanese aggression in Asia was in fact a noble endeavor to liberate Asia from Western imperialism and colonialism. Those convicted of Class A war crimes are enshrined at Yasukuni, but that is only a symbol, not the essence of the problem that has made Yasukuni an international

controversy. A decision by Prime Minister Koizumi not to go to Yasukuni will not necessarily result in an improvement of Sino-Japanese relations, but it is a necessary condition for improving those relations.

Japan is a dynamic political democracy with a current, immensely popular leader who has significantly contributed to making the U.S.-Japan relationship stronger than it has ever been. I think a lot of people are excited about what is going on in Japan. While you can't see exactly where things will go, we know there is a new dynamic version of the Japanese political system that is more responsive to public needs and public desires. It is up to those who are going to follow Mr. Koizumi to actually find it.



**HUGH PATRICK**  
*Director, Center on Japanese  
Economy and Business,  
Columbia University*

Professor Curtis suggested I make some comments on the economic implications of Koizumi's overwhelming victory. My problem is that he is really a hard act to follow and that he talked about all the things I wanted to say about

economic reform. It was really amazing to me that Koizumi and the LDP campaign was based solely on postal privatization. That's deeply important to Koizumi, but as Gerry said, it wasn't to the public. It's amazing how Koizumi skillfully made this the lynch pin of his policy, both as a symbol of and a precondition for further economic reform. I guess Koizumi was a vote for change, and the public obviously wanted change no matter how poorly specified it was. In fact, maybe it was good that it wasn't specified in theory, because then the opposition couldn't focus on that particular aspect.

Koizumi has not made out his economic agenda clear or complete at all. His victory approved the reform of the health care, public pensions, central and local governments, financial relationships, government finances, and civil service sectors. It was just yesterday when Gerry told me he thinks Koizumi will be using the coming months to define his economic reform agenda and will make its acceptance and support a condition for whom-ever the LDP elects as his successor. And I also say that this is how it will work out. My guess is that in order to accomplish this, Koizumi will have to extend his term for another year.

What reform will he push? Postal privatization will obviously become law. It is interesting that it will be the same weak,

watered down law that was put to a vote before, however. I suppose Koizumi wants to have it quickly approved to get the symbolic benefit from it and worry about cleaning up that legislation later. Despite all the weaknesses in this legislation, we have to expect that it probably will have a very significant effect on asset and resource reallocation in Japan. Privatization of Japan's postal sector is important because it is the largest deposit-taking and life insurance institution, and there are lots of opportunities for leakage and inefficiencies.

Postal savings deposits in Japan totaled 214 trillion yen as of March of this year (about \$1.9 trillion), which is four-fifths of the deposits of the four major banking groups combined. Almost all of that is invested in government bonds, bills, and trust funds. Postal life insurance assets totaled 120 trillion yen (a little over a trillion dollars), and they are almost equal to the assets of the four largest private Japanese life insurance companies combined. Therefore, just saying we are going to privatize this doesn't say very much about how it is going to be worked out in detail. In principle, it will create greater efficiencies, but the devil lies in the details, and the details are not specified at all. It is going to take a very long time—starting in 2007 and lasting ten years. During this period, fighting over the details

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will occur and will thus be a political and economic issue for another year.

The first thing that will happen is the consolidation of financial institutions. There will be a report coming out in October on how they can be consolidated, abolished, or certainly downsized. This will be very important and will add ammunition right away. Health reform is another issue, and I think the focus will be more on the micro—the curing of the efficiency of health care, implementing better mechanisms for sharing information on patients electronically—rather than on the macro issues of how the costs of health care are going to be covered. That's always an ongoing issue.

What issues are not likely to be covered? My first thought is agriculture. I was very interested when Gerry brought that up as a possible reform issue agenda. It is strategically important in Japan's economic relations with other Asian countries, because it is a process of negotiating bilateral, free trade agreements. One of the big issues is that Japan is very protectionist, so that affects its ability to constructively negotiate with virtually every other country. Singapore is a nice little exception, in that it doesn't have any agricultural issues to be concerned about. Forestry, fishing, and health care are other big issues. Health care is also a highly protected industry in

Japan, and the recent Philippines case allowed hundreds, not thousands, of people to get visas.

The election has certainly generated expectations about Japan's aging economic performance, fueling what is already a very good economic recovery. However, I think it is premature to categorically state that the economy has broken away from its mediocre cyclical trap and is on the path to aiding foreign growth. The development and implementation of economic reform policies is a long process and should not be considered a quick fix. Successful reforms raised productivity, particularly in the public sector. Even so, I think the main effect of this election is that a positive attitude was finally spun. I think the lesson in the last fifteen years for businesses and households is that you couldn't rely on the government to fix the private sector and that progress would have to be based on its own autonomous activity, rather than government leadership.

## DISCUSSION

DAVID WEINSTEIN

Will the DPJ win an election in the next five or ten years?

GERALD CURTIS

The DPJ has a long way to come back, obviously, because they got slammed down so badly, but I will just repeat the point I made. Japan

is a country where nearly everybody is a floating voter. Party identification is much lower there than it is in the United States and any other European country. It is a very volatile electorate. As the DPJ develops its younger leaders, they may offer an alternative that a lot of Japanese might find attractive. Much depends on what happens in the LDP. And as I said, Koizumi has not created a new LDP, he has created the possibility that a new LDP will emerge. But there are still a lot of old-fashioned, old-school politicians in the LDP. Can the DPJ go from 113 seats to 241 four years from now? I won't take that bet, but it is not impossible.

## QUESTION

Could you say a little bit more about the implications on foreign policy, particularly with China, the Yasukuni Shrine visit, this incredible Koizumi landslide, and what the DPJ might do in terms of foreign policy issues?

GERALD CURTIS

I think Koizumi must be very torn right now. My sense is that he wants to try to improve relations with China. Koizumi is not an ideological right winger on the Yasukuni Shrine issue. Some LDP members visit Yasukuni Shrine as an ideological mission, and they make a point of saying they don't believe that Class-A war crimi-

nals who were tried there were criminals and they did anything wrong. There are a lot of LDP members who believe the only thing Japan did wrong was lose the war. But that's not Koizumi. For him, it's purely emotional; a lot of young people died after being drafted and sent to war. So, he has to be torn about visiting Yasukuni since he does not want to exacerbate tensions with China. At the same time, he does not want to send a signal to China that overt pressure tactics are an effective way to deal with Japan. So he is in something of a dilemma, but it is a dilemma he has created for himself by his repeated visits to Yasukuni Shrine. As far as the DPJ is concerned, the new head of the DPJ is rather conservative on foreign and defense policy. What he is trying to say is that there is a basic bipartisan view on foreign policy. I don't think you are going to see the DPJ making a big issue over fundamental foreign policy orientations and alliance with the United States. He'll instead focus his debates more on specific foreign policy issues, which would be very healthy, because that's what has been missing.

#### QUESTION

Under Koizumi, many people have suggested the LDP factions have been destroyed. There's one theory



that says Japan's policy process is now centered more around the Prime Minister and his Cabinet, and that bureaucracy is weaker. However, as the power of party leaders decline, there's also the thought that bureaucracy, in particular the Finance Ministry, actually has a stronger influence over policy. Where do you see the balance among these different players, and how will it evolve once Koizumi leaves the scene?

#### GERALD CURTIS

Policy making has clearly shifted from the LDP to the Prime Minister's office. The role of party officials and institutions in the policy-making process has been radically reduced. Japan has a rather unique parliamentary system. In the past, the party considered itself an equal to the government, a tradition that goes back to before the war. Joint government-ruling party consultative committees are a regular feature of Japanese policy making, something very different from, for example, Britain's

Cabinet and Prime Ministerial-centered, decision-making process.

What Koizumi has done, or what he is trying to do, is to turn Japan into a more British, or Westminster-style democracy. That's where the Blair comparison comes in. When the Labour Party takes control of the government, its leaders enter government; party officials are not powerful in the policy process. The power is in the Cabinet and with the Prime Minister. Koizumi is moving things in that direction. He decides who is in the Cabinet, and he chooses people that he likes, regardless of their factional affiliation.

The transformation is still incomplete. Vice Ministers and Parliamentary Secretaries are appointed on the basis of factional affiliation and the number of times elected; it is the old system where if you are elected five times, you became a Minister, or if you are elected three times you become a Parliamentary Secretary. Each faction gets its proportion of

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—Gerald Curtis

seats. Koizumi said he is going to quit next year, and one thing he is going to do is identify those people who he thinks have the potential to rise to the top leadership positions and give them responsibility in the coming Cabinet so they can get some experience and show the public how good they are. In any case, there has been a general shift in the center of gravity into the Prime Minister's office.

I think Koizumi has done a pretty good job in exercising the power of the Prime Minister's office over the bureaucracy. I don't find any truth in that Finance Ministry is stronger than ever. It's not so strong. Koizumi uses them. He agrees with a lot of what Finance Ministry bureaucrats tell him, and he disagrees with some of it. So, I think there is much more control over bureaucratic establishment and reform, and in these coming months, when Koizumi talks about dismantling some of these public financial institutions, you will see he's really interested in getting rid of these places where these bureaucrats can parachute down to, breaking the back of this bureaucratic power. I think he is serious about it.

That raises an important question for the future of Japanese politics. In the past, the Diet has been a rubber stamp in Japanese political democracy. The decisions were

made within the LDP party, the negotiations between the LDP and the government, and some decisions were raised and brought to the Diet. The opposition opposed for opposition's sake, and if the party is not playing a central role any longer and things are centered in the Prime Minister's residence, the question is whether the Diet then actually becomes a place where a negotiation can take place with the opposition. I think there is some sign that it may be moving in that direction, but it is very slow.

#### QUESTION

Can you talk more about how postal privatization came to be the lynch pin in all this? The standard analysis among those in the financial sector is that this could have far reaching complications for the financial system. Do you think Koizumi was more interested in dismantling the political system or sincere in his wishes for economic reform?

#### GERALD CURTIS

The issue of the postal system's reform goes back more than two decades for Koizumi. He has focused on this issue for most of his career, and he is a believer that getting the post office out of the business of controlling so much money or deposits in Japan was essential for two things. First, it was to make the economy more market responsive,

and second, to change the LDP into a more modern party. There are a lot of myths about how powerful the post office is politically, but that's mostly a myth, only making it good copy in magazines and newspapers. One reason the post office was able to bring about this reform is that politicians don't depend on the postmasters as they used to. In the old days, rural communities without TVs had little communication with the outside world. The postmaster was a source of information and a pipe to the center and thus carried a lot of weight in these rural districts. That's not rural Japan today. Rural Japan, in fact, is not all that different from urban Japan in terms of people's values. Their concern is not all that different from people who live in urban Japan. Why Koizumi chose to focus on this issue so early on in his career, I'm not certain. However, he is absolutely passionate in his belief that you cannot have economic reform when this huge financial institution is under control of the government and is nonresponsive to market pressure. That's what drove him. The other issue that he's always been concerned about has been fiscal reform, but he won't accomplish much there.

小泉首相の賭けとその結果  
コロンビア大学政治学部バーゲス政治学教授  
ジェラルド・カーチス教授  
2005年9月20日

(抄訳)

現在の日本の政治構造を明らかにするために、コロンビア大学政治学部バーゲス政治学教授のジェラルド・カーチス教授は2005年9月20日、会場いっぱいの聴衆を前に講演した。コロンビア大学日本経済経営研究所、所長のヒュー・パトリック教授とコロンビア大学カール・S・シャープ日本経済教授兼日本経済経営研究所研究副所長のデビッド・ワインスタイン教授が同席した。本プログラムは、コロンビア大学ビジネススクール日本経済経営研究所とコロンビア大学ウェザーヘッド東アジア研究所の協賛で開催された。

小泉純一郎首相が郵政民営化を推進するために2005年9月実施の解散総選挙を要請した際、野党、国民、さらには自民党内の一部の議員でさえも、このいわゆる理不尽な行動を即座に批判した。任期満了までわずか一年を前に、退任待ちの小泉首相は何故たった一つの政策議題のために政治構図全体を刷新しようとしやかりきになるのか？選挙での地すべりの圧勝により、小泉首相は国内外の多くの政治通が無理だろうと思っていたことを成し遂げた。小泉首相はこの歴史的選挙を通じて、自民党及び日本の政治体制にとっての新時代の先導役となった。

郵政民営化の詳細が未だ不明確である一方、この大量の資金が金融システムにどのような影響を及ぼすのか誰にも分からない。郵便貯金と簡易保険に対する政府の規制が緩めば、株式・債券市場は活性化されるのだろうか？郵政民営化がどうして、またいかにして小泉首相のイデオロギー的政策課題となったのか？この選挙は自民党にとって何を意味するのか？野党が犯した間違いは何か？

小泉首相の選挙戦略は郵政改革に関する国民投票としてこの選挙を位置づけることであった。彼は衆議院で郵政改革法案に反対票を投じた自民党議員全員を党から追放し、話題の女性候補を数名含み、これら造反議員に対する対抗馬を新たに擁立した。マスコミはこうした新候補を「刺客」と称し、総選挙に「小泉劇場」を展開、民衆の好奇心を煽った。結果として、投票率が8ポイント近く上昇した。小泉首相は過去4年間、彼の提案のほとんどを否定してきた自民党を改革推進政党として、また、構造改革の雄として数年前に結成された民主党を改革反対政党として演出することに成功した。

有権者が郵政改革法案の細部を理解していたという証はほとんど無い。人々を引き付けたのは、政権を失う危険を冒してまでも、日本の経済再生にとって不可欠と彼が信じてきた政策を諦めないという、小泉首相の勇気ある決断であった。小泉首相は、自分の信念に確信を持っており、その信念を曲げるくらいだったら首相の座を降りる覚悟であることを有権者に納得させた。この総選挙の結果は、民主党が小泉首相の性格を過小評価していたことを明示している。彼らが国民に示したのは、もし民主党候補に投票しなかったら、どんなに悪いことが起こるかの警告だけで、その理由や実態については明らかにしなかった。

また今回の総選挙は、小泉首相ではなく日本の政治舞台における変化を示した。都市及び地方選挙区はますます近似してきており、地方票の獲得を最優先課題とする旧来型の政治路線がようやく変化し始めたとカーチス教授は述べた。自民党は旧態依然だが、小泉首相は間違いなく日本の政治構造を変えることになる一連の措置を講じ始めた。今回の総選挙が示したことは、日本の大多数の有権者は支持政党がない浮動層で、今回に関しては小泉派を支持しただけのことだ。このような有権者が小泉首相が去った後も今回と同じように自民党を大挙支持するかは想像しがたい。自民党は次期選挙で議席を失うであろう。問題は何議席失うかである。しかし、確かなのは、小泉首相の後任者が重要な改革政策を実施し続けることができれば、真の二大政党型民主制度を今こそ確立できるということである。

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